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The Change of Security Paradigm

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UKRAINIAN CRISIS' IMPACT ON THE SOUTH CAUCASUS

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The Ukrainian crisis definitely did not make the South Caucasus a safer place. Armenia's dependence on Russia was exposed further, while Georgian-Ukrainian official relations suffered because of the Georgian authorities' passiveness and the Saakashvili factor. All of the South Caucasus countries, and especially Georgia and Azerbaijan, felt uneasy with the annexation of Crimea perceived as an unprecedented violation of the territorial integrity principle. Russia, while engaged in Eastern Ukraine, has somehow distracted itself from the South Caucasus but it still keeps enough presence to maintain the current status quo and influence key developments. The Western sanctions, having badly hit the Russian economy, are indirectly affecting the South Caucasus too, especially Armenia and Georgia.

Ukraine and the South Caucasus Prior to the Crisis

Since the break-up of the Soviet Union, Russia has been playing a dominant role in the post-Soviet space. Theoretically, Ukraine was supposed to be the number two player, as in all regards being the second largest post-Soviet country. However, Ukraine has not played the expected role in the post-Soviet period. Some regional projects and organizations were built around Ukraine, evidently aiming to balance the Russian influence (like GUAM that brought together Georgia, Ukraine, Azerbaijan, Moldova, and, for some time, Uzbekistan) but they never actually made any significant impact.

Only after the Orange revolution in 2004, Ukraine did become a visible player that changed the balance of power in the post-Soviet space, including the South Caucasus. President Yushchenko forged a connection with Saakashvili's Georgia (Russia's main foe) and intensified the country's ties

with NATO. However, it did not last long – as soon as Yushchenko was defeated in the 2010 presidential elections, Ukraine once again returned to its rather passive stance. President Yanukovich restored friendly ties with Russia with all expected consequences. NATO was all but abandoned, and Ukraine focused on the EU instead, which was supposed to be “rather harmless” and “less irritating” for Russia.



President Putin decided to play it safe – in case Ukraine slipped away, Russia needed another success story. This success story had to be Armenia.

Nevertheless, Ukraine was to make a much bigger impact in 2013. As the Vilnius Eastern Partnership Summit was nearing, it was still unclear whether Ukraine would sign the Association Agreement with the EU or not. Still not quite sure about this,

President Putin decided to play it safe – in case Ukraine slipped away, Russia needed another success story. This success story had to be Armenia. Putin summoned the Armenian President and persuaded him to join the Customs Union instead of initiating the EU Association Agreement – something Armenia had been meticulously working on, obviously hoping that the EU was “rather harmless.” But both Ukrainian and Armenian hopes failed – Russia was irritated by the EU, as well. It worked on its own project, the Customs Union, which would be compromised by the Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU.

Persuading Armenia was rather easy for Putin – the country needed Russia’s support vis-à-vis the resurgent Azerbaijan. Before summoning his Armenian counterpart, in September 2013 Putin notably visited Baku, where “growing military cooperation” was discussed, among other things¹. By this visit, Putin openly made it clear that Moscow’s support to Armenia could be easily withdrawn, and Russia would not mind selling arms to Azerbaijan on a massive scale. Facing this tough choice, Armenia had to give up its EU ambitions.

This was only the beginning of the chain reaction. Soon, as Yanukovych was also persuaded by Putin against signing the EU Association Agreement, a window of opportunity was suddenly widely opened for Georgia. As both Ukraine and Armenia slipped away at the very last moment, the EU needed a success story of its own and that is how the Association Agreement was initiated with Georgia (Moldova also initiated it). Georgia’s new authorities, which succeeded Saakashvili and his team in 2012, were eager to prove that they were “no

less pro-Western” than their predecessors. Therefore, they worked intensely on the Association Agreement and very soon managed to meet all requirements. Under Saakashvili, Georgia was more focused on NATO and viewed the EU rather sceptically, and talks with the EU over the Association Agreement were advancing slowly. The new Georgian authorities decided to concede to all requirements and drop all demands that Saakashvili’s government made before. They needed some tangible success to show for as Georgian people started to get frustrated with NATO and the EU accession failures. Thanks to Ukraine and Armenia (and in a way thanks to Russia, too) a success story was finally provided.

As for Azerbaijan, it was never seriously interested in the EU. The country was demonstratively rebuilding its armed forces and establishing itself in the region as a leading economic and even military power. Restoration of its territorial integrity (regaining control over Karabagh) and not integrating with the EU was Azerbaijan’s top priority. Like Georgia, Azerbaijan had territories lost, but, unlike Georgia, it did not lose territories to Russia (at least, directly) and its chances for restoring its territorial integrity looked much better, especially given the positive dynamics of development – both population growth and oil windfall.

Ukraine would affect all three South Caucasus countries only after the Maidan events.

Maidan and Crimea

To put it mildly, Maidan did not make Russian rulers happy. In a way, for Armenia and Azerbaijan it had to be

¹ Vladimir Putin Visits Baku. September 2013. <http://www.cacianalyst.org/publications/field-reports/item/12804-vladimir-putin-visits-baku.html>. Access August 2015

rather unpleasant, too. Their rulers were never comfortable with public protest. In early 2008, Armenians challenged the results of the presidential elections. Tens of thousands rallied in Yerevan and the government appeared doomed, until it resorted to violence and everything ended in killings and arrests. Azerbaijan faced similar (though less) dramatic challenges after the presidential elections of 2004. In general, the fear of the “Orange Virus” has been haunting the post-Soviet authoritarian and hybrid regimes since 2003. On the other hand, Georgia, as a “motherland of orange revolutions,” felt much more self-assured and safe. In fact, it experienced not only rallies and revolutions but also a peaceful transfer of power (2012 parliamentary elections). Georgian democracy was more advanced and, therefore, more immune to the “Orange Virus.”

However, Maidan presented a difficult choice to Georgia, or at least to its new authorities, which were trying to improve relations with Russia. Supporting the discredited Yanukovich was hardly an option but supporting Maidan would annoy the Russians for sure. As a result, the Georgian authorities remained very cautious. On the other hand, Saakashvili and his team-mates both were inspired by Maidan and saw it as an opportunity. They went to Kyiv and openly supported the rally. As the majority of Georgians sympathized with Maidan, the Georgian authorities suffered greatly for sitting on the fence. Ukraine was always viewed as Georgia’s close ally – way before Yushchenko and Saakashvili forged their intensely close ties – so the Georgian government came under criticism. However, it remained

committed to its neutral stance. High officials did not support Maidan, and abstained from visiting Kyiv, even after Yanukovich fled his country and Maidan claimed a victory in the name of the Ukrainian people. The Russians were not be trifled with. Georgia learned its lesson in 2008 and was not going to make the same blunder again; now it was Ukraine’s turn to fight Moscow.

The annexation of Crimea in March 2014 actually proved that the Russians could not be messed with. It made the Georgian authorities even more careful and restrained. While condemning the annexation, the Georgian Prime Minister Garibashvili added that his government would remain “pragmatic” and avoid “radicalism.”² Later, on numerous occasions, Garibashvili made his best to distance the Georgian case (Abkhazia and South Ossetia) from the Ukrainian one and even said that Russia was not “interested in annexing Georgian territories.”³ For that, he was widely criticized at home by the opposition, which was hoping that, thanks to the Crimean events, Georgia would manage to attract the international community’s attention to the problems of Abkhazia and South Ossetia once again.

The Georgian-Ukrainian relations looked rather sour, especially after the Georgian authorities in February 2015 asked Ukraine to hand over Saakashvili (whom they were prosecuting)⁴. To no one’s surprise, Kyiv refused. Soon, Saakashvili was appointed governor of Odessa oblast, which did not improve the bilateral relations. The Georgian-Ukrainian ties (on official level) hardly can be expected to intensify.

² PM Garibashvili Comments on Ukraine. March 2014. <http://civil.ge/eng/article.php?id=27033&search>. Access August 2015

³ PM Tells BBC: Russia is not interested in Annexing Georgia’s Break-away Territories. June. 2014. <http://agenda.ge/news/15751/eng>. Access August 2015

⁴ Ukraine refuses to extradite ex-Georgian President Saakashvili/ Russia Today. 17 Feb, 2015 <http://www.rt.com/news/233179-ukraine-georgia-saakashvili-extradition/>

Saakashvili's presence in Odessa is an issue that definitely deserves special attention. If he and his team succeed he may get a second chance in Georgia. If they fail, though, his chances to return to Georgia will become even more obscure. One thing can be stated without a doubt: in Odessa Saakashvili will be even more resolute than he was in Georgia. He has learned his Georgian lessons, although in his own way. Saakashvili believes that he failed to finish what he started in Georgia. He may think that this was his fault, too, because he was too lenient and allowed his opponents to interfere and criticize him; he lacked resolve, and this is why his reforms finally were stalled. This is why in Odessa he will be even more unwavering. This time, there will be no balancing or half-measures. He will do it his way and will try to do it as quickly as possible. In Georgia, he succeeded as a reformer and failed as a democrat. In Odessa, he only has to succeed as a reformer.

Azerbaijan sounded more unambiguous. Its foreign minister Mammadyarov stressed on the territorial integrity principle and reminded everyone of Karabagh⁵ (unlike Tbilisi, Baku decided to link its problem to that of Ukraine). In a few days after the annexation, President Aliyev spoke firmly against violating the territorial integrity principle, while not mentioning Ukraine or Crimea specifically.⁶ The Armenian President Sargsyan was the most careful as he expressed hopes that the Ukrainian

issue would be resolved "respecting each other's' problems"⁷. It goes without saying that Armenia was in no position to criticize Moscow, especially since it demonstrated its determination in Ukraine.

The annexation of Crimea also served as an additional incentive for further intensification of the traditionally close and intimate Azerbaijani-Turkish relations. Namely, the Turkish Prime Minister Erdogan paid an unplanned visit to Baku in April 2015, which happened to be dedicated, among other things, to the situation in Ukraine.⁸ Turkey was not comfortable with the consequences of the 2008 Russo-Georgian war and it started a dialogue with Armenia (which was not comfortable either with having a much stronger Russia in the region), but the dialogue finally broke down ostensibly because Turkey wanted the Karabagh issue solved before it would establish diplomatic relations with Armenia.⁹ Thus, Turkey demonstrated how firmly it was committed to Azerbaijan's territorial integrity. As Turkey was alarmed with the consequences of the 2008 war, it definitely would be even more alarmed with the annexation of Crimea (a land with a vast Tatar population that belonged to the Ottoman Empire some two centuries ago). The recognition of Abkhazia and South Ossetia as independent states was a dangerous precedent, and it strengthened Russia's presence in the South Caucasus. The annexation of Crimea was probably

⁵ Azerbaijan opts for peaceful resolution in Ukraine. March 2014. <http://www.today.az/news/politics/131949.html>. Access August 2015

⁶ Ilham Aliyev: Armenia a fascist state. March 2014. <http://www.mediaforum.az/az/2014/03/20/%C4%B0lham-%C6%8Fliyev-Erm%C9%99ni-stan-fa%C5%9Fist-d%C3%B6vl%C9%99tdir-041427950c00.html>. Access August 2015

⁷ Serzh Sargsyan voiced hope that Ukrainian crisis would be solved by respecting each other's problems. 21 May 2015. <http://armenpress.am/eng/news/806306/serzh-sargsyan-voiced-hope-that-ukrainian-crisis-would-be-solved-by-respecting-each-others-problems.html> Access August 2015

⁸ Turkey's Erdogan heads to Baku. April 2014. <http://www.azernews.az/azerbajian/65779.html>. Access August 2015

⁹ Armenia suspends normalization of ties with Turkey. April 2010. <http://news.bbc.co.uk/2/hi/8636800.stm>. Access August 2015

even more dangerous for both Turkey and Azerbaijan. Even before annexing Crimea, shortly after having persuaded Armenia to join the Customs Union in 2013, Russia deployed additional forces to Gyumri base (Russia's military base in Armenia). Putin marked this development by declaring that "Russia is not going to leave Caucasus¹⁰" as if signalling that he meant business not only in Ukraine. According to more or less accurate sources, Gyumri hosts tanks, MIG-29 fighters, advanced anti-aircraft missiles, and helicopters¹¹. Now, Russia has three large military bases in the South Caucasus (Gyumri, Abkhazia, South Ossetia) that brings unrest for all regional actors.

War in Donbas and the South Caucasus

Despite Russia strengthening its military presence in the South Caucasus, it was still obvious that after it started a war in Donbas, it would have to divert its forces to the Ukrainian theatre. This was "good news" for the South Caucasus and, perhaps, most of all for Georgia. There was a feeling in the country that, after annexing Crimea, Russia would come after Georgia for daring to initiate the Association Agreement with the EU. Probably Moscow could demand that Georgia join the Customs Union like Armenia. Instead, Russia was entangled in Donbas and finally made the EU and the US to respond.

Once again, the Georgian authorities saw it as a big problem that Saakashvili

joined the new Ukrainian government as an advisor. This was annoying for two reasons: Saakashvili, whom the Georgian authorities considered (or at least wanted) to be a political corpse was relaunching his political career; in addition, this stunt would, no doubt, irritate Russia. The Georgian government was doing its best to mollify Moscow and actually achieved something in 2013-2014 – Russia reopened its market for the Georgian products, and tension between the two countries eased. The authorities distanced themselves from the former President Saakashvili. The Prime Minister Garibashvili advised the Ukrainians not to "take heed of Saakashvili"¹² and together with his government was criticized domestically again for "losing Ukraine to Saakashvili."

In response, the Georgian authorities declared they would not let Georgian-Ukrainian relations deteriorate.¹³ It was announced several times that Garibashvili intended to visit Kyiv. However, nothing came of it. Soon, Georgian officers started to join the Ukrainian army and fight in Donbas.¹⁴ This became another headache for the Georgian authorities. They tried to distance themselves again from everything but did so rather clumsily. In December 2014, a Georgian officer died in Donbas, and the Ministry of Defence issued a statement, in which it blamed everything on Saakashvili's "provocations," and called on everyone not be provoked (that is, not to join the Ukrainian army). This enraged the Georgian society (not only Saakashvili's

¹⁰ Russia is not going to leave Caucasus. December 2013. <http://www.mediamax.am/en/news/politics/8412/>. Access August 1015

¹¹ 102nd military base. January 2014. <http://www.globalsecurity.org/military/world/russia/102-military-base.htm>. Access August 1015

¹² Georgian PM's "Friendly Advice" to Kiev. March 2014. <http://www.civil.ge/eng/article.php?id=27017>. Access August 1015

¹³ Tbilisi says Saakashvili appointment as Odesa governor to not harm Georgia-Ukraine relations/ Kyiv Post. June 1, 2015 <http://www.kyivpost.com/content/ukraine/tbilisi-says-saakashvili-appointment-as-odesa-governor-to-not-harm-georgia-ukraine-relations-389998.html>

¹⁴ Georgian warrior fights his fourth war against Kremlin / Kyiv Post. – March 7, 2015 <http://www.kyivpost.com/content/kyiv-post-plus/georgian-warrior-fights-his-fourth-war-against-kremlin-382600.html>

supporters)¹⁵, and the Ministry top officials even had to apologize. After that, the Georgian authorities became more careful, when it came to participation of the Georgian officers in the Donbas war.

As for Azerbaijan and Armenia, the war in Donbas brought fewer implications for them than for Georgia. Russia's strengthened presence in the region did not make the Karabagh conflict zone stabler. In fact, in summer 2014, the situation in the conflict zone escalated. However, Russia made it perfectly clear that it meant business and was not going to abandon its only loyal ally (Armenia) in the region. The Russian Ministry of Foreign Affairs issued a harsh statement concerning the situation in Karabagh, urging the sides to show tolerance, abstain from force and take immediate steps for stabilization¹⁶. The situation stabilized soon. Obviously, shootings still happen in the conflict zone from time to time but only at "business as usual" level.

Despite the deteriorated official relations with Ukraine, Georgia continuously supported Kyiv in multilateral organizations, as did Azerbaijan. In contrast, Armenia not just abstained but voted against pro-Ukrainian resolutions on numerous occasions – at the UN General Assembly, the Parliamentary Assembly of Council of Europe and finally at the OSCE Parliamentary Assembly. The Armenian officials and lawmakers

claimed they did not agree with placing the territorial integrity principle over the right of self-determination.¹⁷ Because of its openly pro-Russian stance, Armenia was harshly criticized. One of the prominent European diplomats, the former Swedish foreign minister Carl Bildt simply stated that Armenia no longer had "political affinity" with the EU.¹⁸

To summarize, politically, Tbilisi and Yerevan seem to have lost because of the Ukrainian conflict. As the Georgian government was too careful and allowed Saakashvili to take the initiative, the Armenian government had to take sides in international organizations and reveal its dependence on Russia. The Armenian authorities, perhaps better than anyone else, realizing the perils of such dependence, have begun to draft a new version of the Association Agreement with the EU, but it still remains to be seen as how far it can advance (or will be allowed to by Russia). The Armenian public opinion was deeply affronted by the Russian pressure that made the country give up its EU ambitions. Anger with Russia climaxed, when a Russian soldier killed an entire Armenian family in Gyumri in January 2015¹⁹. Later, in summer of 2015, tens of thousands protested against intended energy price hikes by a Russia owned company.²⁰ Public protests may serve as a tool for the Armenian government to withstand the Russian pressure.

¹⁵ MoD under Fire over Its Statement Death of Georgian Fighting for Ukraine. December 2014. <http://www.civil.ge/eng/article.php?id=27930&search=> . Access August 2015

¹⁶ Russia's MFA finds escalation of situation in Karabagh conflict zone impermissible. August 2014. <http://armenpress.am/eng/news/771469/russias-mfa-finds-escalation-of-situation-in-karabakh-conflict-zone-impermissible.html> . Access August 2015

¹⁷ Armenian MP votes against anti-Russian OSCE resolution. July 2015. <http://www.armenialiberty.org/content/article/27119152.html> . Access August 2015

¹⁸ Armenia: Has Yerevan Pushed Past a Geopolitical Point of No Return? April 2014. <http://www.eurasianet.org/node/68238>. Access August 2015

¹⁹ Tragedy in Gyumri. January 2015. <http://armenianweekly.com/2015/01/13/tragedy-in-gyumri/>. Access August 2015

²⁰ Armenian protests: Thousands rally against energy price hike. July 2015. <http://www.bbc.com/news/world-middle-east-3238070>. Access August 2015

Economic Consequences

The sanctions the US and the EU imposed on Russia indirectly but still quite strongly affected the economic situation in the South Caucasus states. None of them joined the sanctions; moreover, all of them tried to benefit from them by increasing their exports to the Russian market. But now it is clear that all three South Caucasus countries are losing rather than winning from the Ukrainian crisis and its consequences.

The main losers Georgia and Armenia strongly depend on remittances from Russia²¹. As the Russian economy was hit badly by the sanctions (as well as by falling oil prices), both countries were hit badly, too. Their currencies tumbled along with the Russian rouble.²² Exports to Russia (as well as to Ukraine) dropped sharply. It harmed Armenia (Russia absorbs 23% of its exports²³) and Georgia, too, as it has just renewed its exports to the Russian market. After 2006 (when Russia imposed a trade embargo on Georgia in response to the public arrest of the Russian spies), Georgia somehow managed to find new markets for its products and, first of all, for its wines. Naturally, Ukraine was among the countries that to a certain degree substituted the Russian market. However, as the Ukrainian crisis hit both Ukraine and Russia Georgian wine exports fell sharply.²⁴ The Georgian economy clearly is in crisis,

and its authorities are doing their best not to lose the Russian market as one of the sources of foreign currency. In August 2015, the news spread that Georgia joined the sanctions against Russia. As Moscow threatened to retaliate in response, the Georgian authorities hurried to refute the news and announced that they never had such intentions.²⁵

As Russia is slashing its expenditures to balance its accounts, Georgia's two breakaway territories (Abkhazia and South Ossetia) are expected to suffer a lot, as they are almost entirely dependent on the Russian aid. That may result in increased discontent with the Russian rule (especially in Abkhazia, where locals deplore Russia's policies aimed at full subjugation of Abkhazia) but that does not mean that the local population would by default seek to strengthen ties with Tbilisi. Even if it happens, Russia is unlikely to let it happen.

Azerbaijan suffered, first of all, from falling oil prices. However, it is obvious that it was hurt by the economic crisis in Russia, too, despite the fact that it depends significantly less on remittances. In early 2015, Azerbaijan devalued its currency by one third.²⁶ The step came as a shock for most Azerbaijani people. No doubt, it will affect Azerbaijan's ambitions to position itself as an undisputed regional leader and claim back Karabagh.

²¹ Stuck with each other. March 2015.
<http://www.economist.com/news/europe/21646947-russian-ally-rues-its-dependence-upon-moscow-stuck-each-other>. Access August 2015

²² Georgian, Armenian tumble on Russian rouble's fall. December 2014.
<http://www.bne.eu/content/story/georgian-armenian-currencies-tumble-russian-rubles-fall>. Access August 2015

²³ Ukrainian crisis threatens Armenian economy. March 2014.
<http://asbarez.com/120284/ukraine-crisis-threatens-armenian-economy/>. Access August 2015

²⁴ Georgian Wine Exports Fall Sharply. May 2015.
<http://dfwatch.net/georgias-wine-export-falls-sharply-35620>. Access August 2015

²⁵ Garibashvili Opposes Georgia Joining EU Sanctions Against Russia. August 2015.
<http://georgiatoday.ge/news/883/Garibashvili-Opposes-Georgia-Joining-the-EU-Sanctions-against-Russia>. Access August 2015

²⁶ Azerbaijan devalues currency by one-third amid oil price tumble. February 2015.
<http://www.ft.com/cms/s/0/f7d91efe-ba7f-11e4-945d-00144feab7de.html#axzz3iOzFlbxI>. Access August 2015

Much more severe consequences may be expected because of the possible developments in the North Caucasus. Because of the crisis, lots of local population would lose their jobs in major Russian cities. Moreover, this region will be definitely affected by the cuts of Russian expenditures. This may boost Islam radicalism in this traditionally troublesome region, and this time around, it may be more dangerous than ever because of such a phenomenon as the Islamic State. The possible explosion in the North Caucasus will have severe consequences not only for Russia but for the entire South Caucasus, especially for Georgia and Azerbaijan with their direct border with this region.

To sum up the consequences of the Ukrainian crisis for the South Caucasus region, Russia has been distracted from the South Caucasus but still, with its aggressive behaviour hardly any country in the region can relax. No one of them dared to openly criticize Russia but public opinion clearly condemned Russia's actions. The Western sanctions having weakened the Russian

economy may distract Russia even further from the South Caucasus but at the same time, they negatively affect the regional economic development. These two factors may eventually serve as an additional incentive for Georgia to capitalize on DCFTA and for Armenia to restart its Association Agreement process. Azerbaijan will seek further intensification of its ties with Turkey, which feels uneasy with the Russian military presence.

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