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## THE VILNIUS EAP SUMMIT AND THE SOUTH CAUCASUS

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## Armenia Before and After Vilnius

Mikhayel Hovhannisyan, Yerevan

### Abstract

This article is an attempt to evaluate the situation and perspectives of further development for EU–Armenia relations after Armenia’s step back in signing the Association Agreement. The Vilnius Summit did not indicate any specific format of relations while the negotiations on Armenia’s joining the Russia-led Customs Union are progressing. The “security issue” is articulated as the major reason for Armenia’s U-turn. Is this the end of Armenia’s foreign policy of complementarity, and what will follow these developments?

### Background

In May 2009 Armenia, along with 5 other post-Soviet states: Georgia, Moldova, Ukraine, Azerbaijan and Belarus, became part of the Eastern Partnership (EaP) initiated by the EU as a new mechanism for building relations with its Eastern Neighborhood. The major deliverable within the framework of the EaP was the initialing and signing of Association Agreements with Georgia, Moldova, Ukraine and Armenia that would become a closer format of cooperation and integration between the two sides. The Association Agreements consist of three thematic parts, Political, Sectoral, and the Deep and Comprehensive Free Trade Agreement (DCFTA), which would allow the four states to have the closest possible cooperation framework for non-candidate states, as well as receive access to the internal European market.

By signing these agreements, the EaP member states would become an integrated part of the European political and economic system with a much clearer perspective of membership in the EU in the future.

The whole period between 2009 and 2013 was dedicated to detailed negotiations over the texts of the Agreement. In early 2013 the pressure from Russia, which is currently in the process of forming its own Customs Union integration framework, on Armenia, Moldova and Ukraine started to grow. The tools that Russia started to use for all three countries are more or less the same, taking into account the energy dependence and strong economic ties of all three states with Russia.

In September the pressure produced its first result. Armenian President Serzh Sargsyan, during his visit to Moscow, announced that Armenia is going to join the Customs Union, which meant that the initialing of the Association Agreement with the EU planned for the November EaP Summit in Vilnius could no longer take place.

Armenia’s U-turn was followed by Ukraine’s announcement that it had decided to postpone the signing of its Association Agreement as well.

Russia’s pressure resulted in the initialing of two Association Agreements, with Moldova and Georgia

respectively, instead of the planned three, plus the signing with Ukraine.

This situation requires a thorough analysis of the further steps to be implemented by both the EU and the failed Eastern Partners to formulate a new agenda for building relations.

### Armenia After Vilnius: Is the Complementarity Over?

The Vilnius summit for Armenia ended two months before it actually took place. Armenian President Sargsyan surprisingly announced Armenia’s decision to join the Customs Union with Russia, Belarus and Kazakhstan,<sup>1</sup> which meant that the initialing of the Association Agreement between Armenia and the EU in Vilnius became impossible.

Interestingly, the announcement was made during Sargsyan’s visit to Moscow, hours after the head of the parliamentary fraction of the ruling Republican Party stated that there is nothing that stands between Armenia and the Association Agreement<sup>2</sup>. This inconvenience, however, does not necessarily mean that Sargsyan’s colleagues from the Republican Party did not know what is going to happen in Moscow. The key component of the related statements from Armenian officials after September 3<sup>rd</sup> was the point that Armenia has been talking about the “and-and” principle and rejecting the “either-or” principle, stating that the Association Agreement and the Customs Union are compatible.

### After Moscow—Before Vilnius

The internal reaction in Armenia after Sargsyan’s announcement was mostly suppressed, which was mainly connected with the fact that this decision is a security measure related to the Karabakh Conflict and Russia’s role as a security guarantee is becoming more important for Armenia. This practice of using “security” for silencing all kinds of other issues is one of the

1 <<http://armenpress.am/eng/news/731583/>>

2 <<http://www.azatutyun.am/content/article/25094081.html>> in Armenian

favorite tricks of the Armenian authorities and, in fact, of any political leader in the midst of a conflict. The only centralized institutional complaint over the content of the decision was made by the Armenian Platform of the Eastern Partnership Civil Society Forum; the overwhelming majority of other negative reactions were mainly related to the form of the decision, in the sense of transparency and legitimacy.

This reaction indicates that the perception of the role of Russia as a security grantor for Armenia is extremely high in Armenian society, while all the issues related to the evaluation of processes inside and around Armenia are primarily connected with the low capacity of the Armenian authorities.

The second point is also important since the statement on security that has started to circulate after September 3 led to the question: “Whose security?” i.e. the security of the state or the security of the authorities. Thus the opinions about Armenia’s joining one or another integration format become secondary to the mechanisms of the decision-making.

In general, the decision on joining the Customs Union can be considered to be the result of Russia’s pressure via three major topics: the Nagorno-Karabakh conflict, the economic presence of Russia in Armenia, and Armenian labor migrants in Russia. Thus the “benefits” of Armenia as they are introduced by the ruling party are related respectively to gas prices, new military agreements between Armenia and Russia, and a decrease on the pressure applied to Armenian migrants in Russia.

The whole period between September 3<sup>rd</sup> and the Vilnius summit was a period of brainstorming for the Europeans on how to formulate the further format of relations with Armenia in light of the U-turn, i. e. what shall be written in the declaration of the Vilnius Summit on Armenia?

For this reason there were visits of various European envoys to Armenia to discuss the issue with the authorities, opposition and civil society, as well as different consultations inside the EU.

### **The Silent Presence, or What Happens in Vilnius Stays in Vilnius**

Armenia’s participation in the Vilnius summit can be characterized as silent both in the sense of the Armenian president’s behavior and the statements of the European officials. This of course can be explained by the Ukrainian events that have gained the full attention of the European community. However, due to the fact that the joint declaration of the Vilnius Summit does not contain any exact information about the further steps on forming the new agenda of relations between Armenia and the EU, it can be concluded that the vis-

its of EU officials, internal consultations and consultations with Armenian partners did not result in any significant decision on what is going to be the future of Armenia–EU relations.

The Vilnius declaration paragraph dedicated to Armenia says:

“The EU and Armenia have today reconfirmed their commitment to further develop and strengthen their cooperation in all areas of mutual interest within the Eastern Partnership framework, stressing the importance of reviewing and updating the existing basis of their relations. In the framework of the European Neighbourhood Policy and the Eastern Partnership, the Summit participants reaffirm the sovereign right of each partner freely to choose the level of ambition and the goals to which it aspires in its relations with the European Union.<sup>3</sup>”

It can be supposed though that the EU has decided to observe the further development of the situation around Armenia’s negotiations to join the Customs Union and will not initiate any global projects with Armenia before the situation is clarified. This is also due to several pre-suppositions that the EU might have, namely that Armenia has many obstacles in joining the CU (no common border, membership in the WTO, the status of Nagorno-Karabakh, etc.), as well as the fact that the Customs Union has not fully established itself yet and it is not clear whether it will.

### **Life After Vilnius**

The Vilnius summit was followed by the visit of Russian President Vladimir Putin to Armenia, which was accompanied by protest actions organized by representatives of Armenian civil society<sup>4</sup>.

It is remarkable that Putin started his visit in Gyumri, the second largest city of Armenia, where he took part in a Russian–Armenian forum as well as visited the 102<sup>th</sup> Russian Military base. The visit of the Russian President in that respect looked quite “domestic” and was perceived as a pretentious display of ownership over the post-Soviet territory.

In light of the uprising against Ukrainian President Victor Yanukovich’s step back from signing the Association Agreement, which was taking place simultaneously with Putin’s visit, it is hard to say whether the statements of Putin in Armenia were addressed more to Armenia or Ukraine.

3 <[http://static.eu2013.lt/uploads/documents/Programos\\_12/131129%20Vilnius%20Summit%20Declaration.pdf](http://static.eu2013.lt/uploads/documents/Programos_12/131129%20Vilnius%20Summit%20Declaration.pdf)>

4 <<http://www.reuters.com/article/2013/12/02/us-armenia-russia-idUSBRE9B10FM20131202>>

In fact the visit of the Russian president to Armenia was a demonstration to all the EaP countries of both the negative consequences they would face in distancing themselves from Russia and the benefits of cooperation. In Gyumri during his joint press-conference with Sargsyan, Putin announced that Russia will unilaterally provide some privileges for Armenia. Particularly, Armenia can purchase armaments from Russia at domestic prices, as well as Russia will exempt Armenia from the 30% export customs duty envisaged by the law<sup>5</sup>.

Later it appeared that in addition to rejecting the Association Agreement, Armenia paid an additional price for those “benefits” by giving additional space for the dislocation of Russian military troops, as well as Russia acquiring the remaining 20% of Armenian shares from ArmRosGazprom as payment for a suddenly appearing state debt of \$155 million.

The Armenian side is currently using all available resources to speed up negotiations with the Customs Union and it is expected that in several months all the documents will be ready.

Does this drastic change mean the end of complementarity in Armenia’s foreign policy? This, perhaps, is one of the central questions of recent developments.

This question has multiple answers since it must be observed in long and short term perspectives.

In the short term, Armenia’s integration with Russia should be viewed in light of the Karabakh Conflict

and Turkish–Armenian relations. Integration to the EU does not offer any security systems equal to the Collective Security Treaty Organization. In other words, the unstable situation and the absence of any effective roadmap of normalization of Armenia’s relations with Azerbaijan and Turkey combined with the current Armenian authorities’ reliance on the security agencies, predetermine a more pro-Russian direction.

This means that for the near future Armenia–EU relations will follow the logic of the pre-EaP framework with more focused sectoral cooperation that will certainly lack an overall strategic approach.

Meanwhile, the Russia-led Customs Union does not provide sustainable social and economic development mechanisms equal to those provided by the EU. Thus, in terms of its long-term development, Armenia will have to integrate to Europe.

Armenia–CU(Russia) relations will probably experience a short but significant boost, which will gradually decrease. In this respect, many things depend on the situation inside Russia, first of all, economic development. The dependence of the Russian economy on energy resources may cause a dramatic collapse in case the oil price drops, which seems likely based on several assumptions related to the situation around Iran, current US foreign policy, and other factors.

#### *About the Author*

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5 <<http://www.neurope.eu/article/russia-supply-armenia-gas-low-prices>>

## Georgia and the Vilnius Summit—Before and After

Tornike Sharashenidze, Tbilisi

### Abstract

The EU summit in Vilnius was a turning point for Georgia. The EU initiated an Association Agreement despite the country's still immature democracy. But having lost Armenia and the Ukraine prior to the summit, the EU may have considered Georgia mature enough for the deal. Now it is up to Georgia to continue successfully on its way to the West. On this path, the country will have to withstand pressure from Russia and also address some severe domestic problems, such as remnants of a post-Soviet mentality and possible shortcomings in the judicial system.

### Domestic Background

Initialing the Association Agreement between Georgia and the EU did not come as a surprise. Georgia had been promised this outcome a few months earlier. It was the promise itself that somehow came as a surprise. Since the parliamentary elections of 2012, Georgian politics have remained tense and this tension sometimes posed uneasy questions about Georgia's commitment to democratic values. At the same time, the foreign policy orientation of Bidzina Ivanishvili's government came under question too. Now that the landmark deal with the EU has been initialed, at least the questions about the government's foreign policy stance have begun to dwindle. At the same time, domestic political squabbles are becoming less bitter. More than one year has passed since the 2012 elections and the situation is calm enough to look deeper into the looming questions and see whether they have been answered or not.

Ever since Ivanishvili entered politics in September 2011, the question about his foreign policy priorities has haunted both him and his political team. Being the richest man in Georgia who made his fortune in Russia, Ivanishvili was an easy target for hostile propaganda. He was accused of being a Russian stooge or at least an agent of influence. These accusations were strengthened by the fact that Ivanishvili never publicly criticized Putin; rather, he admitted that Georgia also bore a share of the guilt for starting the August 2008 war, thus giving Russia a wonderful opportunity to blame everything on the Georgian side.<sup>1</sup> Additionally, Ivanishvili harshly criticized some of the Western politicians and media sources for protecting Saakashvili and his teammates.<sup>2</sup> Furthermore, when asked how he viewed the Eurasian Union, Ivanishvili replied that his government was looking into this subject.<sup>3</sup> In sum,

he provided more than enough pretexts for questioning his foreign policy stance.

But actually these ambiguous statements never were translated into concrete actions, let alone consistent policies. Georgia continued to cooperate closely both with the EU and NATO. As for relations with Russia, all Ivanishvili did was appoint a special representative for negotiating with Moscow. But the representative's mandate was limited to trade and humanitarian issues (whereas security-related issues continued to be discussed in Geneva with Georgia's Western partners involved as well). Ivanishvili shut down anti-Russia propaganda at the official level and also decided that it was in Georgia's interests to participate in the Sochi Olympic Games. His overtures to Russia never went beyond this, and if even Ivanishvili was willing to go further, the Kremlin discouraged him. In response to Ivanishvili's initiatives, Russia started installing barbed wire fences on the administrative border of South Osetia and even moving the administrative border line (occupation line for Georgians) deeper into Georgia's territory.<sup>4</sup>

Ultimately, the Georgian government's foreign policy stance became clear, but social/political tensions were also a big issue. Several former officials were prosecuted which raised suspicions that the new authorities were trying to destroy the former ruling party. As for social life, it was marked by sporadic outbursts of xenophobia and homophobia too. These outbursts reached a climax on May 17 when a huge crowd led by a few priests attacked a small group of activists celebrating the International Day Against Homophobia.<sup>5</sup>

The scenes of May 17 were shocking and shameful. However it would be unfair to blame Ivanishvili's government alone. The fact is that homophobia was always present in the former Soviet republic of Georgia, but was somehow suppressed during Saakashvili's reign. After Saakashvili's defeat, Georgians started to

1 <<http://www.tabula.ge/en/story/73509-russias-medvedev-hails-bidzina-ivanishvilis-stance-on-august-war>>

2 <<http://georgiaonline.ge/news/a1/politics/1354151411.php>>

3 <<http://civil.ge/eng/article.php?id=26413&search=>>

4 <<http://www.tabula.ge/en/story/72863-russias-provocative-steps-are-not-fully-clear-for-me-ivanishvili>>

5 <<http://civil.ge/eng/article.php?id=26065&search=>>

feel more relaxed, people spoke and expressed themselves more openly, and it applied to homophobes and religious extremists too. Under Saakashvili the shameful events of May 17, 2013, probably would not have taken place, but that did not mean that he had dealt with homophobia. Georgia suffered from various social diseases under Saakashvili, but they were somehow hidden. Under Ivanishvili, they were revealed. Since Georgia aspired to integrate with the EU it had to cure itself of social diseases. But it takes diagnosis to start treatment. May 17 was one of the diagnoses.

The question of prosecuting former officials has remained one of the most controversial questions of Georgian politics. The issue made the new authorities explain and justify their actions, which certainly created difficulties in relations with Western partners. However, at the same time the new authorities demonstrated more commitment to legal procedures, thus setting a good precedent. Sooner or later prosecutions will stop whereas the precedent will remain. In short, Georgia is still making some progress on its way to the Western world. The most serious test Georgia was facing before the Vilnius summit was the presidential elections, but it was passed successfully too and there was nothing left on the way to initialing the historical agreement.

### International Background

But still it is not clear whether it was Georgia's democratic progress—which some may consider too slow—that made Vilnius possible. One must not forget that in early September the EU was stunned by Armenia's decision to snub the EU in favor of the Eurasian Union. The loss of Armenia somehow might have contributed to the decision to move forward with Georgia. Additionally, Ivanishvili's ambiguous statements also might have contributed. After losing Armenia the EU could not afford to lose Georgia as well. Besides, Ivanishvili talked vaguely about the Eurasian Union. Most probably it was only talk, but still the EU had to make sure that these words were not translated into concrete steps and so to offer Georgia a deal. No doubt the EU officials were happy with this decision when later it became obvious that the Ukrainian government changed its mind on signing the Association Agreement in Vilnius and thus Georgia and Moldova became the only success stories.

It goes without saying that it was a success story for Georgia too. Not only because the Vilnius deal was recognition of Georgia's Western aspirations, but also because Georgia needed to break the stalemate with its European/NATO integration. Saakashvili's government dedicated a great deal of resources to NATO integration, but when it came to crucial decision, some NATO members backed off: at the 2008 NATO sum-

mit Georgia was not given a Membership Action Plan. Soon after the summit the Russo–Georgian war took place and Russia, after recognizing Georgia's separatist regions Abkhazia and South Osetia, strengthened its military presence there. Such a presence further discouraged those NATO member countries which were already reluctant to admit Georgia into the alliance. Saakashvili's government did everything possible to restart Georgia's NATO integration process. Namely, Georgia sent troops to Afghanistan and became the largest non-NATO member contributor to the International Security Assistance Force. It was a bold step which did not go unnoticed by NATO and especially the US,<sup>6</sup> but still the question of when Georgia would join NATO remained unanswered.

While making its best effort with NATO, Saakashvili's government somehow seemed to neglect the EU. The rationale was simple: the EU was suffering from so-called enlargement fatigue and Georgia's membership was a distant prospect. The NATO situation was different—unlike with the EU, the U.S. was present and push for Georgia's membership. Besides, the EU unlike NATO would not (and could not) protect Georgia from Russia.

But Georgia's new government realized that while the NATO integration process was stalling, there was some potential with the EU. Membership remained distant, but there was a chance to obtain certain benefits like a Deep and Comprehensive Free Trade Agreement. Besides, if Russia was ready to wage war to keep Georgia outside NATO, the EU looked much more harmless and theoretically it would not result in a new Russian backlash. Saakashvili's government already had done some work with the EU and now it was a matter of political will to bring the dialog to its logical conclusion. This task was accomplished in an amazingly short period of time which enabled the EU to promise Georgia the Vilnius deal.

### What Next

The deal has been made, but can Georgia follow through? Ivanishvili has claimed that the agreement can be signed as early as in the spring of 2014 and his optimism is supported by some leading European politicians.<sup>7</sup> But, of course, this is the best-case scenario. Georgia may face problems on its way to the final conclusion of the deal.

The number one problem has persistently appeared in the Ukrainian case—the Russian factor. Russia may be less bitter about the EU expansion than NATO expansion, but the Ukrainian affair has demonstrated that

6 <[http://www.nato.int/cps/en/natolive/opinions\\_60003.htm](http://www.nato.int/cps/en/natolive/opinions_60003.htm)>

7 <<http://civil.ge/eng/article.php?id=26432&search=>>>

the Kremlin will fight for influence over the post-Soviet space against everyone. There may be some striking differences between Ukraine and Georgia. First of all, Georgia is less important for Russia than Ukraine. But so was Armenia. Armenia did everything possible to follow the example of Georgia and Moldova, but at some point the Kremlin decided that it could not allow Armenia to take such a step and dragged it into the Eurasian Union.<sup>8</sup>

But once again Georgia looks to be less dependent on Russia than Ukraine and Armenia. Unlike Ukraine, Georgia is not dependent on Russian energy supplies and unlike Armenia it does not have to rely on Russia's military protection. But, at the same time, Russia still occupies Abkhazia and South Ossetia and it can at any moment restart provocations on the occupation line (such as moving this line deeper into Georgia's territory). All Georgia can do in response is mobilize diplomatic support in the West. Another tool that Russia can exploit is imposing a trade embargo. This is something Georgia has already experienced and it hardly can seriously damage the Georgian economy, but it can inflict damage on the political capital of Georgia's new authorities who boast of having managed to make Russia reopen its market for some Georgian products.

Still neither of those two tools is deadly for Georgia. The biggest threat is within Georgia itself. The new authorities still have to prove that by prosecuting former officials they are strengthening the rule of law and not practicing selective judgment. So far Georgia does

not have a counterpart to Yulia Tymoshenko, but if justice fails then one may appear. If the EU did not tolerate Tymoshenko in case of the Ukraine (which is much more important for the West than the smaller Georgia), it certainly will not tolerate a Tymoshenko-style case of selective justice in Georgia's case either.

Another challenge Georgia may face is the social disease described above. May 17 was a diagnosis and it remains to be seen whether Georgia's authorities and its still weak civil society are capable of starting the necessary treatment. Georgia has been independent for barely more than 20 years. It may be enough to make the country immune against encroachments from the former metropolis, but may not be enough for implanting liberal values. Homophobia and anti-Western propaganda are instigated by various kinds of conservatives and radicals who preside in the church (which no doubt still maintains close contacts with the fellow Russian Orthodox Church) and even in the parliament (mainly in the majority). These propagandists picture the West as a safe haven for homosexuals that will deprive Georgia of its true identity and make it a puppet of international masonry... Conspiracy theories of this kind are still popular in the former Soviet Union and unfortunately Georgia is no exception despite its certain progress in democratic development. So Vilnius has just become the beginning of yet another—one more and definitely not the last—test for Georgia.

#### *About the Author*

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<sup>8</sup> <<http://www.themoscowtimes.com/business/article/armenia-will-join-customs-union/485525.html>>

## Azerbaijan after the Vilnius Summit: What Next?

Anar Valiyev, Baku

### Abstract

The Azerbaijani establishment is in a very difficult situation. With Armenia joining the Customs Union (CU), and Georgia signing an Association Agreement with the European Union (EU), Azerbaijan is trying to keep its neutrality as long as possible. However, with the further intensification of the struggle between the EU and CU in the former Soviet space, for Baku it will be difficult to maintain its balance and the country will need to make a choice. Having two neighbors (Turkey and Georgia) striving for EU membership, and two (Armenia, Russia) going for the CU, Baku is to some extent isolated. Each of the choices brings benefits and problems, while none of the options offer Baku and its establishment a win-win situation.

### Association Agreement: Waiting for Better Times

On November 29, Azerbaijan and the European Union signed a visa-facilitation agreement in Vilnius, Lithuania, within the framework of the Eastern Partnership summit. The agreement was signed by the foreign minister of Azerbaijan, Elmar Mammadyarov, by Linas Linkevicius, Minister of Foreign Affairs of Lithuania in his capacity as President of the Council of the European Union, and by Štefan Füle, the EU's commissioner with responsibility for enlargement and the European Neighborhood Policy. The agreement will help Azerbaijani citizens to obtain an EU visa more easily and more cheaply. In particular, the signed agreement has loosened the requirements for obtaining a short-stay visa to travel to and freely throughout the EU. Short-stay visas allow for an intended stay of no more than 90 days in any period of 180 days. For some categories of frequent travelers and under certain conditions, EU member states are supposed to issue multiple-entry visas with validity from one to five years. Holders of diplomatic credentials are entirely exempted from the visa obligation.

In addition, Azerbaijan joined all the other countries of the Eastern Partnership in signing a joint declaration that calls for further steps toward strengthening democracy, respect for human rights and the rule of law, support for the continuation of political and economic reforms, as well as the development of trade relations. Special attention was given in the joint declaration to the development of the Southern Energy Corridor as well as the construction of the Trans-Adriatic Pipeline (TAP) for natural gas and the Azerbaijan–Georgia–Romania Interconnector (AGRI) project.

The authorities in Azerbaijan have positively assessed Azerbaijan's orientation toward Europe, but maintain certain reservations about further movement in this direction. Novruz Mammadov, the deputy head of the Azerbaijani presidential administration, stated that Baku had informed Brussels of his country's inability to sign an Association Agreement with the EU. "We want to

prepare a document that adequately [reflects] our relations with the EU," he said. Earlier, European officials had accused Baku of ignoring its responsibilities and obligations within the framework of the Eastern Partnership. However, Azerbaijan had stated that it was ready to cooperate with the EU in the economic sphere but did not want to undertake any political obligations.

In fact, cooperation with the European Union is one of the foreign policy priorities of Baku. Both sides are interested in such cooperation due to several factors. The strategic location of Azerbaijan, as well as the European dependency on gas and oil, make Azerbaijan a valuable partner. At the same time, Azerbaijan looks at the EU as a market for its resources as well as with hope that the EU could become a force that can counterbalance Russia in resolution of the Karabakh conflict. EU help was critical to Azerbaijan, especially in the 1990s, when projects such as those organized by TACIS and others were implemented. Since 1991, the EU provided 333 million euros to Azerbaijan as technical, humanitarian, emergency, and food assistance.

Meanwhile, strategists say that EU investments into the non-oil sector are critical for Azerbaijan's attempts to diversify its economy and prepare for the days when oil and gas reserves are depleted. Shahin Mustafayev, the Azerbaijani minister for economic development, stated during the summit in Vilnius that the EU's share in Azerbaijan's trade comprised 41 percent in 2012. There are around 1,122 EU companies registered in Azerbaijan, which operate in agriculture, banking, transport and other areas of the economy.

Traditionally, the Azerbaijani public had comparatively high trust toward the EU. In 2008, around 40% of those surveyed trusted the EU while 17%–18% did not. The Russian–Georgian war, the financial crisis, as well as other problems had a negative impact on the trust level. Thus, in 2010–2011, the proportion of people who did not trust the EU rose to a record high of 30%–33% while the number who trusted it dropped to almost 20%. Only in 2012 did the level of trust in the



EU again exceed distrust levels, reaching 32%, while distrust dropped to 22%. Still there are a great number of people who are either neutral or undecided. Here, an active EU policy in the region could win the hearts of many undecided people to trust the European community more.

Meanwhile, almost 50% of Azerbaijani surveyed in 2011–2013 support the country's membership in the EU. Only 11% are against such membership, while significant numbers of people are still either neutral or undecided.

However, there is one big problem with closer ties to the EU that makes the Azerbaijani elite uncomfortable: the EU's constant criticism of Azerbaijan's violation of human rights, corruption, and the absence of reforms and progress. The Azerbaijani establishment understands that the continuation of its rapprochement policy with the EU would force the Azerbaijani government and elite to undertake significant reforms in public administration, opening the local market and respect for human rights. Such steps would immediately lead to further democratization of the country that could in the long run weaken the current government. Thus, the Azerbaijani elite is ambivalent in its approach toward EU-led projects. The Azerbaijani elite wants to be part of EU projects but without significantly changing its system of governance.

### **Customs Union: Same Organization, but Different Name**

Another important reason for Azerbaijan not to sign an Association Agreement with the EU is Russia's zealous opposition to letting another superpower enter the region. Although Georgia has already initialed an agreement and will continue drawing closer to the EU, Armenia was forced to withdraw from its agreement, while Azerbaijan wisely did not deepen negotiations. The Russian establishment will push hard to force Azerbaijan to join the Russia-led Customs Union. In fact, the CU seems the most preferable choice for Azerbaijan. First, official Baku has already had the experience of being a member of a Russian-led union, such as Commonwealth of Independent States (CIS). Although, the parameters of this organization are not comparable, it did not bring any negative effects to Azerbaijan, but instead allowed the country to ease relations with Russia that had deteriorated during 1992–1993. Moreover, the free visa regime with other CIS countries allowed Baku to solve its own problem with high numbers of unemployed people in 1993–2003 who migrated to Russia in droves. Joining the CU would allow certain Azerbaijani products to freely enter CU markets, decreasing the cost of customs tariffs. In addition, importing cheap Russian

food products would lower prices and would be beneficial for a large share of the population.

Nevertheless, the Azerbaijani political establishment and economic elite (very often the same people) are against the CU. Azerbaijani President Ilham Aliyev stated in December 2012 that his country did not see the economic benefit of joining the CU nor the Common Economic Space. As one of the arguments, he brought forth the fact that the economy of the country would not benefit from such integration. Nevertheless, he stressed that once the country sees the benefits, it can join any association without hesitation.

The rumors that Turkey might join the CU forced some experts to believe that Baku and Ankara may join the union together. Nevertheless, the Azerbaijani elite perfectly understands that even despite the high oil dependency of the country, cheap Russian and Belarusian products would harm its burgeoning non-oil sector, especially agriculture.

Above all, joining the CU would undermine the positions of many local oligarchs who enjoy unimaginable benefits from the monopolistic nature of the Azerbaijani economy. Production of certain products in Azerbaijan that could be harmed from border openings is in the hands of a few oligarchs who are opposed to joining any type of union. It is worth mentioning that in comparison with Armenia, Kazakhstan, or even Ukraine, Azerbaijan lacks one of the important drivers that would push the country close to CU. This factor is an independent economic elite or oligarchy. While the oligarchy of Armenia, and to some extent Kazakhstan and Ukraine, have business interests in Russia, Azerbaijani local oligarchs have their businesses in Azerbaijan and Turkey, but not in Russia. These oligarchs benefit from the monopolistic nature of the country's economy. Thus, they would not be interested in opening markets and losing benefits. Ethnic Azerbaijani oligarchs who live in Russia, like the president of Lukoil Vagit Alikperov and billionaires Telman Ismayilov, do not have large business interests in Azerbaijan, and have marginal power to influence the Azerbaijani political establishment to join the CU. Azerbaijan's local oligarchs believe that joining the CU would make Azerbaijan vulnerable to Russian pressure, opening the country's market to Russian business. The "Armenia-ization" of Azerbaijan (in which Russian oligarchs or companies buy out the economy) would follow immediately. That would be, then, the last step in Azerbaijan losing economic sovereignty.

The Azerbaijani public is also not very positive about the CU. On the perceptual level, Russia did everything possible to make Azerbaijanis look at Russia with suspicion. The recent Biryulevo events and Orkhan Zeynalov's case have electrified Azerbaijani society and

became sources of anti-Kremlin feelings. The story is that in early October, an Azerbaijani migrant in Moscow, Orkhan Zeynalov, fatally stabbed Russian citizen Yegor Sherbakov. A few days later, a crowd of Russian nationalists provoked riots that led to the destruction of the market in Biryulevo. Zeynalov was arrested and the process of his humiliating detention and interrogation as well as the Russian media hysteria sparked a wave of negative statements and feelings in Azerbaijan. Although many people understood that the cruel and rough actions were undertaken in order to extinguish the massive protests in Moscow, nevertheless it harmed the perception of Russia in Azerbaijan. It is hard to predict now how these events will affect Azerbaijani–Russian relations in the future.

In Baku, the public believes that Zeynalov's case was simply fabricated to put pressure on Azerbaijan because it had declined to join the CU. Thus, the Zeynalov case is used as a prelude for implementing some harsh measures toward Azerbaijan, including the introduction of a visa regime with Baku, as was the case with Georgia back in 2006–2007.

According to the last census in the Russian Federation, there are 603,070 Azerbaijanis officially registered in Russia. Nevertheless, this number seems very low and the unofficial number of Azerbaijani migrants in Russia may be 2 million people. These migrants account for a large share of the financial transfers from Russia to Azerbaijan. According to Ruslan Grinberg, director of the Institute of Economics of the Russian Academy of Sciences, private remittances sent from Russia to Azerbaijan are somewhere between \$1.8 billion and \$2.4 billion every year (2009–2010). Although it is not a big share compared to the GDP of the country, it nevertheless decreases poverty in the country, especially in rural areas. Rounding up and deporting Azerbaijanis would lead to high tension.

Surprisingly, the Azerbaijani government did not show any concern about such a scenario, or at least tried to be calm. In answer, probably, to the frequent statements from the Russian anti-immigrant circles, the Azerbaijani ambassador to Russia, Polad Bulbulogly, stressed that Azerbaijan is ready to have a visa regime with Rus-

sia, and if the Russian side raises this issue, Azerbaijan would consider it and make a decision. Although the mass media hysteria surrounding the Zeynalov case has already dropped, it is nevertheless hard to underestimate its deep impact on Azerbaijan's perception of Russia. Seeing how Russian law-enforcement agencies treated this Azerbaijani citizen was enough for many Azerbaijanis to understand that the Russian-led CU is not for them. The ghost of Russian xenophobia and nationalism will continue to haunt ordinary Azerbaijanis' perceptions of Russia. Moreover, it further spurred interest in Azerbaijan for closer integration with the EU, where Azerbaijani citizens are not treated with such humiliation and deprivation.

### Conclusion

Taking all these facts into consideration, Azerbaijan is left with no options other than to delay its decision to join EU-led projects for as long as possible. Arguably, Azerbaijani elites understand that the future of their country is connected with Europe and its values. Sooner or later, the country will proceed with deeper cooperation and integration with Europe. Nevertheless, today's Russia is stronger than it has been in over 20 years. Baku cannot simply ignore Moscow's interests or unilaterally act against the Kremlin's will. The Azerbaijani government, therefore, hopes that the best strategy is to win time until the CU discredits itself economically and politically. Depending on the amount of pressure it faces from Moscow in the near to medium term, Baku may be forced to sign some sort of political declaration to keep its markets tied to Russian goods and services. However, once the Trans-Anatolian Pipeline (TANAP) and TAP are constructed and brought online, Azerbaijan will become a vital partner for the European Union and a major contributor to Europe's energy security as a natural gas supplier. At that point, Baku may be able to expect of Brussels certain necessary political and security guarantees, thus enhancing its freedom of maneuver to join further EU-led agreements and projects. Until that time, Azerbaijan is forced to walk a thin line while its mighty northern neighbor attentively watches this South Caucasus country's every step.

#### *About the Author*

Anar Valiyev is an independent analyst based in Baku. He holds a Ph.D. in Urban and Public Affairs from the University of Louisville in Kentucky. His areas of interest include urban terrorism, public policy of post-Soviet countries, governance and democracy.

OPINION POLL

## Trust in the EU

Figure 1: Armenia

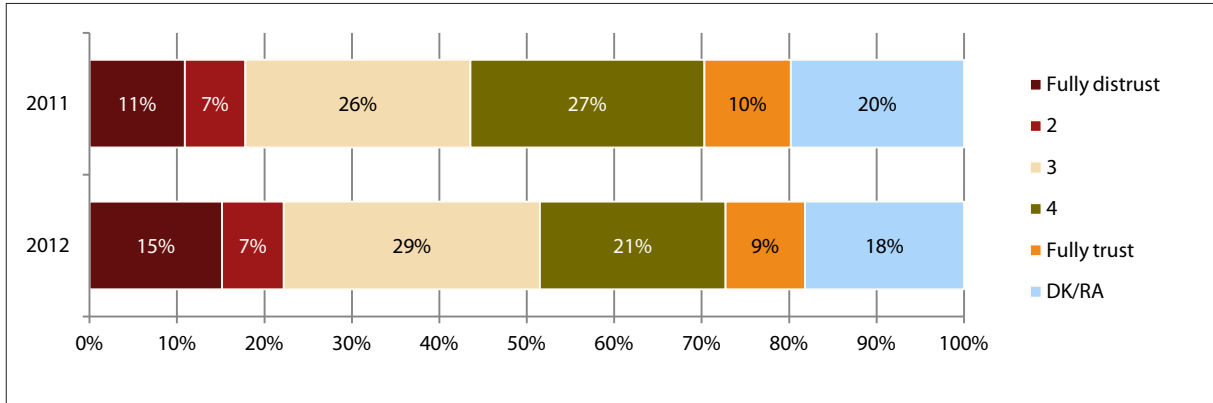


Figure 2: Azerbaijan

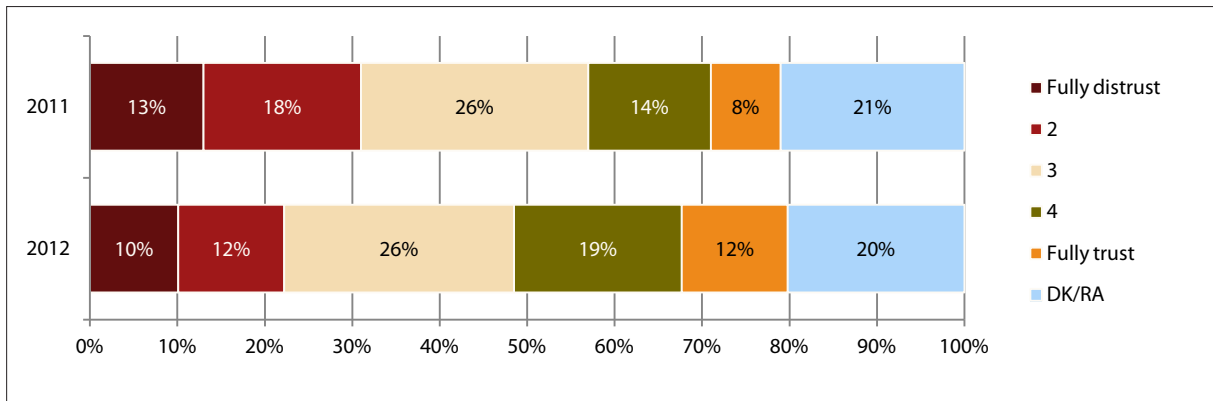
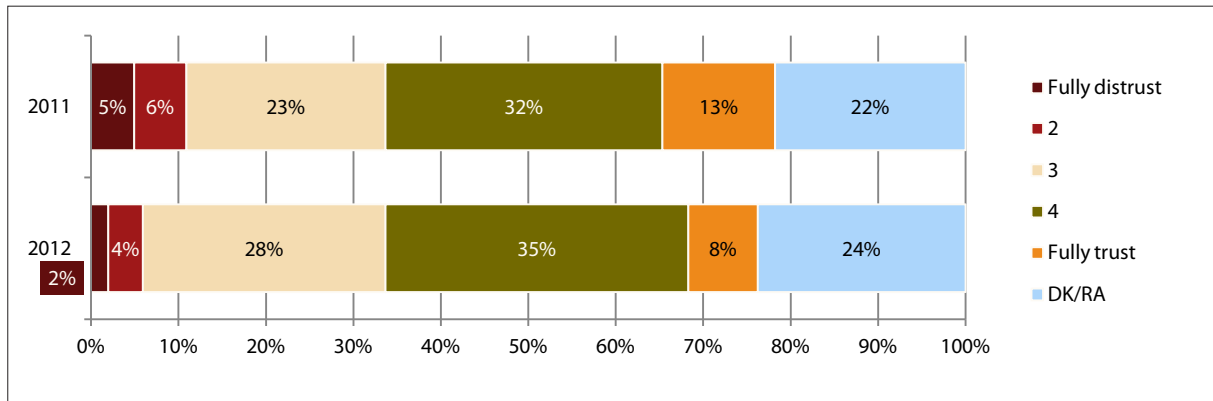


Figure 3: Georgia



Source: Caucasus Research Resource Centers "Caucasus Barometer 2011 and 2012", <http://www.crrcenters.org/caucasusbarometer/overview/>

## Support for EU Membership

Figure 1: Armenia

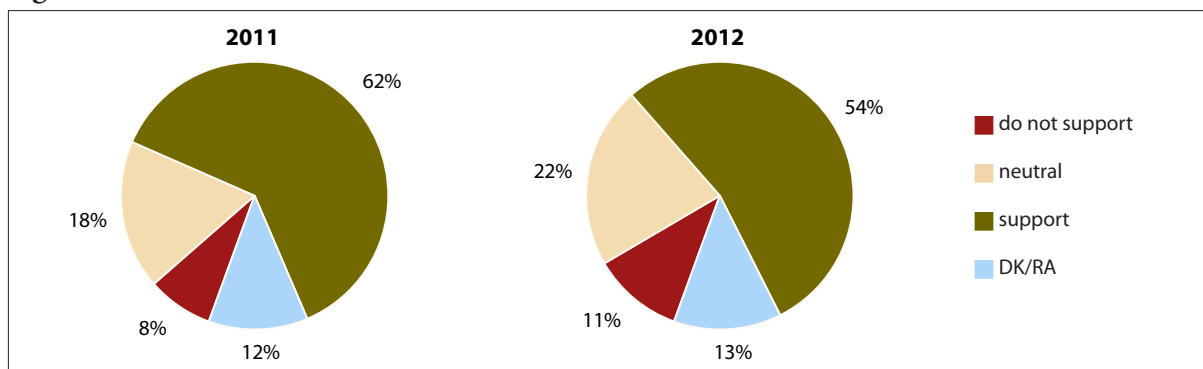


Figure 2: Azerbaijan

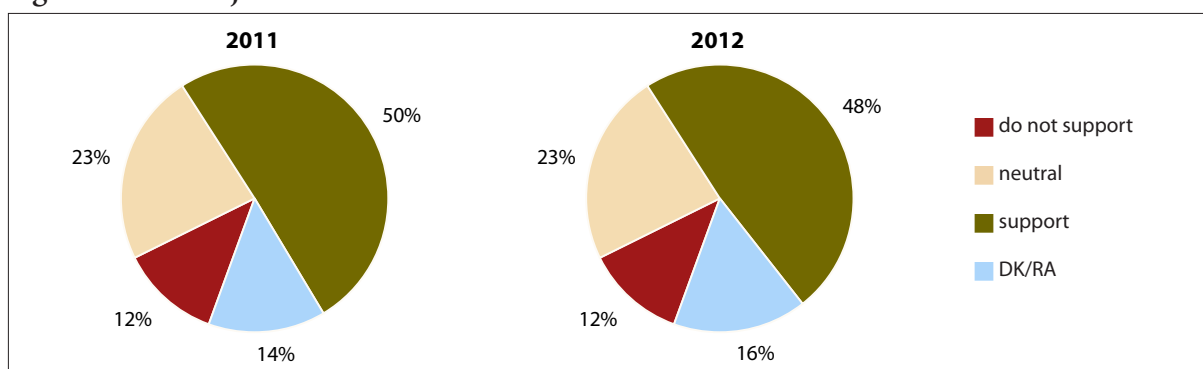
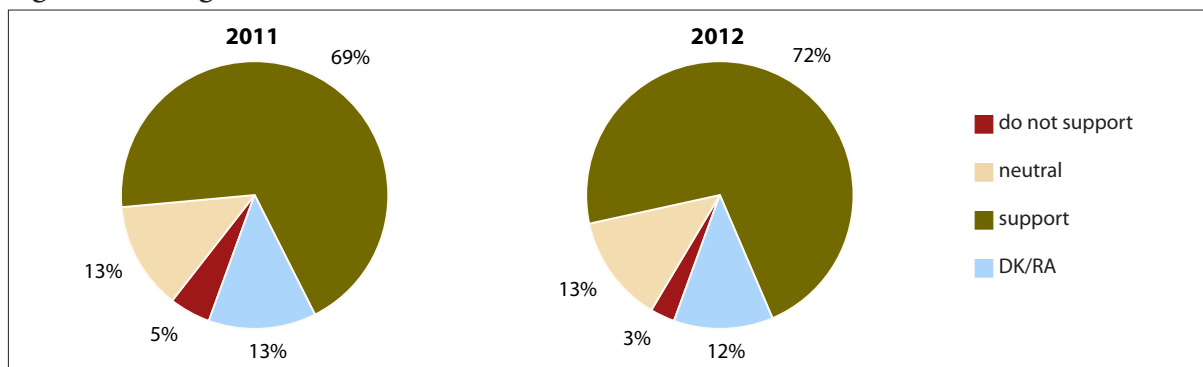


Figure 3: Georgia



*Anar Mammadli, who wrote a contribution to Caucasus Analytical Digest 35/36 <<http://www.laender-analyse.de/cad/pdf/CaucasusAnalyticalDigest35-36.pdf>> and heads an election monitoring NGO in Azerbaijan, has been arrested. The European Platform for Democratic Elections has issued a statement which follows below.*

## EPDE Protests Against Arrest of Independent Election Observer Anar Mammadli in Baku



On December 16th Anar Mammadli, chairman of the Election Monitoring and Democracy Studies Centre, Baku (EMDS), and board member of EPDE has been arrested and imprisoned for a three months pre-trial detention through the Nasimin District Court in Baku. EMDS has carried out independent observation of the last Presidential elections in Azerbaijan in October 2013 and has published a critical assessment of the election process. EMDS is one of the most professional and recognised human rights organisations in Azerbaijan. EPDE is worried that the arrest of Anar Mammadli and the investigations of EMDS led by the Prosecutor general's office since October 31<sup>st</sup>, have political motives, and are a reaction to the critical statements made by EMDS after the recent Presidential elections in Azerbaijan.

Anar Mammadli is accused of having violated Article 192.2.2 of the Criminal Code of Azerbaijan which prohibits "business activity without registration in the order provided by the legislation of the Azerbaijan Republic". He and the organization's members face criminal charges on tax evasion in significant amount, excess of official powers and engaging in illegal business activities. If convicted, Anar Mammadli risks up to five years of imprisonment. The Election Monitoring and Democracy Studies Centre EMDS was deprived of its official registration in 2008 and has not been granted official registration since that time. EPDE is of the opinion that the arrest of Anar Mammadli is contradicting international obligations of Azerbaijan, specially the UN Declaration on the Right and Responsibility of Individuals, Groups and Organs of Society to Promote and Protect Universally Recognized Human Rights and Fundamental Freedoms.

Already since November 25<sup>th</sup> Anar Mammadli and four other staff members of EMDS, have been prohibited to leave the country. The same measures have been applied to EMDS's partner organisation, the International Cooperation of Volunteers, ICV. The European Platform for Democratic Elections protests against the arrest of Anar Mammadli. We call on the government of the Azerbaijan to immediately free Anar Mammadli and to end the investigation carried out already since more than six weeks against EMDS which seriously hamper their ongoing work on reporting on the observation of the last Presidential elections. We also call on the government to proceed with the legal registration of EMDS.

The European Platform for Democratic Elections is an association of thirteen European civil society organizations conducting or supporting citizens' election observation throughout Europe. The Platform has been installed in December 2012 in Warsaw and aims to protect the rights of European voters through the development of citizens' election observation.

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[www.epde.org](http://www.epde.org) <<http://www.epde.org/nltrack.php?link=6818746>>

### Members of EPDE:

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## From 4 to 16 December 2013

4 December 2013	Azerbaijani Foreign Minister Elmar Mamadyarov and Armenian Foreign Minister Eduard Nalbandian meet on the sidelines of a session of the OSCE's Ministerial Council in the Ukrainian capital of Kyiv and agree to pursue their talks on the resolution of the Nagorno-Karabakh conflict in the coming weeks
4 December 2013	Ancient Georgian wine-making techniques are added to the UNESCO's list of "intangible heritage" in need of preservation
4 December 2013	The NATO Secretary General Anders Fogh Rasmussen says that while there is still work to be done, Georgia has "moved much closer to NATO" and a lot has been achieved since the launch of the NATO-Georgia Commission in 2008
6 December 2013	US Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland hails Georgia's "remarkable progress" in reforms during a visit to the country
7 December 2013	Former Georgian President Mikheil Saakashvili addresses pro-Europe protesters in the Ukrainian capital of Kyiv
9 December 2013	Georgian Defense Minister Irakli Alasania meets with his Israeli counterpart Moshe Ya'alon during a two-day visit to Israel to discuss future cooperation in the military sphere between the two countries
10 December 2013	Baku requests 300 billion dollars in "damages" caused by Armenia's "occupation" of the disputed region of Nagorno Karabakh
11 December 2013	The Georgian Parliament adopts a statement on events in Ukraine expressing "deep concern" over the use of force against peaceful demonstrators and saying that Russia or any other countries have no "right to interfere" in the decision of Eastern Partnership states to pursue European integration
11 December 2013	A scuffle erupts in the Georgian Parliament after a lawmaker from the Georgian Dream party verbally insults Giorgi Baramidze from the United National Movement party
12 December 2013	Turkish Foreign Minister Ahmet Davutoglu visits Armenia for a meeting of the Black Sea Economic Cooperation Group and meets with Armenian Foreign Minister Eduard Nalbandian
13 December 2013	The Georgian Parliament passes in its first reading a bill on local self-governance reform envisaging the direct election of mayors in twelve Georgian towns
13 December 2013	The Georgian Parliament adopts in its first reading a draft law on the legal status of foreigners and stateless persons that seeks to regulate and create a legal framework for "effective" migration management in view of implementing the visa liberalisation action plan with the EU
14 December 2013	A group of senior Georgian and Armenian members of parliament meet in Armenia during a conference organized by the OSCE to discuss inter-parliamentary cooperation between the two countries
15 December 2013	Hundreds of Baku residents organize a rally over the rising costs of fuel and food
16 December 2013	Georgian Prime Minister Irakli Garibashvili meets with Azeri President Ilham Aliyev in Baku to discuss issues of "strategic cooperation" as his first trip abroad since he took office

*Compiled by Lili Di Poppo*

*For the full chronicle since 2009 see <[www.laender-analysen.de/cad](http://www.laender-analysen.de/cad)>*

**ABOUT THE CAUCASUS ANALYTICAL DIGEST**

Editors: Denis Dafflon, Lili Di Pippo, Iris Kempe, Natia Mestvirishvili, Matthias Neumann, Robert Orttung, Jeronim Perović, Heiko Pleines

The Caucasus Analytical Digest (CAD) is a monthly internet publication jointly produced by the Caucasus Research Resource Centers (<http://www.crrccenters.org/>), the Research Centre for East European Studies at the University of Bremen ([www.forschungsstelle.uni-bremen.de](http://www.forschungsstelle.uni-bremen.de)), the Institute for European, Russian and Eurasian Studies of the George Washington University ([www.gwu.edu/~ieresgwu](http://www.gwu.edu/~ieresgwu)), the Resource Security Institute in Washington, DC ([resourcesecurityinstitute.org/](http://resourcesecurityinstitute.org/)) and the Center for Security Studies (CSS) at ETH Zurich ([www.css.ethz.ch](http://www.css.ethz.ch)) with support from the German Association for East European Studies (DGO). The Caucasus Analytical Digest analyzes the political, economic, and social situation in the three South Caucasus states of Armenia, Azerbaijan and Georgia within the context of international and security dimensions of this region's development. CAD is supported by a grant from Robert Bosch Stiftung (<http://www.bosch-stiftung.de>).

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The Caucasus Analytical Digest is supported by:

**Robert Bosch Stiftung**

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Editors: Denis Dafflon, Lili Di Pippo, Iris Kempe, Natia Mestvirishvili, Matthias Neumann, Robert Orttung, Jeronim Perović, Heiko Pleines

Layout: Cengiz Kibaroglu, Matthias Neumann, and Michael Clemens

ISSN 1867 9323 © 2013 by Forschungsstelle Osteuropa, Bremen and Center for Security Studies, Zürich

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