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EVENT TRANSCRIPT

Europe and the South Caucasus: The Best Approach?

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JACQUELINE HALE: Ladies and gentlemen, I'd like to welcome you all to the event on Europe and the South Caucasus: The Best Approach? My name is Jacqueline Hale and I'm an analyst with the Open Society Institute–Brussels, working on EU External Relations policy and particularly on the South Caucasus and Central Asia. Now, just to this [Inaudible], we are having more and more debates about this in Brussels. It's also testament to the challenges, the myriad of challenges that are faced by the senior [Inaudible] countries in the Carnegie [Inaudible] Caucasus. Now, on my panel today we have an excellent range of people and sectors of the region [unclear words] and their reported work on the region.

Now, I'd like to introduce them in reverse order of speaking, beginning with Ronald Asmus who is a well-known distinguished commentator and a pillar of [Inaudible] foreign policy and we're all very happy to have him back with us in Brussels after a short period of absence. Ron is well known in particular for his work within the US State Department and as Assistant Secretary for European Affairs under the second Clinton Administration.

He has now very [Inaudible] for his successful work in Brussels and is an author of a number of books and commentaries and, in particular, a little book about The Little War that Shook the World, and is a distinguished commentator on a range of affairs but is widely known for the Russian relationship with its new broad [Inaudible] and [Inaudible].

Next up we have Peter Semneby who is himself a distinguished [Inaudible] in both Swedish Foreign Ministry and in the OSCE, heading up missions in Croatia and in Latvia before taking over as his current role as the EU Special Representative for the South Caucasus where he is

well known for his indefatigable work, bringing the party together, both in the South Caucasus and it might said also in Brussels.

Finally, coming to Tom de Waal, who is a Senior Associate of the Carnegie Endowment for Peace in Washington and is well known as a watcher of the Caucasus over a number of years and the author of the book, *Black Garden*, which is really considered a definitive work on Nagorno-Karabakh. Tom is now approaching the release of his new work, which is entitled *The Caucasus: An Introduction*. We have with us, unfortunately, a very few copies; we have no more fliers. Apparently the copies had difficulty arriving in Brussels, but I do hear that they've already got to [Inaudible], so they're with the right people. If you're interested in getting a copy, please speak to Tom after this event.

Now, I'm going to give you each of the speakers ten minutes to broach the subject of The Caucasus and, in particular, the way the European Union should engage with this region, and so I'd like to, without further ado, hand over the floor to Tom to give his view on the subject. Thank you.

THOMAS DE WAAL: Thanks very much, Jackie, it's very good to be here. I talked at a breakfast event, a kind of Washington phenomenon, and it's good to see that it's caught on in Brussels as well and good to see so many of you turn out this morning. I think we originally designed this as a kind of book event, but a book event without a book, but that actually means that we can talk more about ideas, which is obviously a good thing because I think the South Caucasus is in need of some good ideas.

It gives me a chance, having spent a year writing an overview of the South Caucasus, to make a few generalisations and then be like Soviet Commissars that come up with huge slogans for the future and some ideas.

I suppose I start with the idea that the South Caucasus – I'm not going to be talking about the North Caucasus – the South Caucasus is really the lands in between and that could be a positive and negative, the lands in between Europe and Asia, Christianity and Islam, democracy and authoritarianism.

That means that they can be both a crossroads and a communications hub in the positive sense, and also, as the *Economist Review* of my book called it, a playground of war and a place that falls between, in a negative sense, falls between the cracks. It's obviously a challenge to engage in a region like this because it's not a conventional region, although I do believe it is a region – and we can talk a bit about that, if you want to.

This leads me to reject some of the metaphors that have been applied to this region, which have unfortunately spread through many book titles like a virus. One is the idea that this is the great chessboard in which the major powers pushed the locals around like pawns. I have a strong aversion to the idea of a new great game replicating the struggle between Britain and Russia in the 19th century.

I think these are a lot of patronising metaphors that treat them as sort of objects to be pushed around by major powers; they do not give agency [Inaudible] to the locals and encourage them to ask the big outsiders to solve their problems. I don't think it's actually accurate because I think those of us who know the Caucasus know that the locals have actually spent the last 200 years cultivating the skill of playing off the big powers, assuring them that they're important, than actually getting on with their own business.

That applies to the 19th century when the locals actually did quite well, in many respects, out of the Russian Empire and in the Soviet period where the locals pretty much ran the show, with obviously due nods to Moscow, but I think it's no accident that, for example, that Hadar [Inaudible] and Leah [Inaudible] and Edward Shobanazi [Inaudible], one moment they were loyal servants of Moscow and the next moment they made a transition to the Presidents of independent Azerbaijan and Georgia and no one's really surprised. It was basically that actually they'd run those places for 30 years.

I don't think these are useful or accurate metaphors but they are unfortunately quite prevalent. I also think they overemphasise the place of Russia. Russia's obviously the strongest neighbour and power in this region, but I also believe that Russia is not all powerful here, that it has to reckon with the interests of others.

Increasingly, Russia's leaders are interested in this region, but actually now less than 2% of the population is ethnic Russian, compared to the situation in Ukraine or Kazakhstan or even the Baltic States.

With the large and obvious exception of Abkhazia and South Ossetia, the Russian military presence is actually quite small and it's not clear to me how they can use that military presence even in Armenia for political goals. I think the Armenian Government listens to the Russians but when it doesn't agree with it, it absolutely does what it wants to.

I think the Russians have enough problems now because all of those things, their own states, and particularly [Inaudible] in the North Caucasus to want to exert some [Inaudible] monic role over the South Caucasus. Again, I do think that Abkhazia and South Ossetia are the exceptions, but even on South Ossetia I think you see a long-term trend which Russia has taken on and it probably really doesn't want South Ossetia and will probably be more flexible in the next few years. Abkhazia is probably the most difficult place and I think we should turn to that in questions rather than now.

If you look at Armenia and Azerbaijan, we see Russia and the United States and France actually cooperating extremely well in a mixed group; there are talks with diplomats of all three countries and they say, I think quite sincerely, that they see no daylight between them on the Karabakh conflict. If it was up to them, that conflict would be resolved. It's very much about local resistance to solutions, rather than the international position of solutions.

What does this lead me to conclude? Well, obviously my clear difference with my neighbour, Ron, is that I don't believe it's useful for parts of this region to belong to military blocks and that means therefore I was a strong opponent of the idea of Georgian NATO accession. Clearly, I'm not in line with the theoretical right of Georgia to join NATO and clearly Georgia voted in the referendum to join NATO. I don't think at that point and for the foreseeable future it's useful for either Georgia or NATO.

I think it actually makes Georgia's security problems worse and really doesn't address the much more critical issue for Georgia, which is that Abkhazia and South Ossetia are two places that look to Russian for protection and how do you square that with NATO membership of Georgia.

I think I see in a rather Utopian manner that the South Caucasus would be best of as a zone of neutrality and clearly it's quite a long way from being a zone of neutrality, but it's something that we should aspire to, in which the great powers have a truce and everyone agrees that anyone else who is interested in the South Caucasus is acceptable, so long as it's not military or hostile.

This leads me, only half seriously, but there is a dose of seriousness in what I'm saying, is that a dose of strategic insignificance would be rather good for this region, in which people stopped looking at it as a kind of zone in which great power politics are played out, but in which people paid far more attention to local dynamics and bottom-up institutional building.

This also gets me back to the idea that what we need is a regional approach. This is a small region of three countries, plus three unrecognised or partly recognised entities, and it can only really thrive if those parts are connected economically in terms of transport and communications.

One of my slogans that I've been parading around Washington is Death to Bilateralism and I think we'd have to stop regarding policy for the Caucasus as three sets of policies to approve on and to receive often with very quick agendas, particularly in Washington, but also in other places, and look for a more holistic regional approach which encourages these people to work together rather than putting them in separate boxes.

I realise I haven't got much time. A couple of points about the EU. I suppose my most optimistic thought about the EU is that it could be the tortoise and not the hare in this region, as in Aesop's fable, that the US and Russia have been the hare, dashed in and, in many cases, made a bit of a mess of their engagement with this region.

The fact that the EU has rather under engaged, despite the honourable efforts of a few individuals like Peter, obviously I think it's been unfortunate but could be an asset in terms of the EU has not baggaged it for itself in the way that other powers have. I think the EU is of course the best agent, as we all know, if we look at the Balkans, to engage in the kind of bottom-up institution building, economic integration, sort of things the Caucasus needs.

My final slogan for the morning is rebuild the railways. I get accused of being a little boy who likes train sets, but I do think this actually is a serious idea. If you look at the map of the Caucasus, the railways have broken through Abkhazia, though the occupied territories in the current conflict. Azerbaijan is separated from its own part by Nakhichevan.

If you were to find some project which the EU surely would be the main agent in, for reconstructing the railways with some kind of status neutral, into the problems of travel documents and crossing borders, you would find the Armenians would be reconnected to Russia by Abkhazia, you'd find Azerbaijan would be reconnected to itself, you'd find Georgia being suddenly linked again to Iran and I think this would be a very positive confidence building measure which would facilitate the economic restoration of this region and also the first step towards solving this conflict zone. This is my final thought: rebuild railroads.

JACQUELINE HALE: Thank you very much, Tom, for that. You obviously can't... I think we'll see later all the questions on strategic significance on the role of NATO in the region. But I'd like to turn now to Peter. We've heard a real endorsement of EU efforts, or potential EU efforts I should rather say, and EU as well as a tortoise. I'm not quite sure how that works in my mind as imagery but perhaps you'll have a better idea, Peter, in your talk for ten minutes.

PETER SEMNEBY: Thank you, Jackie, and definitely, first of all, I recommend this book to anybody who is interested in the Caucasus. I think it's a great read, both for those who would need an introduction, who do not have the background, but it's also a work to be read because of its sincerity. It is accounts of many things and many details also for the experts.

Now, the South Caucasus are an unstable and unpredictable region and the conflicts have of course been the most important part of this. They are separatist conflicts, they are bilateral

conflicts in the region with their neighbours and hence they're conflicts that are being played out at several different levels at the same time. We have the Nagorno-Karabakh, we have an interstate level; to a large extent there's hijacking the community, the conflicts; it was the case in Georgia in 2008, and we have a larger strategic level as well.

These conflicts I would argue are or should be of serious concern to us. South Caucasus is Europe's immediate neighbourhood and anything that happens in the South Caucasus would also have an impact on the European Union and we saw this in August 2008. We also saw that complacency is dangerous. The conflicts in the Caucasus are not frozen. I will say if you would raise them somewhere on a temperature scale, it's not down to freezing point but there are some that are beyond boiling point. So frozen does not mean... well, I would argue that they're not frozen and does not feel safe.

Also, the closed borders between Armenia and Azerbaijan, Armenia and Turkey, and the absence of a full functional relationship between Georgia and Russia hampered the full potential of the region.

Now, what can the EU do? I think the EU can have impact in many different ways. First of all, I would mention the freedom of movement. This is something that is of huge interest to people in the region, to the countries in the region, and is also a most effective way of bringing these places closer to the EU and of having the impact on things. I'm talking about both the people and the goods and services.

The second impact category is for the EU as a provider of security, and this can be done in different ways. We are now doing it on the ground in Georgia after the war through the EU Monitoring Mission, through the Incident Prevention and Response Mechanisms that are a result of talks and so on, but there's really more we can do here as well.

We can also provide security indirectly through a closer institutional relationship that gives reassurances to the countries in the region. It also gives us a better understanding of their predicament and their situation, and then we can make more targeted efforts towards the conflict transformation and conflict resolution, and here also there's a lot more we can do.

Then I think the EU can also be useful in promoting, being a framework itself, to provide regional coherence. This is what Tom just talked about. The EU can help, for example, in a rather abstract way, in really giving the Caucasus identity and the only European measure of identity would be through the national identities and placing a bid in the forum, so with identity.

We can provide more regional coherence by making the countries in the region move in the same direction by aligning their reform agendas, by aligning their strategic objectives, and we can facilitate the contacts of these countries with their regional neighbours with whom they often have complicated relationships, both people contacts and institutional ones.

We can also provide a regional coherence in a very hands-on way, and I very much subscribe to Tom's final point here about the railways or more the railways as a metaphor for communications in general. I think we need to make efforts and promote measures that will allow people on different sides of the borders and in administrative boundaries in the region to develop joint interests and therefore that will progress some of the more intractable, political issues related to the conflicts.

If you also look at the conflict areas in the region, the three conflicts of course in South Ossetia and Nagorno-Karabakh, one thing they do have in common is that they are straddle important strategic communication routes.

Nagorno-Karabakh is the conflict that I would actually highlight most. For many reasons, I believe it represents the greatest risk at the moment. I am happy to go into the details of why I believe, so basically it's an unregulated ceasefire; it's a conflict that may have seemed stable for a decade and a half, but which does not exist in a vacuum. There are things happening around it all the time, some things benefiting Armenia, other things benefiting Azerbaijan, and always when something happens in the region, temptations were going partly to compensate.

There's an arms race going on, on the border, which is still worrying the threshold for an escalation of some kind. I don't think the conflict will get out of hand because of the different move on any other party at this stage, but it is becoming more unstable.

Here, the EU can also or should do a lot more than we have done so far, prepare societies and public opinion, engage with the parties, include Karabakh; we have had to find a way of engaging with people in Karabakh itself. We cannot allow white spots on the map in our neighbourhood; we can have relationships on the ground, we can support a stronger ceasefire, we can prepare our contributions for a settlement, like reconstruction, [Inaudible] and so on.

On the Georgian conflict regions, I think one of the most important things to do now is to develop, also here, in addition to the Geneva talks that are going on after the ceasefire related to a fairly narrow set of security related issues and issues related to peace, we should also develop an engagement policy going beyond the Geneva talks for the Caucasus, South Ossetia, in order to use the EU in a sense to increase our leverage and opportunities and move the conflict resolution process forward.

I'm talking here about education, health, these complications, cooperation on drug abuse, trafficking, law enforcements, Human Rights related issues and so on. We need to do this in close contact with the Georgian authorities in order to... Both the [Inaudible] government and the [Inaudible] government. We recognise they have to work within the framework that is acceptable to work out, but also to help Georgia overcome the ambivalence that still exists towards this kind of engagement.

There is a tug of war going on that they need to work out between those who see the engagement as a way of creating these interesting leverages, on the one hand, and, on the other hand, I would argue that any engagement runs the risk of legitimising the status quo, the Russian military presence, the [Inaudible] regimes and so on.

Here, any external partners can mitigate these fears of political victimisation by maintaining a firm line, a very firm policy, in terms of the non-recognition. Actually, we're talking about a policy resting on two legs here, non-recognition and engagement, where one leg is not thinkable without the other. Non-recognition without engagement is sterile and pushes these places further away from Georgia, but engagement without non-recognition is also dangerous and very slow.

In conclusion, I would then just restate the obvious, that this is a region of multiple conflicts at many different levels. There's Karabakh, there's the Armenian and the Russian and unfortunately we have some sense here; it's also a region that is influenced by other neighbours that are not easily taken on, for example. All these conflicts, complex and intertwined relationships and conflicts, do require – and I very much support Tom's argument here – a regional comprehensive and multifaceted approach.

For the EU this is crucially important because I believe very much that the credibility of the European Union as an actor on the world stage starts in its own neighbourhood. Thank you.

JACQUELINE HALE: Thanks very much, Peter, for also highlighting the differences between states, to a certain extent, with these conflicts and pointing to the dynamics trajectory that is emerging around Nagorno-Karabakh and perhaps we could return to that in the question and answer session. I would like to give the floor now, last but not least, to Ron and I'd like Ron to perhaps take issue with some of these points made by previous speakers, which I'm sure he's going to do.

RONALD ASMUS: Thank you. Well, let me first start by congratulating Tom on his book and he and I have disagreed on some issues, but he is one of the foremost experts on the Caucasus and I think all of us know that he is really a [Inaudible] of literature and English and his books are all essential reading, in my view, and I've had a chance to read this one. Every time I read him I learn a lot.

The lack of knowledge is also, I have to say, I look back at debates over the last ten years and I shudder at how many really senior American and European officials there were who didn't know very much about the region and were making big decisions. So get them all to read your book, even if we subsequently have a policy debate.

I basically think in terms of US and EU policy there's two huge issues out there that we sort of duck. The first issue is – and let's be honest about it – how far do we think that Europe will want to integrate with its neighbours? And, if we're honest, we go back to the earlier debates in the early 90s when we talked about a unified [Inaudible] Europe, when we wrote the charter [Inaudible], when we wrote all the signature documents and when we debated about NATO and the EU had just started. We weren't thinking about Georgia.

We were thinking about [Inaudible], we were thinking about maybe the Baltics, although that was a huge area, I guess, and the very first proposal for NATO enlargement was for two countries, four countries, and that was it.

People weren't thinking about the South Caucasus and weren't thinking about the Ukraine and the narrative that emerged about Europe [Inaudible] were that these countries coming back didn't include Georgia.

If anyone tells me there are things about 1993, 95, 97, I say, come on, you're just making this stuff up. And I remember once when I was in the State Department in charge of this, somebody came up to me and said, what about Georgia. I laughed; I said you've got to be kidding, we have Poland and we have the Baltics and Georgia, I'd never been there in my life. It wasn't on our leader screen as a country we wanted to integrate and attach to the West.

It was a country whose independence we cared about, but it was way low on the priority list and that was essentially true for the 90s. After the Rose and Orange Revolution, we said it, but it's never been concentrated on because some percentage of us said there's another way that we need to open up to and others didn't. In a nutshell today, we have [Inaudible] within the American politics and within the EU.

Now, those countries, they think once the Balkans are integrated, that's it, that's the Europe we're talking about, and we don't want to go any further. Those people want to keep the door open and we're very pleased that they're doing [Inaudible] create the Caucasus, the South Caucasus, etc, etc.

That debate has never been resolved and we find we don't even talk about it very openly, except maybe late at night among ourselves, but until those issues have been resolved and until we

have a narrative, because in a sense you can either say the old concept was successfully employed, thank you very much, congratulate ourselves, have a glass of champagne and go home, or you can say the old narrative has run out of steam, which I think is either intellectual or political steam.

The reality is that the world has changed since then. These countries are, we're different from the West and vice versa. So if we were going to have a strategy and if we were going to have a new narrative that we all could subscribe to and support, it can't just be a rethink of what we said in 1995 or 97 or 98, or even 2000.

The other problem we have is that – to Tom's point – it's a lot more complicated and hard. We were joking about how [Inaudible] has gone into government and I'm curious what his experience will be. One of my first experiences in government was to discover how when there's a hard problem you really find the problem, as opposed to [Inaudible] and then you start to think that every bureaucrat has a [Inaudible] called Too Hard to Handle, because he can remember those whose secretaries said it was hard [Inaudible] and say there is no answer to this.

That's bureaucratically acceptable, so the principle is that you redefine the problem. I remember during the Bosnian War very soon people said to me, well, we're not going to do all of these things, what we're going to do is to clear this – and I'm talking of a conflict that goes back a thousand years in which no one took responsibility for it except the local leaders themselves, and that will get us off the hook.

That is the classic bureaucratic way of saying it's not our fault, it's their fault. Let's be honest: there are elements of this when it comes to this region where you don't want to take the responsibility of trying to solve a problem. You never want the [Inaudible] up there to fail, so you redefine the problem in ways that they don't, or you throw a special envoy at the problem.

Sometimes they're really intended to solve problems and they're backed up by political will and they're given a mandate, but sometimes the mandate has shown you're doing something when you don't know what the hell you're doing.

Now, I hope, Peter, and I think that goes for a number of EU countries, you're supposed to solve it and you put it off and maybe there are a few who are a little bit less than enthusiastic, they don't mind if you make 100 more trips and nothing really happens as long as the place doesn't explode. Until we can resolve this ambivalence amongst ourselves, we're not going to have a coherent policy.

Then is the big question of even if we could resolve all that, what would that coherent policy be. Now, I agree, we need to stay agreed [Inaudible] on it. The whole Ukrainian, Georgian panoply, it made sense when someone pointed it out and it doesn't make sense anymore. It probably didn't make sense in the first place for all the reasons you can figure out.

Frozen conflicts, well, let me just go back. I think the first question we have to decide is really principles because there is a fight underway at the moment as to whether those principles of the Charter of Paris are still on. Clearly, the Russians wish they didn't fight [Inaudible] anymore. Is one of them greater?

It's hard on the Russian initiative and there some countries that are open to, we all speak [Inaudible] the language, and there are other countries, probably the United States and some others will say, no, this is so slow, those are carved out principles, we're not going to touch them, and that's one of the diplomatic fights that's going to take place, every [Inaudible] that

takes place, and in Russia it takes place and that's not to say we negotiate with the Russians today.

So do we still believe the principles of the Charter of Paris in regions like the South Caucasus? You couldn't get 27 of the United States to raise their hand and say that, I don't think so, and you'd even find people in the United States that would say, oh, come on, it's just... you can beyond that. That was true then, it's different now. 20 years later let's rethink some of this.

You have principles and we don't have a [Inaudible]. We don't have a [Inaudible]. You have a framework [Inaudible] but this is real regional strategy, not yet.

Then there's the question of you come back to envoys' engagement. I always tell Americans that we spent a billion dollars after the war on reconstruction aid to the Georgians. We were begging for tens of millions of dollars to fund programs for the agreed five years. \$100 million in the right programs, at the right places with the right churches [Inaudible] and framed with the right mechanisms; what happened, frankly?

There's some places that are just pennywise, pound foolish, it's too tricky, you'll get sucked in, hang back, all that stuff doesn't work and from a policy perspective, it leaves us with a much higher cost down the road.

Now, I look at the region today and Tom and I disagree. I was saying when I think of principles that are still bad as well, it has to be [Inaudible], so these countries do have the right to choose their own foreign policy course. Second, some of them, starting with Georgia, still have the existential effect, and it's not up to us to tell them to be neutral or not. These are decisions they have to make for themselves and we have to respect that wish, or not necessarily automatically embracing agreement; we have to make up our own minds too, which is why we have a date [Inaudible].

I look at the region on the ground. I was one of those people who felt they saw we were coming and for years had been begging people to make the investments in the region [Inaudible], in the OC process, get another hundred on it as well, do all these things in every state or it's too hard, you'll never get the Russians to agree.

I look at the mechanisms on the ground today and again there's stability. But could those mechanisms really hold and prevent a little crisis in the region? I don't think they could. So this is a fair weather policy, both for the United States and for the EU. It's not a policy that has enough stuff on the ground, mechanisms in place, that if we have a little crisis it would necessarily hold. That real crisis might be experiencing the [Inaudible] of the North Caucasus that would spill over into the South Caucasus and affect EU and Russian relations as a whole, which I feel is another movie that still will be playing in the South.

I hope it doesn't happen and I hope the Russians are smart enough to contain it and are smart enough to figure out how to prevent things from getting worse, but in that sense I'm pessimistic and we still haven't brought [Inaudible] the West since 2008 and drawn the right conclusion on how to model the policy, irrespective of whether you agree with NATO's membership or not, setting that issue aside for a while and focusing on all these other issues, just to make sure the region doesn't spill [Inaudible].

JACQUELINE HALE: Thank you very much, Ron, for tackling the issues of strategy and the absence thereof. I'd like to take questions at this point if you have any. If you could stand up and give your name and function before you ask the question.

KRISTOF CLERIX: Good morning. I'm Kristof Clerix and I'm a journalist for a Belgian monthly magazine. I was in Nagorno-Karabakh one month ago and one question about it for Peter and one for Tom. When I spoke to a guy that you probably know, Alexander Iskandaryan - he's Director of the Caucasus Institute - he said the best case scenario at this moment, for the next ten to 15 years, would be the status quo, a situation like Cyprus, Kashmir or Taiwan, because there would be fighting every five years, that wouldn't solve anything. So status quo is not so bad at all.

Then, Peter, as a journalist, it was very hard for me when I went to Nagorno-Karabakh, I couldn't go to Idam [Inaudible] and several other places and Azerbaijan hasn't even issued me a visa after waiting six weeks. My question is can the EU improve somehow the press freedom in the region. Thank you.

JACQUELINE HALE: That is a very nice question. I'd like to take a second question and then we'll come back to the panel.

UNIDENTIFIED MALE SPEAKER 1: My name is [Inaudible] and I'm a political advisor of operation [Inaudible] in Israel and with NBC [Inaudible] and all the other things, and I hope that the checking house [Inaudible] will supply here.

THOMAS DE WAAL: We have some TV cameras there as well.

UNIDENTIFIED MALE SPEAKER 1: There should still be a mike there. My question is to Mr de Waal, rather two questions actually. You started your talk with [Inaudible] directly with another book, another [Inaudible]. The subtitle is Georgia, Pawn in the Great Game. So as a Croatian, I can easily understand your point and subscribe to your point of being strategically irrelevant and even less so for South Caucasus. I can't see how you can't undo all the oil and gas in the Caspian, BTC pipeline, and even if you build your railways, which would be definitely a good thing, or rebuild them, how that would increase the relevance of the region. That's my first question.

The second one is although you [Inaudible] with the book, it seems to be that you actually agree with the point made by the Swedish author that Georgia should go for some kind of Finlandisation overall, so pretty much give up on hopes of reintegrating Abkhazia and South Ossetia. The other solution he was mentioning is Cyprus solution, as he calls it, and also he argues for the neutrality of Georgia over three countries [Inaudible]. So Caucasus seems to be not under Chatham House Rules and I'm a [Inaudible] and obviously I support Georgia's NATO ambition and encourage decisions. Thank you.

THOMAS DE WAAL: I'm sure that all three of us will have points on this. On the first point, of course Alex Iskandaryan is one of the most enlightened Armenians, but it's very easy if you're an Armenian to say the status quo is fine, because obviously the status quo currently is increasing the Armenian's favour and it's not fine if you're an Azerbaijani IDP who was displaced from territories currently under the control of Armenians.

Clearly, I think the Azerbaijanis have been very counterproductive and therefore they've made things worse for themselves by this aggressive rhetoric which encourages the Armenians to dig in and do nothing.

I think basically, for me, in Karabakh the issue at the moment is neither side wants to do anything constructive and then the even the small steps, they will get small, constructive steps. So I think the question to the international community is can we put up with that. If we make the price higher of doing nothing constructive, and we should set out a menu of constructive

measures which would stabilise the situation, which would improve lives for some people – I'm not talking about all people – and encourage both sides to implement some of the more... to agree on some of them, which means we have a sort of status quo plus. I don't believe we can solve the problem at the moment, but we can at least think about it.

On your issues, I'm not talking about irrelevance in general; I'm talking about I would like the South Caucasus to be an economically relevant region, a transport hub between Europe and Asia with lots of nice trade and business flowing through it, lots of nice fibre optic cables and high-speed railways and all sorts of things. That's the kind of relevance I want for the Caucasus.

This again goes back to the issue I have with Ron. I think we probably want the same things for the Caucasus but we see different sequencing. I see the importance on institution building, state building. I don't think we have the focus there and I think the states really have to become durable and that means a lot of work they'd have to do themselves before we can start talking about things like NATO admission. I see the EU instruments as being ones which can be used here, even if they are not necessarily being used at the moment.

JACQUELINE HALE: Would you like to tackle the question for journalists, I think Peter, would you like to take it and Ron also would have a point on the pipeline.

THOMAS DE WAAL: Let me just say on the BTC pipeline that I think Russia now accepts that the BTC pipeline is there and there's even talk about Russians trying to buy a stake in it, which I think would be a positive thing, if they were on the inside rather the outside. I don't think that Baku [Inaudible] is going to be the next BTC... I just don't see that there's enough gaps so I think that the pipeline policy is what we have on the map and I don't see that as being a strategic factor anymore, only in the negative sense that the new Karabakh conflict could disrupt those pipelines.

PETER SEMNEBY: On the status quo and Nagorno-Karabakh, I think Tom put it quite well that the status quo plus may be the best possible at this moment. Certainly, the current status quo with the self-regulated ceasefire, with Nagorno-Karabakh remaining quite small in terms of international engagement is not sustainable.

As far as your problems with visas are concerned, I can only sympathise with you and tell you that the engagement of international actors like the EU and others is also extremely difficulty. Unfortunately, in the attempts that we have made from the side of the EU too, to engage, to travel, to have a look at the situation to see what we can do, having turned out on all occasions has been impossible because the parties to the conflicts ultimately have not been able to resist the temptations to instrumentalise [Inaudible] our offers of engagement, of assessment, missions and so on, in order to further their tactical objectives in this conflict.

We have continued to work on this because if we don't do anything, this conflict between the [Inaudible].

The railways, whether they would increase or decrease this strategic significance, I'm not sure of the formulation of the question. It's helpful that the railways have allowed us to develop the communications, as another purpose, to develop joint interests across the boundaries and borders that are closed or are very difficult to cross today.

In a way, also, that is not usually exclusive, not in [Inaudible] because if you allow communications in both east/west direction and north/south direction it would have everybody's interests involved, the European Union, Turkey, Russia, all the countries in the region, the people also living in the conflict regions.

Finlandisation, I'm not sure it's useful as an example or a metaphor. Finlandisation was something that happened in a very specific period during the Cold War and lots of specific conditions were during that period of time. I would warn against using that [Inaudible].

As far as the [Inaudible] decisions are concerned, I'm not a NATO person so I can say that I think there are a lot of inconsistencies obviously in the decisions that have made some things problematic. On the one hand, they state in a rather euphemistic way that Ukraine and Georgia will become members, but then, in the same breath almost, that they're not social [Inaudible] or actual... I think that makes some things worse.

JACQUELINE HALE: Would one of you like to come back quickly and we have some hands down here.

RONALD ASMUS: I would say it's a question do you believe in the Charter of Paris or not. That's what I was talking under, because what you talked about is not the Charter of Paris. We say keep the geo [Inaudible] out of the region but then we want to impose Finlandisation or neutrality on them.

In 1990 people called them the Finlandisation program. For five years people called for the Finlandisation of the Baltic States. Thank God we didn't listen to them. So why, as soon as questions are asked and [Inaudible]...

UNIDENTIFIED MALE SPEAKER: Nobody...

RONALD ASMUS: So it's very easy once you're in to call for [Inaudible] for countries that are messing [Inaudible] further up, and it's a question of can we believe these principles anymore. I'm saying that people doubt them, so let's have that debate in public as opposed to in private, because I don't believe... Moldova wants neutrality. Is anyone complaining about Moldova wanting neutrality? No, because it's their decision. Ukraine has switched course. Are people freaking out on Ukraine switching course under NATO? No. Countries should have the right.

We decided in 1990 not to build that world of forced neutrality or Finlandisation and I'm really saying I've spent my entire career [Inaudible] in that direction. If we're going in that direction, maybe I'll lose the debate and maybe we will, but let's be conscious and have the first principle debate and then lead them up to scratch [Inaudible] and say [Inaudible].

I do not believe... I'm as interested in Georgian/Russian relations as anyone else, but if we do Finlandisation in travelling [Inaudible], that's not the way to get the penetration of the Russian relations. Holden [Inaudible] is finally starting to have a reconciliation with Russia only because it's a NATO or EU, only because it's true enough to have that kind of relationship with Russia. You can't build security based on insecurity [Inaudible].

PETER SEMNEBY: So would that be NATO or would that be something else?

RONALD ASMUS: We have to take fear out of this equation, so that countries can actually reconcile, and I don't think that's the way to do it.

JACQUELINE HALE: Okay, we've got about ten minutes left of the debate. I have three hands here. Tom might like to come back on the neutrality issue, but I'd like to take the first question from Amanda and we have a question here from Andre [Inaudible] and from Alain.

AMANDA PAUL: Amanda Paul from the European Policy Centre. I'd just like to hear the panel comment on the role of Turkey in the region. Turkey with its new dynamic foreign policy seemed to start off with very good intentions but, somewhere along the line, things started to go wrong with the failure, with the freezing, now the rapprochement with Armenia and the knock-on effect of the whole rapprochement has on the Nagorno-Karabakh conflict.

What sort of role do you think Turkey could now actually play in that region? Is it possible to reinvigorate the rapprochement with Armenia and could Turkey really be a player in the resolution of the Nagorno-Karabakh conflict, something that they said really they could do?

UNIDENTIFIED FEMALE SPEAKER 1: [Inaudible] intervention. I also agree that the EU needs to have a larger role in the region, I also know that you [Inaudible], that the Nagorno-Karabakh conflict certainly needs great attention. You spoke for the last [Inaudible] minutes and not much has been done [Inaudible], unfortunately. The EU seems to have ideas, yes, thank you for your efforts in the region. However, there seems to be a lack of coherence [Inaudible] and it's contradicting itself. Do you believe that now with the creation of the new European External Action Service, there will be more of real strategy on South Caucasus and more coherence? Thank you.

ALAIN DELETROZ: I am Alain Déléroz from the International Crisis Group. [Inaudible] that I think for as long as Russian society doesn't change very deeply and power in Moscow doesn't change. The situation in Georgia actually is [Inaudible] perspective and I don't think that Russians, for as long as I remember, this government will accept a kind of neutrality resource because this is more than generally they would accept, and neutrality in the 20th century, for instance.

The big question now is Karabakh and you've raised this issue. It is alarming, the amount of incidents, the amount of money invested in weapons on both sides, in [Inaudible], in Azerbaijan. I never much liked the journalist's question because if there is one conflict in the world where there is a direct link between the specificity of the conflict and the freedom of the press, I think it's Nagorno-Karabakh.

The two public opinions in Azerbaijan and Armenia are constantly under the same narrative so they are totally unprepared for any compromise and we see that the [Inaudible] are failing all the time. The question I would have is how the US and the European Union could, in a way, I would even use the word impose a new public debate on why it is [Inaudible], the same question of our countries [Inaudible] maybe is that right now [Inaudible] accepts the Madrid Principles and Armenia refuses them.

Of course usually in that region, when one side accepts the compromise, the other one doesn't and vice versa. A few months ago it was [Inaudible] that was not accepted. Right now, [Inaudible] accepts the Madrid Principles, Armenia will not move. Is there a way to put pressure and to change the narrative within Armenia? Within Armenia you now have [Inaudible] politicians saying that the seven districts occupied around Nagorno-Karabakh is historical for Armenia and Latvia, which is a big change of what you could hear still three, two, three, four years ago.

That's one I'd like to hear you on. What do you see possible? We're speaking about two countries which have also very strong links with [Inaudible] countries and where obviously Western democracies are close to them.

JACQUELINE HALE: Thank you for some very good questions. I see a hand and, because we are running very short of time, I'm going to take it [several inaudible words].

UNIDENTIFIED FEMALE SPEAKER 2: Just a very quick question. I think [Inaudible]. I wanted to ask a very quick question. I think all three speakers have used the word complacency to describe it, so that's been basically one of our problems in the region, especially prior to 2008, both with respect to the conflict resolution policies, but also with respect to democratisation policies in the region.

I wanted to ask you, what is the sense of the issue of complacency two years after the 2008 war and what lessons have you really learnt in that respect?

JACQUELINE HALE: Okay, so we have Turkey, [Inaudible] of the EU response, the new EAS. What could it mean, the question of neutrality and Nagorno-Karabakh, and the Madrid Principles, Turkey and finally complacency in the region? I'll start with Tom and then I think we'll begin with [inaudible].

THOMAS DE WAAL: That's a fine set of questions, I don't know if I'll be able to tackle them all. I think Turkey could be a useful player in the region but isn't yet. It's an economic player, which is good and I think Turkey's kind of small business economic boom over the last year could be a very good model for the South Caucasus. Turkey used to be dominated by these oligarchic corporations and I think the Caucasus's economy are starting where Turkey was 20 or 30 years ago. I think what wouldn't be helpful if is Turkey tried to be a mediator in the Karabakh conflict. I think Armenia doesn't want Turkey in that role and I think Turkey should respect that.

I think, as so often in this region, it's about timing and what was unfortunate, from my perspective, was, one, this Turkey/Armenia process was a bit rushed and, secondly, that there was not more sequencing involved in the sense that I think if the Turkey/Armenia border had opened, this would actually have good impact on the Karabakh conflict and might stabilise the region. I think it would have been good for Azerbaijan in the long run and possibly in the short term, symbolic, quote, unquote, for Azerbaijan.

So what should have been done better in that process was I think to factor in Azerbaijan and make the argument publicly and privately to Azerbaijan that this was a good process and that they should not be excluded from it. Unfortunately, the message sent to Azerbaijan is that we're going to try to do this around you, we're not inviting you to meetings, and they successfully became the spoilers in the process.

I think it's not completely over, but I think it could get back on track after next year's Turkish elections, but there has to be something given to Azerbaijan, which is not everything they want, but something.

I get back to the point of timing on Georgia, which is again I think, unfortunately, the policy that was already a national [Inaudible] in Georgia, which was at the same pace [Inaudible], and President Saakashvili came to office in 2004 with an amazing mandate, probably the strongest mandate any post Soviet leader has ever had. He tried to do everything at once and was encouraged, I think, too much to try and do everything at once.

If he'd concentrated on his state building project, done some modest outreach to the Abkhazs and South Ossetia... Do you remember, the Russians at that point were a long way from recognising those two territories? South Ossetia could easily have fallen into Georgia's lap with a bit of strategic patience.

I think if they had postponed the NATO issue, saying we aspire to it but as a long-term project, this is not something for our first term, then I think Georgia would be on a far better path than it is today.

A couple of words on Karabakh, I think that's a very good question about narratives. The interesting thing is if you go to those countries there's actually a great deal of cynicism amongst the leaderships, that they say, oh, but we can change the narrative. At the moment we've signed a peace deal but we can change the narratives, we can just make a couple of phone calls ahead of the national TV and suddenly we'll all be friends again.

It's obviously not so simple and I think the leaders have encouraged nationalist forces in these countries, which are stronger than they are. I do think that it's up to outsiders to, as it were, choreograph a change of narrative and say, hang on, you're just talking yourselves into a war which no one wants, and to choreograph a change of narrative. It wouldn't happen overnight actually, but it would be a down tone in the oppressive rhetoric, and then the leaders beginning to talk in a coordinated fashion so that the message wasn't one-sided and not the other, talk about how we actually have a peace agreement.

Just a small comment on that as well. Baku says that they accept the Madrid Principles with reservations and it turns out when you talk to them that we have one reservation. What is that reservation? That reservation is about status of Karabakh itself which is of course a fundamental issue in the whole process. So when they say the Madrid Principles, there's a small variance.

RONALD ASMUS: Frequent [Inaudible], one reason we don't have a coherent strategy for the region is we don't have a coherent strategy, the same thing as Turkey has, and we don't even go and talk to Turkey, to be quite honest. A strategic [Inaudible] is a common strategy.

Second, the fundamental question and the fundamental strategy has got to be over time how do you encourage Russians to view their neighbours and these regions differently. I say that and we have tried to do this for 15 years with very little success. But fundamentally, this only changes if Russia moves it's zero [Inaudible] calculations, do it differently.

In many ways, if we're honest, we'll claim for time, trying to avoid [Inaudible] that issue, and that's what we said is also all about in this region, to be quite honest. The question is whether that's enough to keep the region stable while we hope that some of these other processes [Inaudible].

Last but not least, and this is part of the debate, in my book I actually argue in the book on [Inaudible] Bucharest, as I think we didn't need it and it provoked the Russians to think that the window was closed when the window was never closed. That wasn't [Inaudible] putting it shut and he should never have expected to get in his first term. Although we had different timelines, it was a much longer term process.

It was the prospect of Georgia moving in that direction which contributed to Russia's threat. Probably what would have been better in retrospect was to do everything but. We ended over fighting over words. If we had been fighting over ten programs to improve things on the ground in Georgia, we would have been much better off than a [Inaudible] which I can't deny was never meant to deal with people. We were asking him to deal with bureaucrats and it became a Holy Grail, blown out of all proportion.

We should have just done stuff on the ground to make a real difference, but obviously investing in all those capital centres [Inaudible] to communicate, because now we've broken [Inaudible] and we could have had with the [Inaudible] after we built...

PETER SEMNEBY: With the [Inaudible] more coherence, that's why it's been created. What can we do to overcome complacency? Well, we have to continue to pay attention. There's a lot of awareness raising to be done and I think this kind of event is very useful in terms of that awareness raising.

We have to continue to develop the instruments that we now have. The war in Georgia came as a wake-up call and we energised, for example, the EU, not only to deploy a mission in Georgia, but also agree and energise the discussion on the South Caucasus and create the conditions for this new program to get off the ground, and have continued to pay attention to that and [Inaudible] the contents to make for that.

The countries in the region see it as useful, and it improved quite a lot in terms of a new relationship with the EU and [Inaudible] movement in pre trades and so on, and also regional dimension. We have always the temptation of re-freezing the conflicts, which is unusual anyway. They cannot be. It's impossible to freeze these conflicts and we have to point out the dangers of trying to walk down that path.

Now, a couple of words also on Turkey, because I think this is a very interesting question. Turkey has pushed [Inaudible] weight in the South Caucasus and the Turkish Government realises this and saw an opportunity after the Georgia War. They wanted a platform for security and stability; they launched in earnest the talks with [Inaudible], an organisation, all of which was intended to serve the strategic purpose of creating space for Turkey to be a fully fledged actor in the South Caucasus.

At the same time, I think this may have come too quickly and there were some inconsistencies in the Turkish approach. The fact that the platform was for secure availability [Inaudible] as a [Inaudible], so it involved Turkey and Russia, caused some concern among the countries in the region and limited the impact of that initiative.

As far as the Turkish Armenian organisation is concerned, at the same time Turkey tried, partly because they were under pressure from Azerbaijan, but partly because of its own volition, it tried also to insert itself indirectly as a player on the Karabakh [Inaudible], in fact, as an additional external [Inaudible] on the Karabakh front.

That was also designed to serve the same strategic purpose of gaining status for Turkey in the region, but that aspect of the Turkish policy started to interfere with the Turkish Armenian organisation effort and led to the deadlock, not from a [Inaudible] from the Turkish Armenian organisation but a deadlock that will probably take some time now to overcome.

This, I think, will provide us with a little bit of breathing space perhaps and have this dialogue with Turkey about the strategic course in the region of Turkey. I would say it's indispensable as an actor in the South Caucasus.

JACQUELINE HALE: I would like to bring the debate to a close. I'd like to thank, first of all, our three panellists who have thoughtful insights into the [inaudible], making us aware that we approach the issue in an atmosphere of greater partnership and a feeling of the [Inaudible] having replaced or with a will to replace the [Inaudible] in the region and have an idea of the strategic insignificance not being such a bad thing after all. I also take away the fact that Europe cares about this region deeply and sees a future for this region as a strong partner in its

neighbourhood. Let's hope these debates will continue and I look forward to seeing you all at the next one. Thank you very much.