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Strengthening the Europeanization of the South Caucasus: Can Georgia Promote EU Interests in the Region?

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Executive Summary

The last few years have been very hectic for the South Caucasus. In particular, the region has been impacted by disruption caused by the pandemic, the full-scale Russian war in Ukraine and territorial conflicts between Armenia and Azerbaijan. This volatility has had an impact on regional stability and development. Some have argued that the South Caucasus is rediscovering its historical geography as a region (Stronski 2021). This is complicated by the fact that multiple geopolitical actors, including the EU, are actively trying to expand the scope of their interests in Armenia, Azerbaijan, and Georgia.

This policy brief provides an analysis of current geopolitical dynamics in the South Caucasus (SC) and the EU's presence in the region. It discusses recent developments in EU-Georgia relations and their impact on the regional level. It is argued that Georgia has the potential to promote peace and stability, as well as EU interests, in the SC, but current tensions between the political elite and the EU are hindering the perception of Georgia as a reliable partner in the region.

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This paper contends that Georgia lacks a proactive geopolitical approach to enhance the country's role in the region which could benefit both national and European security interests. There is still a "window of opportunity" to regain the support of Western allies but, in order to take advantage of it, Georgia must continue to pursue integration with the EU. To this end, the paper addresses the two following questions: Why is Georgia's role in the SC region important for the EU and how can Georgia contribute to EU interests in the region?

This policy brief asserts that the Georgian government needs to re-establish trust among European partners by carrying out the European Council's recommendations and become the EU's main stronghold in the region, including by ensuring the fulfilment of the requirements for granting candidate status. Simultaneously, Georgia should proactively engage with Armenia and Azerbaijan at the highest diplomatic level to promote security and stability in the region in alignment with the EU interests.

Key Words: *Europeanization, South Caucasus, EU, Geopolitics, Democratization, Integration.*

Introduction

Georgia's longtime aspiration has been to join the EU. On 3 March 2022, Georgia followed Ukraine and Moldova and formally applied for EU membership in the wake of Russia's full-scale invasion of Ukraine and large pro-European protests in Tbilisi. The Georgian government was planning to apply in 2024 after further reforms, but an apparent window of opportunity accelerated the process. Nevertheless, Georgia has been a difficult neighbor for the EU. On the one hand, its implementation of the economic parts of its Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) with the EU has been impressive in comparison to Ukraine and Moldova (Sirbiladze 2022). It has implemented almost 70% of the AA and DCFTA in its legal order. However, amid ambiguous stances by the Georgian politicians, lackluster judicial reforms and minority rights protection, as well as problems with media freedom, the European Union responded unfavorably to Georgia's application for membership on 17 June 2022. While the European Commission (EC) recommended to the European Council that Georgia should be given a "European perspective", it advised that Georgia should be granted candidate status once the 12 priorities included in the official memo have been addressed (European Commission 2022). Georgia is therefore lagging behind

Ukraine and Moldova, but its aspirations to be part of the “European family” are still viable, as President von der Leyen’s underlined in her state of the union speech in 2022 (European Commission 2022).

On the other hand, the prospect of eastern enlargement remains an uncomfortable subject for EU member states, particularly while there are existing geopolitical and security risks coming from Russia. However, Georgia’s close political and socio-economic proximity to the EU should give the EU, as a “global actor”, much greater room to maneuver in the SC and, as a result, weaken Russian influence and presence in the region. As such, it should be in Georgia’s interest to take a leading role and encourage its neighbors to take effective steps to get closer to the EU for increased stability and security.

Firstly, Georgia should proactively adopt a regional strategy in the SC which will persuade EU member states to provide more direct political and financial assistance on peace and regional energy security. Georgia’s advantageous geostrategic location, as well as good neighbourly relations with Armenia and Azerbaijan, creates favourable conditions to launch new peace and security projects that will benefit regional stability. Secondly, Russia’s full-scale invasion of Ukraine and related tensions in Eastern Europe create new opportunities for enhancing the EU presence in the region, especially as the EU agreed on 17 October 2022 to deploy a Armenia-Azerbaijan border-monitoring mission (Brzozowski 2022). Thirdly, Georgia has unilaterally expressed willingness to engage in regional mediation to establish lasting peace and stability in the SC (Kartozia 2021) which was once again mentioned in Prague at the summit of the European Political Community (EPC).

In view of the overall political context and current challenges, whether the government seeks this role or not, Georgia should offer to facilitate a regional platform for promoting socio-economic prosperity, peace, and stability in the SC region. This is an area where Georgia can support EU interests. Moreover, Georgia needs to clarify the common interest of Tbilisi, Baku and Yerevan in enhancing the EU's geostrategic presence in the region. Georgia needs to anticipate not only what benefits the country can gain from EU support and prospective membership but also what it can do for the EU. An example of this would be taking a leading role in securing security in the SC region in a manner that would simultaneously serve European, regional and Georgian national interests. Georgia’s current national interests and foreign policy priorities require a stable neighbourhood (Samkharadze 2022).

Prospects for the South Caucasus: Where Georgia Thou?

Georgia enjoys good neighborly relations with Azerbaijan and Armenia. The country has benefited greatly from its trade, energy, and economic relationship with Azerbaijan while socio-cultural relations with Armenia intensify successful interstate cooperation (Tarkhan-Mouravi 2017). Georgia distinguishes itself from its neighbors as the most pro-European country in the SC. Based on survey of the National Democratic Institute (NDI September 2022), over 74% of Georgians fully support EU integration (Institute of Polling & Marketing 2022). Georgia has a vibrant, active civil sector that shares European values and ideas. Georgia has even gone as far as to enshrine its European future in its constitution (MEP Interview 1 May 2022).

The EU is also Georgia's top trading partner, representing 27% of its total trade, and a key trade partner for Azerbaijan too, representing about 36% of total trade, mainly due to oil exports. Accounting for about 18% of Armenia's total trade, the EU-27 is the country's second-biggest trading partner after Russia (Michal Jiráček Florian Carmona 2021). Those figures demonstrate the potential for the SC region to enhance its trade and economic ties with the EU, especially in light of the cost of energy and food crises. By demonstrating the benefits of alignment with the EU, Georgia may even nudge Armenia and Azerbaijan towards more pro-EU policies.

Of the three SC states, Georgia is the most exposed to international partnerships and the European economy. Azerbaijan is less influenced by regional spillovers as its main economic factors are intertwined with infrastructure and energy for which demand is growing from the EU. Armenia has been a less influential driver of the regional economy and is mostly affected by country-specific shocks which have only a minor impact on regional development. The current socio-economic reality resembles the Baltic states back in the 2000s, however, even if the Baltic states were understood as a single economic area, that did not mean that a "one size fits all" solution to their respective challenges was appropriate (Poissonnier 2017). Therefore, Georgia can become a regional hub where, based on the interests and capabilities of the states, economic and social programs can be tailored not just to the region as a whole but to the distinctive priorities of each state.

Although Georgia does stand out from the other two countries due to its pro-European orientation, access to the Black Sea is another factor that brings it closer to the EU (MEP Interview 1 May 2022). Under the next phase of the Eastern Partnership initiative, the EU is offering a 3.9-billion-euro investment package that aims to improve Georgia's physical and

digital connections with EU countries on the western shores of the Black Sea (Thomas De Waal 2021). The connectivity project should have an additional dimension that includes Armenia and Azerbaijan. It is possible that the EU refrained from including this dimension because of the high risk of confrontation with Russia. However, due to the weakening of war-weary Russia, the EU should take active steps to develop a new package of programs that includes both the Black and Caspian Sea geographical areas. It should become a springboard for the region to develop new trade routes over both seas and involving the SC states.

Georgia as a Mediator and the Interests of the EU

It is a long-term aspiration of the EU to have a stable neighborhood. This not only brings obvious benefits in terms of the protection of fundamental rights but also in terms of the business and trade benefits of living in a zone of peace and democracy (MEP Interview 2 May 2022). Hence, each stable country in the region can also serve as a mediator in conflicts within the region. Georgia's role could be crucial here. The EU has only vaguely defined its end project concerning enlargement, and this is why countries that want to be members of the EU should be very active and exemplary in order to secure their place inside the EU (MEP Interview 1 May 2022). Georgia should do this by being a good mediator in SC region between the sides of the conflict over Nagorno Karabakh.

In addition, the EU aims to support confidence-building measures between Azerbaijan and Armenia as well as humanitarian de-mining efforts, including by continuing to provide expert advice, stepping up financial assistance, assistance to conflict-affected populations, rehabilitation and reconstruction (European Council 2022). Georgia can play a role in activating the Peaceful Neighborhood Initiative which would serve the interests of Armenia, Azerbaijan and the EU.

The fact that Georgia is eager to facilitate mediation and dialogue platforms for Armenia and Azerbaijan underlines the position in which the country finds itself as a crucial actor in promoting lasting peace and stability between neighboring states in the region. However, the steps taken by the Georgian government are fragmentary and incoherent. Achieving long-term results requires consistency and strategy. For example, in 2021, the Georgian government, together with Western partners, negotiated the release of 15 Armenian citizens held by Azerbaijan who had been captured during the 2020 war. Georgia proposed the formation of a trilateral platform for Georgia, Azerbaijan and Armenia, an engagement format that would

serve as a substitute for other Russia-led initiatives and provide additional support in rebuilding trust and connections between the three neighboring states (Embassy of Georgia to the U.S. 2021). Further mediation efforts could have had enormous potential as Tbilisi earned political trust both with Yerevan and Baku, but Georgia's capacity is limited as it is not backed by strong supporters in the West. Since the EU is willing to support confidence-building measures between the sides and Georgia is well-positioned to fulfil the role of mediator, it can strengthen its own security interests and pursue Euro-Atlantic integration by contributing to the European neighborhood strategy in the SC region (MEP Interview 2 May 2022).

Western allies see Georgia as a neutral party where the two sides (Armenia and Azerbaijan) can interact in different formats. Thus, the country could become a fairly reliable partner for the EU on this issue. Georgia's increased attractiveness and function in the region would give the EU more leverage to increase its presence in the SC. As support from the EU remains crucial, Georgia would achieve regional cooperation that guarantees the lasting presence of European value-based policy.

A Georgia that looks like it has real potential to become an EU member state which would serve as a motivational factor for its neighbors. However, the extent to which this can become a reality depends on the actions of the Georgian government and how much it can progress (MEP Interview 2 May 2022). Overall, regional democratization is an essential goal for the EU. Hence, a democratic Georgia can be an important example for other regional countries (MEP Interview 1 May 2022). This is especially true of Armenia, which already was rather motivated and even negotiated a comprehensive and enhanced partnership agreement (CEPA) for itself (European Commission 2021). In the long-term, Armenia is expected to attempt to establish closer ties with the EU, particularly while Russia's role as a guarantor of security is declining. The same would be hard to achieve with Azerbaijan while there is authoritarian rule, but interdependency in energy and trade links can serve as a positive factor if it comes with conditionality. A number of Brussels-based policymakers have warned against the EU leaving Armenia and Azerbaijan behind, especially given the security situation in the world (MEP Interview 2 May 2022).

Conclusion and Recommendations

The interests of the EU in Georgia coincide with its fundamental values. The EU wants to see a democratic neighbor and, potentially, a member state in Georgia. This outcome is supported by the overwhelming majority of the Georgian population. To these ends, the EU has an interest in seeing peace, prosperity and democracy not only in Georgia but in Armenia and Azerbaijan (MEP Interview 1 May 2022).

Nevertheless, relations of the EU with Georgia have been fluctuating lately. But before pursuing major changes, the EU should push for substantial reform towards more democratization. Charles Michel's involvement and consequential diplomatic efforts were not enough to ensure peace between Armenia and Azerbaijan (Isayev Kucera Mejlumyan 2022). Although, the action in itself showed both Georgia and the SC region that the EU is willing to get involved (MEP Interview 2 May 2022).

To conclude, the government of Georgia should allocate adequate strategic resources towards addressing issues related to regional security in the SC. In the current geopolitical reality, Georgia needs to take real steps forward and lobby extensively in the European capitals to show Georgia's potential in promoting peace and stability in the region to its partners.

The Georgian government should take the following steps to deal with this issue:

- Fulfil the EU Commission's 12 recommendations that will enable Georgia to receive candidate status. The established criteria and conditions should be transparent and at the forefront of the political agenda, involving both civil society and the political opposition.
- Strengthen consensus among the political elite to work towards candidacy status that will allow the country to shift towards the Pre-Accession Assistance instrument (IPA III), whose budget amounts to EUR 14 billion in five thematic areas. The consensus-building process should involve face-to-face interaction and informal meetings with political groups in Georgia assisted by the European External Action Service (EEAS) representatives.
- Initiate a platform, with the active involvement of the EU Council president and the European Parliament's Sub-Committee on Security and Defense, to facilitate bilateral and multilateral negotiations between Armenia and Azerbaijan for peaceful conflict resolution in the region. Coordinate and activate a strategy that utilizes Georgia's

abilities, knowledge and potential and communicate it to Brussels and other European capitals.

- Develop a new strategy for the use of Georgia's geostrategic location and good relations with both Armenia and Azerbaijan to leverage European aid packages that aim to strengthen the SC region's physical, socio-economic and digital connections with the EU. Access to the Black Sea should have a crucial role in this regard.
- Improve diplomatic practices and relations with Brussels, Yerevan, and Baku by appointing a special envoy in charge of regional security. The representative should concentrate on crisis management and problem-solving, acting as a mediator between the two sides and European partners.

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