The South Caucasus region--consisting of Armenia, Azerbaijan, and Georgia--can be said to be the new, northern extension of the Middle East. Armenia must maneuver between the rivalries and alliance systems of Iran, Russia, Turkey, and the United States to find a stable role in this new system. Local disputes and conflicting interests make this a difficult task. Yet the South Caucasus has become a more stable area than anyone might have expected.

Since they gained independence a decade ago, the newly independent states established within the ex-Soviet borders have been seeking their role in the world and in the regions they inhabit. This is particularly true for the Republic of Armenia, whose domestic development was crippled and international activity completely suspended for the 70-year-period it was swallowed up by the USSR.

Armenians view their country as linking the Middle Eastern and European cultural areas – the two regions that dominate its international relations. But the most critical, complicated regional interests are clearly dealing with what is now being called the Greater Middle East, extended to include the new northern rim of three ex-Soviet republics in the South Caucasus, Armenia, Azerbaijan, and Georgia.

In its local political environment, Armenia must maneuver to handle three stronger powers--Russia, Iran and Turkey--which play a role in the area. Armenia's geopolitical importance is largely derived from its potential role in developing transit routes for delivering Russian and Caspian basin energy resources to Europe, Turkey and Israel. It is also being perceived as a connecting link between Russia and Iran.

Armenia supported the ethnic Armenians of Nagorno-Karabakh in their war with Azerbaijan and has tried to find a way to resolve this conflict. This issue has brought problems for Armenia with both Azerbaijan and Turkey. In contrast, Armenia has good relations with Georgia. As a result of its geopolitical situation, Armenia might be expected to have common interests with Syria, Iran, Greece, and Cyprus. Its perceived close relations with Iran have brought more friction with Turkey, Azerbaijan and, to a lesser extent, Israel.

A good way to consider Armenia's situation is to compare Armenia to Georgia. After gaining independence in 1991, both Georgia and Armenia continued to be in a zone of Russian influence--Armenia to a larger extent than Georgia. Moscow still has economic, political and military leverages over both of them.

Despite its internal problems and efforts to escape Russian influence, Georgia is in a relatively good strategic position. Georgia has no conflict with any of the states in the region, which gives it a large freedom of maneuver among the United
States, Russia, Turkey, and other regional actors. Georgia also has cultivated ties with Azerbaijan, with which it has common interests regarding transport routes for Caspian oil. In addition, Georgia's problem of trying to preserve territorial integrity of Abkhazia and Southern Ossia against ethnic claims has made it support Azerbaijan, which faces a similar problem in Nagorno-Karabakh.

In contrast, Armenia has a much more restricted freedom of action since friction with Turkey reduces its options in being able to counter or being potentially more dependent on Russian and Iranian influence. As a result, while Armenia cooperates with NATO in the "Partnership for Peace" framework it has not shown a desire to join that organization. Of course, Armenia does not want to see either Russia or radical Islamist forces gain control over the Southern Caucasus. Otherwise, though, Armenia's interests are roughly parallel to those of Moscow and Tehran.

This problem can be more clearly seen by noting that Georgia and Azerbaijan want Turkey as a way to counter-balance Moscow and also as an aid in building their relations with the United States in order to escape permanently from the Russian sphere of influence. In this context, Azerbaijan and Georgia want Turkish participation in the creation of a regional security mechanism that would include Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova. Azerbaijan and Georgia also expect Turkey to help them achieve NATO membership and to encourage greater U.S. involvement in the area. Turkey supports these efforts. (1)

Despite their different strategic interests, Armenia and Georgia have been able to work together toward resolving sub-regional and mutual problems. This is partly true since both of their leaders are well aware that their country's weaknesses require cooperation. The most important document for this strategic partnership was signed by Georgian President Edward Shevarnadze and Armenian President Robert Kocharian on September 29, 1999 as the "Declaration of the Basic Principles of Cooperation on the New Level of Relations between the Republic of Armenia and Georgia." (2)

The South Caucasus, including Armenia, attract special attention in the geopolitical plans of several powerful nations. Iran, Russia, and Turkey wish to exercise influence there, while U.S. policymakers seek to limit the penetration of Tehran and Moscow. The needs of the local states--Armenia, Azerbaijan, and Georgia--for development assistance, technology, strategic support, and help in their internal problems provide leverage for these more powerful nations as they try to gain regional influence.

Until 1990-1991, this area, of course, was under complete Soviet control and the United States was fully excluded. After independence, though, this situation changed dramatically. U.S. National Security Advisor Samuel Berger, in his 1997 report "On Priority Principles of the U.S. Foreign Policy," noted the importance of the South Caucasus countries for U.S. strategic and economic interests. (3) In this effort, the United States also works with Turkey and Israel.

Although Russia has a wide range of problems limiting its power in this region, some of Moscow's most critical interests involve the South Caucasus. These include the need to protect its borders, a continuing military presence, and potentially valuable oil and gas resources. Events in this region
also threaten Russian internal politics. For example, Russia accuses Azerbaijan of supporting Chechen rebels. Azerbaijan responds by complaining about Russia's allegedly pro-Armenian position regarding the Nagorno-Karabakh conflict. But this did not prevent the two countries from signing the Azerbaijani-Russian Treaty of Friendship, Cooperation and Mutual Security in June 1997. Russia also has some problems with Georgia, related to the Abkhaz conflict, tensions over the presence of Russian troops in the country, and Georgia's increasing Western orientation. Russia started the partial withdrawal of its troops from Georgia in summer 2000, but Russian peacekeeping forces are still staying in Abkhazia.

In contrast, Russia has stable friendly relations with Armenia, which it considers a strategic partner. Armenia also provides an obstacle for Turkey's penetration into Muslim and Turkic-speaking regions of the former Soviet Union and is also a factor helping to preserve Russian influence in the South Caucasus. On August 28, 1997, the two countries signed a Treaty of Friendship, Cooperation and Mutual Support after having ratified an agreement on maintaining Russian military bases on Armenian territory. Russia uses Armenia to pressure on Azerbaijan. At the same time, Russia is one of the most important investors for Armenia and its main arms' supplier.

Iran's interests in the South Caucasus revolve around Caspian oil, its concern that Azerbaijan might subvert the internal ethnic Azeri population (who sometimes call the part of Iran they live in “Southern Azerbaijan”), and the chance to use Armenia's and Azerbaijan's territory as energy transit routes. Iran suggests that it can also act as a mediator in settling ethno-political conflicts. But after Iran mediated a ceasefire of the Nagorno-Karabakh conflict in May 1992, the Committee for Security and Cooperation in Europe organized the Minsk Group to find a solution to the issue without Iranian involvement. (4)

Iran's major regional conflict is with Azerbaijan over differences in the ownership of Caspian oil and on projected oil and gas pipeline routes from the Caspian basin to Western oil consumers. The cheapest pipeline route lies across Iranian territory but, under U.S. pressure, preference has been given to the Western "Baku-Cyhan" route through Turkey. These issues, though, have not been finally decided.

The possibility of a Southern Azerbaijan issue becoming an international problem should be taken very seriously. Iran's northwestern province bordering on Azerbaijan is populated mostly by Azeri Turks identical to those across the frontier. There have been semi-nationalist movements in the province during past decades and some of the Iranian Azeris seek unification with Azerbaijan. Iran and Azerbaijan have normal relations and are in continuous dialogue. The Azerbaijani government discourages pan-Azeri nationalism. Still, a heightening of this issue could cause considerable friction some day. (5)

As a result of Iran's interests and policies, Armenia sees Tehran as another power that can counter-balance Turkey's activity in the region. There are no territorial issues between Iran and Armenia, and religious questions play no role in disrupting relations between the Islamic Republic and Christian Armenia. For Iran, Armenia blocks Turkish influence along Iranian northern and western borders and also in Central Asia.
In contrast, Turkish interests in the South Caucasus directly collide with Russian and Iranian interests, a factor that also affects Turkey's relations with each of the South Caucasian states. Turkey's relations with Georgia and Azerbaijan may be defined as a strategic partnership, since they have a common interest in limiting Russian and Iranian influence.

Turkey's friction with Armenia, whatever historical reasons can be cited for it, has been closely related to the Turkish-Azerbaijan alliance. For Turkey, Armenia is an obstacle for its cultural, economic and political involvement in Muslim and Turkic-speaking regions of Russia and Central Asia. The war over Nagorno-Karabakh sets Armenia at odds with Turkey's close ally, Azerbaijan.

Nagorno-Karabakh is an area mostly inhabited by Armenians that was incorporated in Azerbaijan. Armenians there sought to join Armenia while Azerbaijan rejected secession. The result was a war between Armenians of Nagorno-Karabakh and Azerbaijan in 1992-1994 in which Turkey supported Azerbaijan.

Turkey has closed its border with Armenia and tries to impose a boycott against that country. There are no diplomatic relations between Armenia and Turkey. Turkey states that the normalization of relations with Armenia and a reopening of the border requires an altered Armenian stance on settling the Nagorno-Karabakh conflict and a willingness to stop the campaign for international recognition of the genocide of Armenians in Ottoman Turkey in 1915.

At the same time, though, Turkey wants to limit the friction. It calls for establishing a sub-regional security system hat would include all South Caucasian states. There have also been efforts by both states' leaders are trying to reduce their mutual conflict, although without any success. (6) Any progress on this front worries Azerbaijan.

For its part, the United States seeks good relations with all three South Caucasian nations. It is allied with Turkey but tries to persuade Turkey and Armenia to improve relations. While the United States wants to limit Iranian and Russian influence in the area, it has tried to do so through building stronger ties with Armenia and reducing existing conflicts rather than pressure.

Although the United States wants to reduce Moscow's influence in the South Caucasus as a whole and backs anti-Russian trends in Georgia and Azerbaijan, it recognizes the Russian interests in this region. Still, U.S. mediation efforts in the local ethno-political conflicts, including Nagorno-Karabakh, conflict shows "creeping" U.S. intervention into an area of Russian "vital interests." By developing influence through mediating activities, the U.S.'s South Caucasian policy uses the same mechanism as in its approach to the Middle East. Therefore, given existing contradictions--between Russia and Turkey, Turkey and Iran, Iran and Azerbaijan, Russia and Azerbaijan--the United States is gradually becoming the only real "third force" in the area.

Russia, too, has its assets. Its military presence in Armenia and Georgia creates opportunities for Russia to manipulate processes related to the resolution of the Nagorno-Karabakh and Abkhaz conflicts. However, it should be noted, that its chances in the South Caucasus are limited by the apparent pro-Western moods of the leaderships of Georgia and Azerbaijan,
which blame Russia for "double standards" and follow its actions and initiatives in the sub-region with suspicion.

The Nagorno-Karabakh conflict is a decisive factor in Armenia's foreign policy and one of the most destabilizing factors in the fragile South Caucasian area. Armenia considers the conflict one of giving self-determination to the Armenian people of Nagorno-Karabakh, while Azerbaijan defines the conflict as a problem of territorial integrity.

Both sides need a resolution to this complicated, emotional issue. Azerbaijan's development is being held up by the dispute, which also threatens its internal political stability. Armenia finds its other policies and international posture being held hostage by the conflict.

Although Turkey, which is a member of the OSCE Minsk Group, directly supports Azerbaijan, at the same time it welcomes the beginning of direct dialogue between the presidents of Armenia and Azerbaijan. Another promising development has been U.S.-Russian cooperation through the Minsk Group in trying to mediate a solution. (7)

The internationalization of the Nagorno-Karabakh conflict started in 1992 with parallel mediation efforts by Russia and Iran. On May 12, 1994, with Russian help, Armenia and Azerbaijan signed the "Bishkek Protocol" as the basis for a ceasefire which has continued to the present day. Thereafter, the OSCE summit established the Minsk Group. In 1997, the co-chairmanship was given to the United States, Russia, and France, which tried shuttle diplomacy to bridge the differences between the contending parties.

The Nagorno-Karabakh conflict also plays some role in Arab-Armenian relations. Azerbaijani diplomacy tries to convince Arab states that this conflict is a territorial dispute between Christian Armenia and Muslim Azerbaijan, exploiting the religious factor in an attempt to gain support of the Muslim world. However, some Arab states admit that the territory of Nagorno Karabakh is historically Armenian, and most prefer that the dispute be settled peacefully.

In general, Armenian-Arab relations may be characterized as stable and friendly, lacking any bilateral problems. This situation is assisted by the presence of successful Armenian communities in several countries. Relations are especially good with Egypt, Syria and Lebanon, though relations with Iraq were suspended until May 2000.

Israel generally supports U.S. policies, opposes the extension of Iranian influence, is uncomfortable with any expansion of Russian influence, and cooperates closely with Turkey. Yet Israel has no bilateral problems with any of the South Caucasian republics. Azerbaijani-Israeli and Georgian-Israeli relations are developing intensively and have been somewhat helped by the existing Jewish communities there or former Jewish residents who have moved to Israel. There are numerous declarations of common political and economic interests, and readiness to cooperate in the field of security. In addition, Israel is a potential consumer of the Caspian energy resources.

During his visit to Azerbaijan in September 1997, for example, Israeli Prime Minister Benjamin Netanyahu said it is a unique situation when the Jewish state establishes close, friendly relations with a Muslim state. The sides also discussed possible Israeli-Azerbaijani-Turkish cooperation in fighting Islamic fundamentalism. In March 1999, Netanyahu visited Georgia and called the relationship
one of strategic partnership. The parties signed a military cooperation agreement, building on an earlier, January 1998 bilateral agreement. (8)

Given this context, though, Armenia has less in common with Israel, though both sides often cite the parallel historical experiences of their peoples. There are developments regarding economic and cultural cooperation. The official visit of the President of Armenia Robert Kocharian to Israel in January 2000 could be a sign of warming relations and led to the signing of an agreement to encourage investments. Israel also views Armenia as a potential ally in opposing Islamist extremism. Armenia hopes Israel will support its case on the genocide against Armenians, despite Israel's warm relations with Turkey. (9)

For its part, Iran does not hide its negative attitude to the establishment of working relations between Armenia and Israel. The Armenian president responded to Iranian criticisms by saying, "We are taking steps based on our national interests....There is no need to search for enemies, but, rather [to find] friends." (10)

Armenia, long in a Russian sphere of influence, must maneuver among all these interests and rivalries in order to preserve its independence. For Armenia, the most urgent tasks are:

--To increase and develop the partnership with Georgia and closer relations with Israel, as potential allies who are not seeking sub-regional hegemony.
--To resolve the Nagorno-Karabakh conflict peacefully.
--To build normal relations with Turkey.
--To intensify cooperation with Russia, Iran, and the United States without being too dependent or influenced by any one of them.

One leading potential danger for Armenia is to lose its options by its gradual, forced drift toward an emerging axis of Russia and Iran, which sees itself competing with a U.S.-Turkey-Israeli bloc. Such an outcome would also damage Armenian relations with Azerbaijan and Georgia.

Still, Armenia's chances in pursuing its independent policy, despite certain limitations, are actually increasing. In international terms, the South Caucasian sub-region has been far more stable over recent years than might have been expected. Armenia's management of its foreign policy has been a key factor in that sub-regional balance.

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NOTES
(1) See especially the results of the visit of the President of Azerbaijan Heydar Aliev to Turkey, and of the former President of Turkey Suleimman Demirel to Georgia in January 2000.
(2) Respublika Armenia, October 2, 1999.
(4) This group is now called the Organization for Security and Cooperation in Europe (OSCE).

(5) Minister of Foreign Affairs of Azerbaijan Vilayat Guliev has urged improved relations: "Azerbaijan has to revise its attitude towards Iran. We need to build warmer relations with this state". He pointed out that the Iranian side is also ready to get closer with Azerbaijan. Zerkalo (The Mirror, Daily), Baku, January 24, 2000.

(6) See the message of Turkish President Suleiman Demirel to the President of Armenia Robert Kocharian, Azg (The Nation), January 24, 2000 (in Armenian). See also the speech by the Armenian President Robert Kocharian at the OSCE Summit in Istanbul on November 18, 1999.


(10) Respublika Armenia, No. 9, 21 January 2000. See also, Gayane Novikova, Turkish-Israeli strategic partnership and its impact on the political situation in the South Caucasus and Middle East, Yerevan, ACNIS, 1999.