THE U.S. SOUTH CAUCASUS STRATEGY AND AZERBAIJAN

This article analyzes the evolution of U.S. foreign policy in the South Caucasus through three concepts, "soft power", "hard power" and "smart power" which have been developed under the administrations of Bill Clinton, George W. Bush and Barack Obama respectively. The authors also aim to identify how the US strategy towards this region has been perceived in Azerbaijan, which, due to its geographical position, energy resources and geopolitical environment, is one of the "geopolitical pivots of Eurasia".

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he U.S. strategy towards the South Caucasus has become one of the most controversial issues of American foreign policy under the Obama administration. Most American experts argue that because of the current priorities of the U.S. government, the South Caucasus region does not get the attention that it merits. Even if they admit that

none of U.S.' interests in the Caucasus "fall under the vital category" there is a realization that Washington must reconsider its policy towards this region which matters geopolitically, economically and strategically.

The South Caucasus, also referred as Transcaucasia, is located between the Black Sea and the Caspian Sea, neighboring Central Asia to the east, the Middle East to the south, and Eastern Europe to the west, hence connecting Europe to Asia. Geopolitically, the South Caucasus is the point where Russia, Iran and Turkey meet² and "given that the region involves the Russians, Iranians and Turks, it is inevitable that the global power would have an interest as well," as uttered by the U.S. Secretary of State, Hillary Clinton, during her visit to the region in July 2010.

Since the collapse of the USSR, Washington has been constantly seeking "to prevent Russia and Iran from re-establishing dominance in this region, especially with the increasing importance of Caspian energy resources" while backing Turkey, a NATO member state and U.S. ally in strengthening its regional leadership. The U.S.' long term strategy was to ensure the independence of Azerbaijan, Armenia and Georgia, while sustaining democratization and promoting regional integration. The more democratized the three Southern Caucasian countries are, the less chances there would be for the newly emerged states to fall under Russian influence. Furthermore, the region would be more integrated and gain further importance in the eyes of foreign actors.

Soft Power and U.S. Interests in the South Caucasus under the Bill Clinton Administration

In the first years of the post-Soviet era, the U.S. started to provide financial and economic aid to all NIS countries in supporting the development of democracy and free markets. Even if in that period Washington did not necessarily differentiate between the NIS countries, more emphasis was given to the countries of South Caucasus because of energy resources in Azerbaijan, the region's proximity to Russia and Iran, and the existence of domestic groups in the U.S. with interest in the region, such as the Armenian Diaspora and oil companies which have been constantly influencing the American foreign policy.

¹ Information extracted from, U.S. military expert Jon Chicky's discussion with the authors on July 2010.

² George Friedman, "The Caucasus Cauldron", *Today.az*, 12 July 2010.

³ Ibid

⁴ Richard D. Kauzlarich, "Time for change? U.S. policy in the Transcaucasia", Century Foundation Report, 2001, p. 7.

In October 1992, the U.S. Congress adopted the Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act which "authorized a range of programs to support free market and democratic reforms being undertaken in Russia, Ukraine, Armenia, and other states of the former Soviet Union." Following the amendment of Section 907 by the "Armenian-American Supporters in Congress", Azerbaijan, as an outcome of its blockade of Armenia, was left as the only post-Soviet country deprived of U.S. aid. This act has been perceived by Azerbaijani officials such as Hafiz Pashayev, the first Ambassador of Azerbaijan to the U.S, as "the first obstacle in the path of U.S.-Azerbaijani bilateral relations."

Nevertheless, American money started to flow to Baku thanks to the investments of American oil companies which were attracted by the energy resources of Azerbaijan. Soon, energy diplomacy has become definitive of the U.S. policy towards the South Caucasus which, due to its geographical location, was seen as an open door for reaching the energy-rich regions of the Caspian Sea and Central Asia. In this context, Azerbaijan emerged as the potential engine for regional integration whose value was underlined several times by American strategist and statesman, Zbigniew Brzezinski. According to him, Azerbaijan "deserves the highest U.S. support" because it is one of the most important "geopolitical pivots of Eurasia."

On the one hand, Washington sought to "Westernize" the oil industry of Azerbaijan by inviting Western oil companies to help develop its energy resources and build a multi-pipeline system towards Western Europe. This was considered the best way "to avoid exclusive dependence on Russia's energy transport system" and "[limit] Iran's involvement in the development and transport of these resources."

On the other hand, U.S. officials thought that the involvement of Armenia and Azerbaijan in common energy projects, such as the construction of pipelines passing their respective territories would eventually enable the establishment of peace between the two countries. Seeing that Armenia "was unwilling to pay the political price" and concerned about Armenia's geopolitical orientation towards Russia, Washington focused its strategy on fostering the Georgia-Azerbaijan tandem whose common secessionist problems and need for an extra-regional alliance to counter Russia's influence fueled their need to cooperate with the U.S.

Consequently, Azerbaijan and Georgia were connected with the Baku-Tbilisi-Ceyhan oil pipeline whose construction was firmly promoted by Washington. From

⁵ George Bush, "Statement on Signing the Freedom Support Act", 24 October 1992.

⁶ Kauzlarich (2001), p. 19.

⁷ Hafiz Pashayev, Racing Up Hill: Selected Papers of Azerbaijan's first ambassador to the United States of America, (New York, 2006), p. 14.

⁸ Zbigniew Brzezinski, *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (New York: Basic Books, 1997).

⁹ Kauzlarich, (2001), p. 24.

¹⁰ Ibid, p. 52.

the American perspective, the aim behind this project was to create "a solid axis linking Azerbaijan, Georgia and Turkey," increase American regional influence and grant non-OPEC countries western access. Russian control of Caspian Sea energy resources began to crack with the opening of the southern energy corridor, which to a great extent was sustained by the Clinton administration, allowing Azeri oil and gas exports reach the West bypassing Russian territory.

"The more democratized the three Southern Caucasian countries are, the less chances there would be for the newly emerged states to fall under Russian influence." Simultaneously, the U.S. promoted regional integration of Georgia and Azerbaijan within the framework of GUAM, ¹² a political, economic and strategic alliance between post-Soviet countries, including Ukraine and Moldova, the two other countries facing secessionist problems. The GUAM countries –which Moscow saw as a "Trojan horse" inside the CIS– sought to deepen their partnership with Western institutions and organizations like the EU and NATO. ¹³

All these U.S.-backed initiatives were perceived by Russia as the first steps to create the "Axis of Evil shaping against Moscow" whose aim was to "force it from the Caucasus and south-eastern Europe." Actually by supporting the consolidation of NIS independence by means of diplomacy, economic assistance, energy cooperation and institution building, Washington put into effect the Clinton administration's soft power policy based on economic and political tools in order to achieve U.S. foreign policy goals.

Hard Power and the U.S. Interests in the South Caucasus under the G. W. Bush Administration

After the election of George W. Bush and the events of 11 September 2001, and as an outcome of the "war against terror," there have been fundamental shifts in U.S. foreign policy. The "peace paradigm" and soft power tools developed under the Clinton administration have been replaced by the "war paradigm" and hard power instruments which became decisive in the promotion of American interests and the global projection of U.S. power.

¹¹ Elkhan Nuriyev, The South Caucasus at the crossroads. Conflicts, Caspian Oil and Great Power Politics, (Berlin: LIT, 2007), p. 288.

¹² The Organization firstly engaged Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova. In 2005 Uzbekistan left the organization. On 22 May 2006, the presidents of Azerbaijan, Georgia, Moldova and Ukraine signed the declaration on establishment of the Organization for Democracy and Economic Development – GUAM at the summit of the GUAM in Kyiv.

¹³ Dr Rainer Freitag-Wirminghaus, "Azerbaijan's Foreign and Security Policy", Journal of Azerbaijan Focus, (June 2009, Baku, Azerbaijan) p. 112.

¹⁴ Alexander Skakov, Kommersant, 3 March 2005.

The new U.S. global strategy consisted of attempts to install military presence in the South Caucasus. Since neighboring countries of the Caucasus, such as Afghanistan, Iraq and Iran pose an imminent threat to U.S. security as well as that of European allies, the region became a top priority for the U.S.' security interests. Following the military operations in Afghanistan and Iraq between 2001 and 2003, Washington started to pay more attention to the South Caucasus as a whole and Azerbaijan, in particular.

In 2002, the U.S. and Azerbaijan signed an agreement on military cooperation which led to rumors in the Azerbaijani press about the "relocation of the American contingent stationed in Germany to the South Caucasus, primarily to Azerbaijan, but also to Georgia at small mobile bases." On the one hand, the U.S became the greatest supporter for Georgia's integration to NATO, which was also promoted by the then-newly elected pro-American president Mikhail Sakaashvili. Sakaashvili came to power after the controversial "Rose Revolution" in 2003, which was widely believed to be orchestrated by the U.S. American officials started bilateral negotiations with Baku on "the installation of American military presence in Azerbaijan." These initiatives have been encouraged by Azerbaijan and Georgia's military cooperation which was the "first in the world to offer extensive assistance and cooperation to the U.S." in operations launched in Afghanistan and Iraq. Since 2002, Tbilisi as well as Baku participated in the International Security Assistance Force (ISAF) operations in Afghanistan and sent troops to the coalition stabilization force in Iraq.

As a result of Azerbaijani cooperation with the U.S. in combating terrorism President George W. Bush waived Section 907 of the Freedom Support Act in January 2002. "Ironically, only after the 9/11 tragedy did the U.S. Government and U.S. Congress realized how damaging and detrimental Section 907 had been to the U.S. national interest for all these years" remarked former Azerbaijani Ambassador to the U.S., Hafiz Pashayev. Yet, it is important to note that the previous President, Bill Clinton, has repeatedly pledged for removing the U.S. Congress sanctions against Azerbaijan, arguing that these sanctions ran contrary to U.S. strategic interests in the region. Thus, in words of John Herbst, the State Department's Deputy Coordinator for the former Soviet States under Clinton administration, "congressional efforts to reward Armenia and punish Azerbaijan were foiling the U.S. foreign policy efforts in the region."

¹⁵ Arif Yunusof, Azerbaijan in the early of XXI Century: Conflicts and Potential Threats, (Baku, 2007), p. 111.

¹⁶ Bradley Graham, "Rumsfeld Discusses Tighter Military Ties with Azerbaijan", Washington Post, 4 December 2003.

¹⁷ Elkhan Nuriyev (2007), p. 289.

¹⁸ Hafiz Pashavev (2006), p. 193.

¹⁹ Kevin P. Foley, "Congress Complicating Caucasus Conflicts, Official Suggests", RFE/RL, Weekday Magazine, 1996.

Yet, both presidents failed in canceling Section 907 despite increasing American interest (and plans) in Azerbaijan, especially after the complication with Iran's nuclear program. In 2005 the U.S. Ambassador to Azerbaijan, Rino Harnish announced U.S.' "plans to construct two radar systems in Azerbaijan: one in the southeast of the country, on the Iranian border near Astara city, the other in the northeast, near the Russian border on the Caucasus Mountains near Khyzy.²⁰ Thus Washington planned to connect the antimissiles system projected to be installed in "Central Europe to the South Caucasus on purpose to create a security umbrella from Caspian Sea to the Balkans"²¹ against potential threat imposed by Iran.

On the one hand, regional key actors such as Russia and Iran perceived American initiatives as a tentative approach to penetrate and secure its military presence in the strategic regions of the Black Sea, Caspian Sea and Central Asia. On the other hand, Tbilisi and Baku more or less openly welcomed U.S.' military initiatives which have been assessed by means of their national interests. There were hopes that the U.S. military presence in the region would contribute to the settlement of secessionist conflicts by decreasing first and foremost, Russian regional influence.

Yet, the U.S. non-involvement in the Russian-Georgian "blitzkrieg" of August 2008 called in a concern regarding "the determination and the ability of the United States to come to the aid of a friendly and allied country and defend its own political-economic interests in the region." Moreover, Tbilisi and Baku felt abandoned by Washington under the new Barack Obama administration.

Smart Power and American Interests in the South Caucasus under the Obama Administration: Is The United States Losing Azerbaijan?²³

The impact of the global economic crisis, American engagement in Afghanistan and Iraq, and lack of results in the Iranian nuclear question necessitated a revision of the U.S. foreign policy. The George W. Bush "hard power" era has been replaced by the new administration's "smart power" concept which simultaneously integrates "hard power" and "soft power" based on the promotion of diplomacy and military cooperation. This shift in U.S. foreign policy created "prerequisites for the formation of a more balanced regional security system in the South Caucasus" whose achievement required the resolution of conflicts through the involvement of regional actors.

²⁰ Zerkalo, 8 October 2005.

²¹ Bradley Graham, "Rumsfeld Discusses Tighter Military Ties with Azerbaijan", Washington Post, 4 December 2003.

²² François Renaud, "Azerbaijan/United States: Chronicle of a Public Divorce", ESISC, 14 June 2010.

²³ Vladimir Socor, "Is the United States Losing Azerbaijan?", Eurasia Daily Monitor, Vol.7, No.7

²⁴ Hayk Kotanjian, "Peace and Security Perspectives in the South Caucasus: The Madrid Principles of Karabakh Conflict Settlement are Based on the 'War Paradigm'", April 2007, http://www.harvard-ssp.org/static/files/394/Kotanjan.pdf

Washington, the U.S. Director of National intelligence, Denis Blair stressed in his Congress hearings,²⁵ feared that a new military clash could break out in the South Caucasus, this time between Armenia and Azerbaijan, because of the ongoing conflict over Nagorno-Karabakh. This situation could completely destabilize the South Caucasus which has already witnessed the Russian-Georgian war in August 2008, perhaps even spreading to Central Asia and the Middle East. Consequently, Washington has focused on "resetting" its relations with Russia in order establish "premises to achieve guaranteed, lasting peace based on the mutual compromises."²⁶

The new regional approach affected U.S.-Azerbaijani relations by weakening Azerbaijan's long-standing alignment with the U.S. There were several incidents registered in the bilateral relations between the two states that prove our point.

Firstly, Washington replaced the Georgia-Azerbaijan tandem with that of Turkey-Armenia in order to establish relations between Ankara and Yerevan which have been broken as result of the Nagorno-Karabakh conflict. This step dissatisfied Azerbaijan because it ran contrary to its strategy and objectives. (Baku links the normalization of Turkish-Armenian relations to the solution of the Nagorno-Karabakh issue). On the other hand, Washington pressed Ankara to ratify the protocols on the normalization of Armenian-Turkish relations without making any reference to

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the unresolved problem of Nagorno-Karabakh. This initiative was considered "erroneous" by Azerbaijan's President Ilham Aliyev, who on 14 April 2009 criticized the U.S. policy of pushing Turkey to open the border with Armenia, despite the latter's occupation of seven Azeri districts around Nagorno-Karabakh.

Secondly, in April 2010, the American president "omitted" to invite his Azerbaijani colleague to the Nuclear Security Summit held in Washington, to which Azerbaijan's neighbors, Armenia and Georgia, attended. This attitude angered Azerbaijani officials. Consequently, Azerbaijani officials protested against U.S.' attitude, pointing out that the country's location between Iran and Russia makes it relevant for any consideration of trafficking of nuclear materials. Baku's reaction was to cancel

²⁵ Yuriy Simoniyan, "SUA inspektiruyet Yujniy Kavkaz", *Nezavisemaiya Gazeta*, 4 February 2010.

²⁶ Hayk Kotanjian, (2007)

the U.S.-Azerbaijani joint military exercises which were expected to take place on May 2010.

Under these circumstances, on 29 April, a group of U.S. Congressmen sent a letter to the Chairman of the State and Foreign Operations Subcommittee, requesting the repeal of Section 907 of the Freedom Support Act. This letter was reviewed in consideration of Azerbaijan as a "reliable U.S. partner", helping the Obama administration in accomplishing its goals "on relations with the Muslim world, energy security and the struggle against international terrorism". Coincidentally or not, on the same day of 29 April, the U.S. *charge d'affaires* in Azerbaijan, Donald Lu, stated that "we hope that these exercises will be held in future" – referring to the postponed U.S. – Azerbaijan military exercises.

"... In light of the recent Russian regional initiatives, Baku is ready to renew its dialogue with Washington." Thirdly, Washington failed to appoint a new ambassador to Azerbaijan for over one year which from Baku's point of view was proof of U.S.' disrespect or disinterest in the development of Azerbaijani-U.S. bilateral relations. Even if the U.S. president has recently nominated the skillful diplomat, Matthew J. Bryza, who is former co-chair of the Minsk Group, his approval is currently blocked by the U.S. Congress.

Baku considers that the main reason for such an attitude is the opposition of the Armenian Diaspora. There is a large Armenian minority in the U.S., particularly in California, where they are able to influence senators and representatives for any type of pro-Armenian resolution²⁹ and intervene in ambassadorial nominations. The Armenian community opposed Bryza's appointment because of its concerns regarding Bryza's impartiality towards Armenia, and his presumed close affiliation with Azerbaijani political circles.

Despite the degradation of U.S.-Azerbaijani relations in the first phase of the Obama administration, Washington seems to be more inclined to refresh its dialogue with Azerbaijan, which, according to the testimony of the Assistant Secretary of State, Philip Gordon, in June 2009, "is an important partner of the United States on regional security (especially on counter-terrorism) and on helping our European allies diversify their supplies of natural gas." 30

²⁷ Apa.az, 29 April 2010.

²⁸ News.az, 29 April 2010.

²⁹ "Obama Names Bryza as Baku Envoy, Armenians Protest", *Today's Zaman*, 27 May 2010.

³⁰ Jim Nichol, "Azerbaijan: Recent Developments and U.S. Interests", Congressional Research Service, 4 September 2009.

Recently, Azerbaijan has been visited by two high ranking U.S. officials, the Defense Secretary, Gates, and the Secretary of State, arguably to appease Azerbaijani concerns regarding its abandonment by the U.S. During his visit in June 2010, Robert Gates signaled that Washington has plans for Azerbaijan to provide further support in Afghan operations"³¹ – particularly in the wake of the recent violence and instability in Kyrgyzstan, where the U.S. government has been facing ongoing problems over its air base at Manas, a critical supply hub for Afghanistan. Regional stability was on the top of her agenda when Hillary Clinton's visited the South Caucasus in July 2010. Clinton asked in Yerevan, as well in Baku, for the peaceful resolution of the Nagorno-Karabakh conflict.

The U.S. Secretary of State's Southern Caucasus tour can be seen as a kind of U.S. "comeback" in the region after two years of lack of active involvement. Washington has noticed that Moscow benefits from U.S.' "relaxed" policy in the region, by regaining its influence by means of hard power. The U.S., preoccupied with Afghanistan, Pakistan, Iran, and Iraq, as well as the global war on terrorism, has neither the attention span nor resources to deploy sufficient diplomatic power and foreign assistance to counter aggressive moves by Moscow in the South Caucasus or to avert proxy conflicts. Instead, the Obama administration will employ diplomacy and seek help from European allies and Turkey to resolve future conflicts. Although the Cold War has long been concluded, strategists in the Kremlin still view the "near abroad" as Russia's "zone of privileged interests" and international politics as a zero-sum game. Not surprisingly, Russia has not removed its troops from the occupied territories of Georgia after the August War in 2008 which concluded with the independence and recognition of the secessionist regions of Abkhazia and South Ossetia. Moreover, on 11 August 2010, Moscow announced the deployment of the S-300 system on these territories aiming to create an anti-aircraft defense in addition to the air defense systems of the army. 32 These developments reveal how Russia regained its influence by means of hard power in the region.

On the other hand, Russia has recently prolonged its agreement on the existing military base in Armenia, which may "ensure the security of the republic jointly with the Armenian armed forces." This initiative calls in question Russia's officially declared neutral status as the mediator in the solution of Nagorno-Karabakh issue and its "real efforts" in the stabilization of the region.

³¹ Shahin Abasov, "Does Kyrgyz Instability Augur a Larger Transit Role for Azerbaijan in Afghan Campaign?", *Eurasia.net*, 28 June 2010.

³² Uk.news, 11 August, 2010.

³³ News.az. 2 August 2010.

Lack of U.S.' direct involvement with regional issues will eventually allow Russia to reinforce its influence in this part of the world. Thus, the Obama administration should reassess, and arguable is reassessing its policy of "resetting" relations with Russia.

Conclusions and Further Recommendations

The United States needs to reorient and revise its long-term policy priorities towards South Caucasus and be more engaged both multilaterally and bilaterally. After the August War in 2008, Azerbaijan stands as the strongest state among the three Southern Caucasian countries and Washington should primarily review its policy towards Baku.

On the one hand, Azerbaijan needs U.S. assistance in resolving the Nagorno-Karabakh conflict and balancing regional actors such as Russia and Iran. Even if in the recent two years Azerbaijan adopted an "offensive tactic" in response to the U.S. policy, in light of the recent Russian regional initiatives, Baku is ready to renew its dialogue with Washington.

On the other hand, the U.S. has strong economic and mostly, strategic interests in Azerbaijan because of its energy resources and geography which neighbors Iran and Russia. A potential American partnership with Azerbaijan answers Washington's strategic questions on the consolidation of its presence in the Caucasus-Caspian Sea region, the dilution of Russia's regional influence and the isolation of Iran. Moreover, Azerbaijan might be able to play a greater role in the transatlantic dialogue between the U.S and the EU. American officials are more worried about the implications of Moscow's energy strategies not only on the unity of the European Union but also on transatlantic relations. U.S. experts think that Moscow is seeking economic and political dependency of Europe on the Russian energy resources which could negatively influence the evolution of transatlantic relationship (between Europe and the U.S.).34 Russian gas pipelines already reach deep into Europe from the north and the south and with additional large pipeline projects – such as the North Stream and South Stream pipelines- underway, Russia hopes to further consolidate its grip on the European natural gas market. This dependence on Russian natural gas is worrisome, not only because of its magnitude but also because of Moscow's history of using energy exports as a tool of its foreign policy. New natural gas exports from the Caspian region have the potential to diversify Europe's natural gas supply away from Russia and enhance continent's energy security. Russia is aggressively contracting Caspian gas volumes, including recent agreements to export Azerbaijani gas along Russian pipeline systems

³⁴ Ariel Cohen, "Europe's Strategic Dependence on Russian Energy", The Heritage Foundation, 5 November 2007.

in order to starve the Nabucco project of needed volumes.³⁵ Azerbaijan showed many times its readiness to participate in the construction of new oil and gas pipelines which were backed by European and American leaders. These pipelines are expected to open the path to the Caspian Sea-Central Asia energy resources. Obviously, the energy "chess game" that is being played by Russia and the U.S. will continue to intensify.

On the regional level, the U.S. needs to promote a more proactive (than a reactive) policy in the region by taking the following steps:

- Supporting steps taken towards democratic consolidation in the three Southern Caucasian countries and removing Section 907 of Freedom Support Act in order to become a credible and sincere supporter of democracy in Azerbaijan.
- Sustaining the integration of South Caucasus countries into Western markets, institutions and organizations through the prioritization of energy projects and regional organizations such as GUAM.
- Working bilaterally with Russia on the solution of regional conflicts without abandoning or ignoring the interests of small Southern Caucasian countries in the U.S.-Russian dialogue.
- Continuing to sustain European energy projects and helping European countries in diversifying their energy supplies by connecting them to the energy resources of the Caspian Sea-Central Asia region. Concretely, the U.S. should help Europe push forward the Nabucco pipeline project which will diversify Europe's natural gas supplies away from Russia.

Finally, by taking these steps and promoting strong partnerships as well as building reliable relations with the three Southern Caucasian countries, the U.S. will enforce and preserve its long term presence in the region.

³⁵ Erkan Öz, "Azerbaijan looks for gas routes to Europe bypassing Turkey", *The Wall Street Journal*, 17 October 2009, http://online.wsj.com/article/BT-C0-20091017-701339.html