

There is an increasing awareness of the artificial nature of the concept of the South Caucasus, grouping together three countries, which are indeed not to be treated as one entity. Especially the countries of the South Caucasus regard this concept with hesitation as they see the danger that it neglects, at least conceptually, the individual development paths and characteristics of each country. Countries of the South Caucasus will not fulfill the external expectations of regional integration, but fragment. Over time, individual countries might integrate with outside neighbours. It may well be possible that in 2025 Armenia will have undergone advanced integrated with Turkey, Azerbaijan will have become part of the Caspian region and Georgia will have oriented West and become an integral part of the Black Sea region.

Scenario 4: Muddling Through

The region continues to be based on balance of power concepts. The survival strategies of regional players are

based on opportunistic alliance building. Relationships between governments, outside forces, and domestic actors cease as quickly as they develop. Though giving an impression of political progress, the region as a whole stagnates socially and economically and leaves itself exposed to outside intervention. Peaceful coexistence and local escalation of conflict come and go.

While mild forms of authoritarianism assert themselves in the countries of the South Caucasus, the region remains a contested space. As Europe becomes less engaged, due to lack of progress and the political developments on the ground, Russia and Turkey realize mutual benefits from cooperating economically and politically in the region. Meanwhile, Russia is able to create a space of “sovereign democracies” including Moldova, Belarus and Ukraine. If this development coincides with the EU maintaining a closed door policy toward Turkey, a new East–West divide will be consolidated and the countries of the South Caucasus will face further isolation westward.

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The 2014 Winter Olympic Games in Sochi: Implications for the Caucasus

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Abstract

Predicting what will happen next in international politics is never an easy task. When it comes to the Caucasus, anticipating the region’s alternative futures is even more complicated. However, a high degree of volatility makes such an effort worthwhile. The Sochi Olympics is among the factors which should not be underestimated in scenario building for the Caucasus. Intensive preparations for 2014 already serve as a catalyst for economic development as well as a cause for environmental concerns. Looking beyond the immediate effects, the Sochi factor is also likely to affect politics and security in the entire Caucasus.

Future Scenarios and the Sochi Factor

Regional scenario building traditionally revolves around optimistic, hybrid (combining a mix of positive and negative trends) and skeptical projections. However, this classic approach is far from perfect. To reduce uncertainty about the region’s possible futures as much as possible, the foresight exercise needs to address the impact of local mega-events on regional developments too. As far future scenarios for the Caucasus are concerned, the Winter Olympic Games in Sochi, scheduled for 2014,

are a case in point. The Russian Black Sea resort city of Sochi is located in the immediate vicinity of Georgia’s breakaway region of Abkhazia (113 km separate Sochi from Sukhumi) and the politically fragile republic of Karachaevo-Cherkessia (part of Russia’s North Caucasus Federal District). The geographical location of the 2014 Olympic Games venue, coupled with the economic opportunities it offers (the event’s budget is estimated at \$30 billion) and a variety of ongoing political and security challenges transforms Sochi, for the next

four years, into one of the region's focal points. Thus any realistic scenario planning for the Caucasus should consider the immediate and potential far-reaching consequences of this sporting event.

Intensive preparations for 2014 already serve as a catalyst for positive as well as negative developments. Sochi is a huge construction site which attracts workers from the economically depressed Northern Caucasus (in particular North Ossetia which is home to refugees from South Ossetia) and South Caucasus republics badly battered by the global financial crisis. An influx of Armenian workers into Sochi is already underway, a process facilitated by the compact Armenian minority which resides in the city. In this way, the Sochi Olympics provide job opportunities, alleviating to some extent the social pressure across a region known for high unemployment rates. On the negative side, the massive construction campaign inflicts irreparable damage on local ecosystems. Russian NGOs have identified grave irregularities during the construction projects, imperiling the Sochi National Park and Caucasus State Nature Biosphere Reserve, the latter of which is included on the UNESCO World Heritage site list. Civil society in tourist-dependent Abkhazia has quietly raised concerns about the massive extraction of local sand and stone for Sochi construction sites, worrying that this effort will harm coastal river deltas and Black Sea beaches. Thus, instead of improving living conditions, the "Sochi affair" could significantly deteriorate the environment of the local communities and damage the tourist industry.

Looking beyond the socio-economic and environmental impact, it is plausible to assume that the Sochi factor will affect politics and security in the Caucasus. As the Olympic Games approach, state, non-state and anti-state regional actors are likely to either restrain their behavior or engage in spoiler tactics. As the host of the games, Russia will actively pursue its objectives in the region. However, other regional players also see in the Olympics a window of opportunity, and are determined to push vigorously for agendas often running counter to those professed by the Kremlin.

Sports and Politics Nexus

Russia traditionally has been strong in winter sports, winning more medals than the average country. However, the national team's poor performance at the 2010 Games in Vancouver proved to be a major disappointment. President Medvedev's last minute decision to cancel his trip to Vancouver and the subsequent "purge" of the country's sports federations provide a good sense of how Russia perceives its failures in international arenas

and the importance it attaches to the Olympic Games in Sochi. In Russia, international sports victories are associated with the performance of the political regime. Thus, Moscow will work hard to prove in 2014 that Russia is still an elite sports nation. Domestically, a successful performance at the Olympic Games should uphold the Kremlin's slogan, promoted over the last decade, that the country is "rising from its knees." In terms of foreign policy, the extensive media exposure surrounding the games (an estimated 4.7 billion viewers followed the Beijing Games in 2008) provide Russia with a great opportunity to boost its "soft power" potential by overhauling its image and portraying itself as a "civilized great power". The construction of Olympic venues from scratch may help demonstrate that Russia has not lost the ability to implement highly complex projects. As President Medvedev put it "this is our chance to show the world that we are a capable, hospitable and technologically-advanced country."

Russian-Made Stability

In light of the Chinese experience in dealing with the protests supporting Tibet along the Olympic flame route, it is reasonable to assume that Russia will strive for stability (as this term is understood in Moscow) in the South and North Caucasus. Moscow would not like to see public opinion distracted by security and political problems in the North Caucasus, its illegal military presence in Georgia, or the potential renewal of hostilities between Armenia and Azerbaijan. In the worst case scenario, such developments could deliver a heavy blow to the Sochi Olympics PR campaign, provoke a boycott by an influential part of the international community, or result in the non-participation of the belligerent sides.

There are early signs that point to Russia's intentions to assure stability in a highly volatile region. The creation of the North Caucasus Federal District in January 2010 and the appointment of the former businessman Alexander Khloponin to lead it indicate that the Kremlin is looking for a more balanced mix between blunt power projection and a transformative approach in the North Caucasus to address the structural problems which breed violence and unrest. Khloponin's demand to appoint an ethnic Cherkess as a prime-minister of Karachaevo-Cherkessia in accordance with the informal power distribution algorithm (the president of the republic is an ethnic Karachai, the vice-president and speaker of the republican legislative is an ethnic Russian) shows that Moscow keeps an eye on the potential flashpoints close to Sochi and is willing to contain any manifestation of ethnic discord. In the South Cau-

caucasus, Russian diplomacy played a positive role favoring, even if half-heartedly, the Turkish-Armenian rapprochement. Far from being decisive, the Sochi factor is likely to influence Russian policy seeking to maintain the power equilibrium between Armenia and Azerbaijan to minimize the chances of conflict unfreezing in Nagorno-Karabakh ahead of the 2014 Games.

Georgian Politics and the Kremlin's Game

With the Moscow Olympics of 1980 in mind, Russia is likely to prefer avoiding another military confrontation with Georgia, at least until 2014. But this does not mean that the Kremlin will stay aloof from Georgian politics. Moscow perceives the current Georgian regime as unpredictable, too unilaterally oriented towards the West in its foreign policy, and thus predisposed to play a spoiler game in the "Sochi affair" (for instance by supporting the campaign for the recognition of a "Circassian genocide" or upholding the ecologists' concerns about the resource drain from Abkhazia). Therefore, Russia is likely to work hard to ignite regime change in Tbilisi well before the Olympic Games begin. To achieve this goal, Russian top politicians will prefer to address directly the citizens of Georgia, reiterating Moscow's "peaceful intentions" and portraying President Mikheil Saakashvili as a political outcast (this was the gist of President Medvedev's message to Georgian citizens on Victory Day). In parallel, Russia will multiply its channels of political influence in Georgia by cementing ties with what it sees to be the moderate or pragmatic segments of the opposition. Friendly NGOs and representatives of the Georgian Diaspora in Russia might be co-opted in this effort. Occasionally Russia will demonstrate the advantages of a more "accommodationist" approach to put additional pressure on the government in Tbilisi. Former prime-minister Nougaideli's visits to Russia followed by holiday flights between Moscow and Tbilisi, as well as the liberation of Georgian citizens detained by the South Ossetian militia, provides insights into the tactics Russia will employ.

Since the results of the local elections in May suggest that the prospects that Saakashvili will be forced to resign are bleak, Russia almost certainly will be indirectly involved in Georgia's 2012–13 parliamentary and presidential electoral cycle. Moscow will act to upset the formation of a pro-presidential majority in the legislature and to weaken the domestic standing of President Saakashvili so that he will not be able to stay in power beyond 2013 or steer his heir through managed elections. Russia will seek a similar "revenge" as in Ukraine's 2010 presidential elections, looking to reassert its position in the Black Sea region. However, Russian decision-mak-

ers harbor no illusion about the chances of a pro-Russian candidate. The best case scenario for Russia would be a succession to power in Georgia of a Timoshenko-type politician—one who is more sensitive to Kremlin interests and who would engage Russia in a pragmatic co-existence in the South Caucasus, pursuing a multi-vectoral foreign policy.

Given the tradition of turbulent power transitions, elections in Georgia might get messy. It is difficult to anticipate how Russia would act in the case of a prolonged power vacuum generated by a political struggle which in a worse case scenario could degenerate into small-scale armed clashes. Given its massive military presence in South Ossetia and the short distance (40 km) from there to the Georgian capital, Russia could relatively easily seize Tbilisi by mobilizing additional forces from the North Caucasus. But such a move would heavily damage its plans for 2014, embroiling Moscow in a risky enterprise and strengthening the Olympics boycott camp. Unwilling to pay the costs of such a move, as an alternative, Russia could join the international community (EU, US, Turkey) or foster a regional "consortium" of security stakeholders with Turkey to facilitate negotiations for a political solution to end the standoff. International mediation would receive strong support from Armenia and Azerbaijan since both heavily rely on trade routes or energy transit through Georgia. A prolonged political instability and the potential disruption of transit through Georgia might serve as an additional incentive for Yerevan to make further steps towards the normalization of relations with Turkey which might lead to the opening of borders.

Russia–Georgia–Abkhazia Knot

The new Georgian leadership which will probably emerge after exhausting political battles could adopt a cautious and less emotionally-charged line on Russia. Opinion polls show that the overwhelming majority of the Georgian population (52 percent) disapproves the government's policy towards Russia. Thus, if public opinion remains unchanged on this matter, the newly elected president might prefer to refrain from combative rhetoric and could take cautious steps to improve relations with Russia as much as possible in the post-2008 war environment. If Georgia opts for this track, then the Olympic Games in Sochi could provide a good occasion to employ sports diplomacy, especially if Turkish-Armenian joint efforts to open the border prove successful by 2014.

Nevertheless, the opposite scenario, Georgia's boycotting the games in Sochi, can not be ruled out either.

The move could be motivated by Russia's meddling in the electoral campaign, its continuous illegal military presence in Georgia, and the involvement of Abkhazia in the Olympic Games preparations. But without dramatic changes in the post-war status quo in relations between Georgia, the separatist regions and Russia (including, for example, the occupation of new territories in Georgia proper close to the breakaway republics or an escalation of violence resulting in civilian deaths), it would be hard to "sell" the international community on a boycott of the Olympic Games and would reduce the chance to improve relations with Russia. Contemplated also as a punishment of Abkhazia, a boycott would do little to help Georgia's cause by further alienating Sukhumi from Tbilisi. More than that, such a decision could portray Georgia as a state unable to find a long term *modus vivendi* between imperatives of domestic reform, normalizing relations with its important northern neighbor and upholding its territorial integrity by more conciliatory and flexible means that might pay off in the future.

Preparations for the Sochi Olympics will facilitate Russia's economic expansion in Abkhazia, paving the way for the de facto incorporation of this region into Russia. The Russian government earmarked for the period 2010–2012 around \$100 million for the social-economic development of Abkhazia. The breakaway region already serves as an important provider of natural resources (construction materials) and as a transportation hub (Russia gained control of the railway infrastructure for ten years) for Sochi. Furthermore, Moscow expects Abkhazia to provide cheap accommodation to 100,000 workers from the Olympic construction sites. Russia is also considering taking over the Sukhumi airport (Babushera) and operating flights to Moscow. The Kremlin actively promotes the idea of a Customs Union between Russia and Abkhazia, which Sukhumi has resisted so far. As Moscow solidified its military footprint in Abkhazia, it was quick to suggest significant reductions in the Abkhaz armed forces. Thus, Russia's overwhelming economic and military penetration in the years to come could alter demographics, eliminate the incipient political pluralism in Abkhazia and set the stage for importing Russian-style "sovereign democracy."

In contrast to Moscow, Sukhumi perceives the Sochi Olympics as a unique time that maintains Abkhazia in the spotlight and thereby opens a window for its "de-isolation" strategy. Turkey, home for a half million Abkhaz Diaspora, is seen as a channel through which Sukhumi hopes to break its isolation. In turn, Ankara, keen to diffuse Russia's growing clout in Abkhazia and boost its influence in the South Caucasus, sent signals that it is

ready to deepen economic ties with Sukhumi. Despite frustrations over the EU's decision not to recognize its sovereignty, Abkhazia regards Europe also as a potential source of investment and know-how transfer. There are fears in Abkhazia that after the 2014 Olympics, international interest in the region's fate will recede, leaving Sukhumi one-to-one with Moscow, which, while upholding *de jure* Abkhazia's independence will effectively hamper any efforts to assert de facto statehood absorbing it (as Moscow did many times in relations with its "client-entities") into the "Russian world".

Terrorist Threat

Russian authorities intend to generate a spill-over effect that could project development efforts from Sochi further into the neighboring North Caucasus. However, chances for the opposite to happen are unfortunately high. Russian official statistics for 2009 show a significant rise in the number of attacks by Islamic fighters and their victims. Ahead of the Sochi Olympics, the Islamic rebels will be tempted to spread the violence beyond the North Caucasus. The May 2010 deadly terror attack in Stavropol (240 km from Sochi) is a warning bell for the Russian authorities. In 2013–2014 the world's attention will be attuned to Sochi, which makes it for the Islamic insurgents a perfect location for a shocking attack. If Russia intensifies its campaign to pacify the North Caucasus by military means and fails to address the roots of the violence, a new generation of radicals will be extremely motivated to hit back.

Sochi is the summer residence of the Russian head of state (Bocharov Ruchey) which means that there were tight security measures even before the city's successful Olympic bid. Over the last decade, Russian security services have gained valuable experience in counter-terrorist tactics. Hence, these factors, coupled with the complex security plan to be implemented by the Russian authorities, suggest that there will be enhanced safety for participants and visitors during the winter competition. However, global experience in fighting against terror has made clear that despite draconian security measures, terrorist attacks took place even in the most securitized zones. Given the trend of suicide attacks in the North Caucasus, terrorists might employ the same tactics in Sochi. Such acts are difficult to prevent and, unfortunately, the March explosions in the Moscow Metro are a grim reminder of what could happen in 2014.

Many construction sites in Sochi could serve as a perfect place to stock explosives in advance. Russian security services announced that in 2008 terror attempts involving explosive materials were prevented in Sochi

and Anapa. Islamic rebels could target the critical infrastructure, the destruction of which could lead to delay, suspension or cancellation of the event. As the Olympic Games will be organized in separate mountain (Krasnaya Polyana) and coastal (Sochi) clusters, railway links will be important for transporting athletes, officials, and tourists. A number of explosions on the gas pipelines and railways which connect Dagestan with Azerbaijan show the rebels' interest to inflict damages to the transportation infrastructure. If not prevented, terrorist attacks could incite violence throughout the entire Caucasus. Encouraged by its ability to carry out attacks in a highly securitized environment, the insurgents could try to extend the "front," for instance from Dagestan to northern Azerbaijan (in 2008 Azerbaijan's Special Forces clashed in the Gusar district with Dagestani militants). The Russian authorities might also try to camouflage their failure by accusing Georgia of providing shelter and support for Islamic fighters, fueling another spiral of tensions between Moscow and Tbilisi.

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Conclusions

There is no doubt that the Sochi Olympics will have a multidimensional impact on developments in the Caucasus. The interpretation of regional trends and patterns coupled with a bit of imagination presented above revealed how the Sochi factor could influence politics, economics and security in different parts of the Caucasus. Although the prestige calculations of hosting the Olympics in Sochi will push Russia to seek stability in the region, some instruments and means employed to this end could generate contradictory effects. Other state or non-state actors' competitive agendas could breed tensions or, in a pessimistic scenario, create an explosive mix affecting parts of the region or the whole area, ultimately jeopardizing the 2014 Olympics themselves. Nevertheless, there are fair chances that the Sochi factor will play a positive role too by restraining states from openly aggressive actions and diluting to some extent the patterns of enmity in a region with an acute deficit of trust.

Armenia–Turkey Relations: Options for 2025

By Alexander Iskandaryan, Yerevan

Abstract

Armenia–Turkey relations are of extreme importance for the entire Caucasus region. How they look in 2025 will affect the entire region. An assessment is not very difficult as there are few options. Armenia–Turkey rapprochement began in 2008 and stalled by early 2010; however, following the political logic, normalization will happen sooner or later. The timing will depend on political developments in Armenia and Turkey but also on the regional context. Moreover, the situation in the South Caucasus will only have a limited instrumental effect on the rapprochement; it's the geopolitical context in the wider region, from the Balkans to the Larger Near East, which will define the place and role of Turkey by 2025.

Most Probably, By 2025 the Borders Will Be Open

Where Turkey is concerned, the true question is "when" not "if." It is extremely unlikely that Turkey will give up its engagement with the West in the coming years. Even a dramatic development such as coup d'état or change of rule in Turkey will not make it abandon its Europeanization plans. Turkey's choice is about civilization, not current politics. Something like the Iranian revolution is not nearly feasible in Turkey. Irrespective

of whether or not the country will have joined the EU, Turkey will remain part of European geopolitics also in 2025. Turkey's relations with Armenia are part of Turkey's European agenda and of the EU and US agenda with regard to Turkey. With all the domestic problems this involves, 15 years is a long time for Turkey to withstand European and US pressure with regard to normalizing ties with Armenia.

Turkey's efforts to boost its role in Middle Eastern politics (manifest as an estrangement from and even a