

# How Effective is U.S. Policy in the South Caucasus?

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Rich Outzen\*

This paper examines US policy towards the South Caucasus as a case of structural and institutional limits on the effectiveness of foreign policymaking in democratic states. Specifically, the constitutional separation of powers, the influence of domestic interest groups, and growing multipolarity at the global and regional levels have operated together to limit Washington's policy options and precluded a leading role for the US in effectively shaping outcomes within the region. The second section of the paper assesses how these factors impacted US policy over the three decades following the end of the Cold War. The final section argues that the gradual marginalization of the United States and engagement of other regional powers has created conditions under which a modest but balanced approach rooted in economic outreach offers greater chance of tangible results than the rhetorically ambitious but practically constrained approach of the past several decades.

**Keywords:** South Caucasus, US foreign policy, Karabakh, Azerbaijan, Georgia, Armenia



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\* **Rich Outzen**, Col. (ret.), U.S. Army; PhD candidate, George Mason University.

## *Introduction*

Coherence and effectiveness in foreign policy pose a perpetual challenge to effective governance and statecraft in democracies. Policies take shape and evolve not only in response to changing global and regional conditions, but to shifting public preferences and domestic political concerns in a context of limited attention, incomplete information, and intermittent analysis.<sup>1</sup> Foreign and national security policy formulation in the US system varies greatly between and even within presidential terms.<sup>2</sup> This variability can be a strength, in that administrations can reorient failed policies and learn from past errors. It can also be a weakness, constraining presidential decision- and deal making while, perversely, undercutting the nation's ability to influence outcomes for specific foreign policy matters.<sup>3</sup>

US policy towards the South Caucasus region since the end of the Cold War provides an excellent illustration of the struggle for coherent and effective foreign policy in democratic systems. American policy for the South Caucasus has been constrained by three key tensions rooted in both domestic and geostrategic dynamics. These include the domestic struggle between the executive and legislative branches, agenda-setting behaviour by domestic interest groups (lobbies), and the limited US leverage conferred by regional economic and military dynamics since 2000. The interplay of these three factors results in a very narrow range of policy options, stemming from the fact that limited leverage impedes forceful imposition of domestic policy preferences overseas, whereas domestic policy preferences prevent forward-looking or creative policy initiatives that might be feasible in a specific regional context. The result has been a passive and reactive policy stance, leaving room for other actors (including Russia, Turkey, Iran, and Israel) to play more effective roles in shaping economic and military outcomes. The objective of this paper is to examine the structural and operational factors shaping

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1 Dissanayake, R. "The Roots of Policy Incoherence: Domestic Policy, Global Public Goods, and International Development," CGD Notes, Center for Global Development, 12 October 2021, available at <https://www.cgdev.org/publication/roots-policy-incoherence-domestic-policy-global-public-goods-and-international#ftn3> (accessed: 12 October 2021).

2 Mangum, M., "U.S. Strategic Consistency and Coherence: The Planner's Role in Continuity," *The Strategy Bridge*, 26 October 2020, available at: <https://thestrategybridge.org/the-bridge/2020/10/26/us-strategic-consistency-and-coherence-the-planners-role-in-continuity1> (accessed: 12 October 2021).

3 Milner, H. and Tingley, D., *Sailing the Water's Edge: The Domestic Politics of U.S. Foreign Policy*, Princeton University Press, Princeton, NJ, 2015, pp. 25–47.

US policy in the South Caucasus in order to understand the generally limited effectiveness of that policy over the past three decades. By contextualizing those factors in light of both regional and global trends, the paper also provides an assessment of the prospects for US policy to more effectively shape regional outcomes in the coming years.

This paper begins by describing the policy-constraining factors in brief. It then reviews the history of US policy in the region over the past several decades. The final section argues that recent developments that are exogenous to US policy – especially, but not only, the Second Karabakh War – provide a rare, and likely temporary, window for more effective policymaking.

### ***Constraining factors***

The constitutional design for US foreign policy-making has been described as an “invitation to struggle” between the President and Congress.<sup>4</sup> Rejecting both unfettered executive prerogative and its opposite – “legislative tyranny” – the framers of the Constitution of the United States granted specific foreign policy authorities to each – a separation of power that leads to occasional compromise and frequent contradiction.<sup>5</sup> Under Article I of the Constitution, Congress has the authority to declare war, regulate commerce, raise and oversee naval and military forces, confirm ambassadors, and approve treaties that the President may negotiate and seek to make binding. Congress controls funding, passes laws deemed necessary, and conducts oversight hearings, all of which set a general framework for the conduct of foreign policy. The President’s powers are laid out in Article II, including the ability to appoint ambassadors, command military forces, implement laws passed by Congress, and exercise “implied powers” involving diplomacy, intelligence, and other tasks required to pursue the national interest. Congress sets general directions and boundaries for foreign policy, in a sense, whereas the President and his bureaucracy articulate and direct programmes and operations seen as consistent with those boundaries and supportive of the national interest.

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4 Corwin, E., *The President: Office and Powers, 1787-1957*, 5th rev. ed., New York University Press, New York, NY, 1984, p. 201.

5 Masters, J., “U.S. Foreign Policy Powers: Congress and the President, CFR Backgrounder”, *Council on Foreign Relations*, 2 March 2017, available at: <https://www.cfr.org/backgrounder/us-foreign-policy-powers-congress-and-president> (accessed: 12 October 2021).

US foreign policy towards the South Caucasus since the end of the Cold War illustrates this interbranch struggle over foreign policy direction. Shortly after the dissolution of the Soviet Union, the 102<sup>nd</sup> Congress passed the Freedom Support Act to shape outreach to the post-Soviet independent states: Section 907 of that act banned military or economic assistance to Azerbaijan until it ended its economic “blockade” of Armenia, imposed during the occupation of Azerbaijan’s territory by the latter and expulsion of Azerbaijani civilians during the First Karabakh War.<sup>6</sup> A decade later, President George Bush gained waiver authority for Section 907 to improve relations with Baku in the wake of the September 11, 2001, terror attacks, thereby relaxing the domestic priority in favour of urgent operational need.<sup>7</sup> Congress made post-Soviet Armenia a top recipient of US aid on a per capita basis, Yerevan’s continued close ties with Moscow and military occupation of Azerbaijan’s territories (the “Nagorno-Karabakh” region and seven surrounding districts) notwithstanding. Congress has taken an active role in rejecting nominations for ambassadors seen as not reflecting Congress’ prioritization of Armenia, for example, Richard Hoagland and Matthew Bryza. Successive Presidents have pushed back on Congress’ generally anti-Azerbaijan and anti-Turkey sentiments enough to maintain functional security and economic relationships, but have been constrained by the clarity of Congressional deference to Armenian interests.<sup>8</sup> On policy relating to Georgia, Congress has played more of a supporting role to executive branch initiatives in strengthening Georgia against Russian coercion, including resolutions of support, calls for enhanced security assistance, and sanctions against Russian entities seeking to destabilize Georgia.<sup>9</sup>

A second constraining factor on coherent policy, separate from but related to the constitutional competition between branches, is the influence of organized interest groups and lobbies. Congressional

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6 S.2532, *Freedom Support Act*, Congress.gov, available at: <https://www.congress.gov/bill/102nd-congress/senate-bill/2532> (accessed: 12 October 2021).

7 Armenian National Committee of America (ANCA) press release, “Senate Votes to allow Presidential Waiver of Section 907, October 24, 2001,” available at: <https://anca.org/press-release/senate-votes-to-allow-presidential-waiver-of-section-907> (accessed: 12 October 2021).

8 Zarifian, J., “The Armenian-American Lobby and its Impact on U.S. Foreign Policy,” *Social Science and Modern Society*, Vol. 51, No. 5 (Sep.–Oct. 2014), pp. 509–510.

9 Welt, C., “Georgia: Background and U.S. policy (R45407),” Congressional Research Service, Washington, D.C., 10 June 2021, pp. 17–18, available at: <https://crsreports.congress.gov/product/pdf/R/R45307/15> (accessed: 12 October 2021).

records and lobbying reports show that both the White House and members of Congress are extensively lobbied on foreign policy matters by highly focused and organized diaspora interest groups whose preferences frequently diverge from positions driven by economic interests (businesses) or geopolitical interests (practitioners within the foreign policy and security apparatus).<sup>10</sup> Interest groups play a critical and potentially constructive role in democratic decision-making by providing insights and expertise on specific issues that congressional or executive staff may lack the resources or time to gather. They can also come to exercise undue influence and virtually monopolize certain areas of foreign policy; show disproportionate influence through personal relationships, campaign contributions, and voter mobilization; and, consequently, influence setting agendas favourable to group interests, thereby making consideration of policy alternatives or competing perspectives very difficult.<sup>11</sup>

Interest groups and their lobbying arms exert influence over congressional decisions regarding multiple dimensions of foreign policy, including military and civilian aspects.<sup>12</sup> In policy areas with serious distributional impacts for various US constituencies (e.g., trade, defence industry, and immigration), corporate and commercial entities lobby most energetically. For foreign policy issues impacting geopolitical outcomes (defence, aid, sanctions, and bilateral and multilateral diplomacy), ethnic diaspora lobbies weigh heavily, and the Armenian lobby is considered one of the most effective in Washington.<sup>13</sup> The Armenian-American community, although numerically small (one million people or less), has deep roots, generally high socioeconomic status, a tradition of organized political activism, and salient unifying issues. Together, these elements confer a high degree of lobbying effectiveness.<sup>14</sup> There are two main organizations that carry out complementary networking and policy advocacy.<sup>15</sup> One of these is organized under Section 501(c)(3) of the Internal Revenue Code as a non-profit organization and that prioritizes integration of Armenian-Americans in the political process

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10 Milner and Tingley, *op. cit.*, pp. 169–210.

11 Dur, A. and de Bievre, D., “The Question of Interest Group Influence,” *Journal of Public Policy*, Vol. 27, No. 1 (2007), pp. 1–12.

12 Milner and Tingley, *op. cit.*, pp. 175–176.

13 Milner and Tingley, *op. cit.*, pp. 191–197.

14 Zarifian, *op. cit.*, p. 506.

15 Zarifian, *op. cit.*, p. 507.

(Armenian Assembly of America), the other under Section 501(c)(4) as a social welfare organization with priority to lobbying on issues related to US policy affecting Armenia. The Armenian-American lobbying for a major symbolic goal – designation of the 1915 events as an instance of “genocide” – was a multigenerational effort with the support of community activists, ethnic Armenian members of Congress such as Anna Eshoo and Jackie Speier, celebrity activists such as Cher and Kim Kardashian, and a host of sympathetic politicians from both major parties. It has been described as a template for other ethnic lobbies to emulate.<sup>16</sup> From academic and policy analytical perspectives, the salient point is not normative assessment of a particular lobbying effort, but acknowledgement that such lobbying is often a determinative or bounding factor in policy formulation. In the case of US foreign policy in the South Caucasus, this is likely to be an enduring feature for the foreseeable future. Given the absence of such effective interest representation among other players in the region (Azerbaijan, Georgia, Turkey, Russia, and Iran), this increases the likelihood that US policy will continue to prioritize the preferences of the Armenian lobby.

If events in Washington, both in Congress and among organized interest groups, constrain US policy options for the South Caucasus, so, too, do developments in the region itself. The first has been Azerbaijan’s shrewd diplomacy to strengthen military and economic cooperation with Israel and Turkey. As no Western countries demonstrated intent to pressure Armenian forces to leave the internationally acknowledged territories of Azerbaijan, let alone seek a compromise on the settlement of the conflict,<sup>17</sup> Baku ramped up its efforts to develop the military, economic, diplomatic, and intelligence resources to apply that pressure itself. Israel and Azerbaijan expanded cooperation in the energy, intelligence, and military fields, thereby greatly strengthening Baku’s capabilities and decreasing US leverage.<sup>18</sup> Baku also deepened its political and military cooperation with Turkey, courting Turkish President Recep

16 Jarahzadeh, K., “What it Takes to Change Your Adopted Nation’s Foreign Policy,” *Public Square*, Zocalo (weblog), 12 August 2021, available at: <https://www.zocalopublicsquare.org/2021/08/12/armenian-american-genocide-recognition/ideas/essay/> (accessed: 12 October 2021).

17 Fuller, L., “Armenia denies agreeing to leave seven occupied districts,” *Radio Free Europe Radio Liberty* (weblog), 19 May 2005, available at: <https://www.rferl.org/a/1058945.html> (accessed: 12 October 2021). The formerly occupied seven districts were Jebrayil, Fizuli, Zangelan, Aghdam, Gubadli, Lachin, and Kalbajar, which were reclaimed by Azerbaijani forces in 2020.

18 Avdalani, E., “Defying geography: The Israel–Azerbaijan partnership,” *BESA Center*, Bar Ilan University (Israel), 31 August 2020, available at: <https://besacenter.org/israel-azerbaijan-partnership/> (accessed: 12 October 2021).

Tayyip Erdogan and gaining assurances of staunch support in the event of renewed military clashes.<sup>19</sup> Russia's economic and military influence over Armenia became pervasive after 2000, thus limiting US leverage even further; yet Russian protection did not extend beyond the borders of Armenia proper into the occupied districts to its southeast, and it would neither confront Azerbaijan and Turkey to maintain the status quo, nor allow an external power to do so. In the South Caucasus, as Robert Kaplan has it, Russia has been "a rising geopolitical power ... and the United States may have come up on its limits."<sup>20</sup> Turkey and Russia both became increasingly capable of, and interested in, influencing the South Caucasus from 2008 onward, after two decades of relative quiescence.<sup>21</sup> Washington has clearly had other policy priorities in recent decades than the South Caucasus – Iraq, Afghanistan, and China, inter alia – so we can add the asymmetry between US and Western European interest levels and the commitment of other players as a regional dynamic that constrains coherent and effective policy.<sup>22</sup> Finally, the tools of policy that the US most frequently employs in regional conflicts with limited goals since end of the Cold War – economic sanctions<sup>23</sup> and military interventions<sup>24</sup> – have seldom proven efficacious in conflict resolution or regional stabilization.

The US thus begins with a constrained set of options for South Caucasus policy due to the executive–legislative struggle to shape policy and effective interest group lobbying. Whatever policy is pursued faces the further complication of low-priority and low-efficacy options for implementation. This occurs against the backdrop of increasingly capable and committed regional actors over whom the US exerts

19 Fraser, S., "AP explains: What lies behind Turkish support for Azerbaijan," *Apnews.com* (website), Associated Press, 2 October 2020, available at: <https://apnews.com/article/turkey-territorial-disputes-azerbaijan-ankara-armenia-9a95d9690569623adedffe8c16f3588d> (accessed: 12 October 2021).

20 Kaplan, R., "The Caucasus: Laboratory of geopolitics," *Stratfor* (website), 2 January 2014, available at: [https://www.realclearworld.com/articles/2014/01/02/the\\_caucasus\\_laboratory\\_of\\_geopolitics.html](https://www.realclearworld.com/articles/2014/01/02/the_caucasus_laboratory_of_geopolitics.html) (accessed: October 12, 2021).

21 Rumer, E., Richard S., and Paul, S., "U.S. policy toward the South Caucasus: Take three," *Carnegie Endowment*, May 2017, p. 9, available at: [https://carnegieendowment.org/files/CP\\_310\\_Rumer\\_Sokolsky\\_Stronski\\_Caucasus\\_Final\\_Web.pdf](https://carnegieendowment.org/files/CP_310_Rumer_Sokolsky_Stronski_Caucasus_Final_Web.pdf) (accessed: 12 October 2021).

22 Gottesman, E., "America must stop ignoring the South Caucasus," *The National Interest*, 20 June 2015, available at: <https://nationalinterest.org/blog/the-buzz/america-must-stop-ignoring-the-south-caucasus-13093> (accessed: 12 October 2021).

23 Pape, R., "Why economic sanctions do not work," *International Security*, Vol. 22, No. 2 (Fall 1997), pp. 90–136.

24 Sullivan, R., "War aims and war outcomes: Why powerful states lose limited wars," *Journal of Conflict Resolution*, Vol. 51, No. 3 (June 2007), pp. 406–524.

limited policy influence. Consequently, US policy has struggled to achieve coherence (internal consistency) between the competing drives to foster regional stability and compromise, on the one hand, and to demonstrate responsiveness to constituent demands on the other. It has also struggled to achieve effectiveness (determining outcomes on the ground). The next section provides a review of US South Caucasus policy in the past several decades.

### *Thirty years of muddling through*

US policy towards the South Caucasus since the end of the Cold War can be described as unfolding in three phases: an early period of adjustment to three post-Soviet conflicts, a middle period of attempted democratization and peace-making, and a later period of inertia. Between 1991 and 2001, the United States struggled to keep pace with unfolding events as the Soviet Union dissolved, conflicts broke out in the Abkhazia, South Ossetia, and “Nagorno-Karabakh” regions, and US policymakers focused on the Balkans and those portions of the former Soviet Union that possessed nuclear weapons.<sup>25</sup> The US engaged in episodic and low-level attempts at conflict resolution, generally with little success. All three conflicts were “frozen”, without real resolution, and the most significant policy initiative from the US in any of the three was the passing of Section 907 of the Freedom Support Act, which essentially put the US on the Armenian side of the Armenia–Azerbaijan conflict, thereby leaving the role of “neutral mediator” to the Minsk Group within the Organization for Security and Cooperation in Europe (OSCE).<sup>26</sup> After a decade of half-hearted US diplomacy in the region, there were three unresolved conflicts (as mentioned above), economic and political disarray in each of the three countries, and only quite limited steps towards stabilization and democratization.

A second, more ambitious phase of US post-Cold War policy in the region can be said to have begun with the September 11, 2001, terrorist attacks against the United States. The attacks provided Washington with an urgent rationale for engagement with all three governments in the South Caucasus: strengthening a US-led coalition in what became the

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<sup>25</sup> Rumer et al., *op. cit.*, pp. 10–11.

<sup>26</sup> Rumer et al., *op. cit.*, p. 12.

Global War on Terror (GWOT). One product of this was an agreement between Congress and the White House on a waiver provision for Section 907, which has been invoked annually since 2002 to allow greater intelligence and security cooperation between the US and Azerbaijan.<sup>27</sup> All three countries provided political and military support to US efforts in Iraq and Afghanistan, but the American focus on the GWOT further reduced the prioritization of solutions for the South Caucasus itself. Following the 2003 Rose Revolution in Tbilisi, the democratization and Western orientation of Georgia became the closest thing to a top US policy priority in the South Caucasus across the three decades under consideration. That experiment came to an end with Russia's reassertion of regional primacy during the 2008 Russo–Georgian war, however, and “U.S. policy toward the South Caucasus had effectively lost its focus and regional champion.”<sup>28</sup> Both democratization projects and comprehensive regional negotiations seemed too ambitious for the weak hand the US had to play.

A third phase ensued between 2009 and 2020, during which the US attempted to avoid deterioration in the status quo in spite of new challenges. Western engagement during this period was led by the European Union, which pressed for Association Agreements with Armenia and Georgia, the latter successfully, the former prevented by Russia. The failure of normalization of Armenia–Turkey relations and Armenia–Azerbaijan diplomatic negotiations, and Russia's seizure of Crimea and more aggressive stance across the region made clear that competition, not collaboration, now characterizes international engagement in the South Caucasus. This means that “the old U.S. policy framework is no longer applicable, but a new policy has not yet been put into place.”<sup>29</sup> Europeans have noticed the lack of clear US policy or energy towards the resolution of the conflicts within Georgia, declarative statements notwithstanding.<sup>30</sup> If another coda was necessary to punctuate the period of US policy drift in the

27 Executive Office of the President, *Presidential Determination No. 2002-06 of January 25, 2002, Waiver of Section 907 of the FREEDOM Support Act*, February 8, 2002, available at: <https://www.federalregister.gov/documents/2002/02/08/02-3264/waiver-of-section-907-of-the-freedom-support-act-with-respect-to-assistance-to-the-government-of> (accessed: October 12, 2021).

28 Rumer et al., *op. cit.*, pp. 17–18.

29 Rumer et al., *op. cit.*, p. 19.

30 Novikova, G., “The policy of the United States in the South Caucasus,” *European Security and Defense*, 15 May 2019, available at: <https://euro-sd.com/2019/05/articles/13228/the-policy-of-the-united-states-in-the-south-caucasus/> (accessed: 12 October 2021).

South Caucasus, and mark general acknowledgement that legacy multilateralism holds little sway in the current decade, the Second Karabakh War should suffice.<sup>31</sup>

Three decades of intermittent and generally ineffective policy does not equate to disastrous or entirely unproductive policy, though: there have been successes. US support for the Baku–Tbilisi–Ceyhan (BTC) oil pipeline and Baku–Tbilisi–Erzurum (BTE) gas pipeline under the Bush and Clinton administrations was crucial to their realization and brought significant economic benefits for Azerbaijan, Georgia, and Turkey, with an attendant loss of leverage for Russia and Iran.<sup>32</sup> Regional support for American GWOT efforts, including troop contributions and transit use of bases and airspace, was an important diplomatic and strategic achievement. With US encouragement, the post-Soviet successor states became “real states” with varying, but substantive, degrees of functionality, independence, and democracy. US policy has contributed to these accomplishments despite the obstacles and constraints noted above.<sup>33</sup> Modest aims, claims, and accomplishments seem appropriate given the matrix of domestic and regional constraints within which the US Caucasus policy operates. The question remains, however, of whether the current multipolar reality of Southern Caucasian geopolitics leaves room for creative US policy, or predetermines continuation of the passive and reactive policy of recent years.

### ***Opportunity for an economic regional peace***

In the wake of the Second Karabakh War, an opportunity for creative US policy exists – perhaps fleetingly so. Specifically, a new balance has emerged in which Azerbaijan, supported by Turkey and buoyed by achieving its 30-year goal of restoring control over most of its occupied districts, seeks to consolidate its position by both deterring destabilizing

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31 Erel, A., “The Minsk Group and the failure of multilateral mediation,” *The Washington Times*, 27 September 2021, available at: <https://www.washingtontimes.com/news/2021/sep/27/minsk-group-and-failure-multilateral-mediation/> (accessed: 12 October 2021).

32 Grennan, J., “From pipe dream to pipeline: The realization of the Baku–Tbilisi–Ceyhan Pipeline” (Event Summary), *Belfer Center, Harvard University*, Cambridge, MA, 15 May 2003, available at: <https://www.belfercenter.org/publication/pipe-dream-pipeline-realization-baku-tbilisi-ceyhan-pipeline> (accessed: 12 October 2021).

33 Cornell, S., “The raucous Caucasus”, *The American Interest*, American Foreign Policy Council, 1 May 2017, available at: <https://www.afpc.org/publications/articles/the-raucous-caucasus> (accessed: 12 October 2021).

moves by Russia or Iran and offering Armenia incentives to formalize the post-war Trilateral Statement. The opening consists of the following elements:

- Turkey sealed its border with Armenia in 1993, in solidarity with Azerbaijan. The impact of economic blockades against Armenia by Azerbaijan and Turkey have prevented its integration into the regional energy and connectivity projects, and greatly increased its dependence on Russia. Turkey now says that the primary obstacle to the embargo has been removed with Azerbaijan's recovery of her formerly occupied districts.
- Yerevan has indicated a willingness for reciprocal steps without any preconditions.
- Baku has signalled acceptance of reopening regional trade, saying that the situation has changed greatly in the past decade.
- The economic benefits of reopened trade in the South Caucasus, including links between Azerbaijan's main territory and its exclave, the Nakhchivan Autonomous Republic, but potentially other north-south and east-west routes, could benefit all the regional economies.
- Azerbaijan's redevelopment of Shusha and other towns close to Armenians could lead to an economic and social modus vivendi in which Armenians and Azerbaijanis start to live together as neighbours.<sup>34</sup>

There are several caveats. The first is that these eminently reasonable economic steps can reduce animosity, de-escalate tensions, and build a modicum of mutual dependence and perhaps even goodwill among Armenia, Azerbaijan, and Turkey. However, another challenge remains with the reintegration of ethnic Armenians living in the towns of the Karabakh region that are under the temporary control of Russian peacekeepers. These are areas with predominantly ethnic Armenian populations where Azerbaijan has ruled out autonomy in the aftermath of the war. The creative economic opening can build trust between citizens of Armenia, ethnic Armenians in Karabakh region, and citizens of Azerbaijan living in the nearby villages, or at least makes the impasse

<sup>34</sup> Yackley, A.J., "Turkey reaches out to foe Armenia in drive for Caucasus Influence," *Financial Times*, 26 October 2021, available at: <https://www.ft.com/content/c370a933-98be-4abb-9c93-93424e824a7f> (accessed: 12 October 2021).

more liveable for both sides.<sup>35</sup>

The second caveat is that the US, even if it adopts a clear policy stance in favour of an economic peace for the region, will have to apply both bilateral and multilateral approaches to implement it. Russia has become a critical intermediary in the wake of the Second Karabakh War, with military monitors on both countries, 5,000 troops in Armenia with significant military assets nearby, and solid working relationships with Yerevan, Baku, and even Ankara. None of these players trusts Washington or views it as indispensable to finding a solution. Yet, none of the regional states fully trusts Moscow either, so an important balancing role remains for the West. The US and its European allies wield a diplomatic and economic reach that Moscow cannot equal – but also have a mechanism to coordinate with and co-opt Russia into a mutually beneficial outcome. That mechanism is the OSCE’s Minsk Group. The Minsk Group’s co-chairs include the United States, Russia, and France, while its permanent members are Belarus, Germany, Italy, Sweden, Finland, and Turkey, plus Azerbaijan and Armenia themselves.<sup>36</sup> The Minsk Group proved unable to lead a process of change in the South Caucasus over the past three decades. Now that the Second Karabakh War has changed the landscape, literally and figuratively, the Minsk Group may be fit for the more modest purpose of an economy-first approach to make the new status quo more beneficial for the key players. Russian and American interests seem to overlap in this regard.<sup>37</sup> Washington can leverage American and European resources to develop a roadmap and implement projects that bring the regional economic peace to fruition.<sup>38</sup>

The third caveat is that the region is bigger than Karabakh region and, even if progress is made there, the troubles of Georgia and the threat of Iranian mischief remain as determinants of regional stability. Georgia

35 Rzyayev, Sh., “Karabakh status – Future prospects and possible options, a view from Baku,” *Trajectories* (weblog), 27 October 2021, available at: <https://jam-news.net/karabakh-status-future-prospects-and-possible-options-a-view-from-baku/> (accessed: 12 October 2021).

36 Minsk Group, “Who we are,” OSCE.org (website), available at: <https://www.osce.org/minsk-group/108306> (accessed: 28 October 2021).

37 Poghosyan, B., “The U.S. policy in the South Caucasus after the 2020 Karabakh War,” *New Geopolitics* (weblog), 31 August 2021, available at: <https://www.newgeopolitics.org/2021/08/31/the-us-policy-in-the-south-caucasus-after-the-2020-karabakh-war/> (accessed: 12 October 2021).

38 International Crisis Group, “Post-war prospects for Nagorno-Karabakh,” Europe Report No. 264, 9 June 2021, Brussels, Belgium, available at: <https://www.crisisgroup.org/europe-central-asia/caucasus/nagorno-karabakh-conflict/264-post-war-prospects-nagorno-karabakh> (accessed: 12 October 2021).

has enjoyed relative stability in recent years but faces occupation by Russia and separatist forces in roughly 20% of its territory in the South Ossetia and Abkhazia regions. Nevertheless, Tbilisi values its relations with the US and NATO, and continues economic progress after signing the EU's Association Agreement; the task here for US policy is truly to maintain modest progress, rather than avoid a loss of opportunity and influence, as with the rest of the region.<sup>39</sup> As for Iran, it has motive to act as a spoiler against economic and strategic developments that benefit the West, especially budding cooperation among Azerbaijan, Turkey, and Israel, as well as potential trade reopening between Armenia and Azerbaijan. Iran's cosy relations with Yerevan, and bitter suspicion of any moves that lessen Armenia's isolation in the region, help explain recent military manoeuvres in Iran's ethnic Azeri-populated provinces and likely presage a campaign of subversion against efforts to reduce tensions in the South Caucasus.<sup>40</sup>

### ***Conclusion***

The US neither needs, is expected, nor would be welcome to be the central actor in resolving the policy challenges of stability and prosperity in the South Caucasus. Other actors have staked out clear, and competitive, military and political positions; these include Iran, Russia, and Turkey. In the interstices of regional power competition and the positions of the South Caucasus states themselves, there is room to push for an economic opening to facilitate military de-escalation and, ultimately, diplomatic efforts towards a durable settlement. Quiet but active US diplomacy without coercive military moves or sanctions, exercised under multilateral auspices, seems suited to the preferences of the Biden Administration and is likely to be welcomed by the key players (Iran is a different story). This approach would be modest in scope, would recognize regional realities, and would eschew the US lead in favour of an explicitly multilateral initiative.

A template of sorts already exists: Libya. After a decade of unproductive diplomacy following the fall of the Qaddafi regime, Libya's low-level

39 Welt, C., "Georgia: background and U.S. policy," CRS Report R45307, Congressional Research Service, 10 June 2021, Washington, DC, pp. 1, 15–20.

40 Blank, S., "America can't afford to be AWOL in the Caucasus," *The National Interest*, 26 October 2021, available at: <https://nationalinterest.org/feature/america-can-t-afford-be-awol-caucasus-195558> (accessed: 12 October 2021).

civil war intensified with the 2019 Emirati-supported Haftar offensive on Tripoli followed by a Turkish-supported counteroffensive that restored a reasonably stable front line. With substantial German and US diplomatic efforts, talks were resumed that resulted in a compromise solution, a new unity government plan, and a roadmap to a stable resolution of the conflict. The results are partial so far, but certainly preferable to another round of fighting. Many of the dynamics in the Armenia–Azerbaijan conflict were similar, and there is reason to think a similar diplomatic opening may be present.<sup>41</sup>

The US may not need to dominate the diplomacy of the South Caucasus, but it must show energy and attention at senior levels to reinvigorate a multilateral, economically driven approach. For now, it appears that Washington is not contemplating such a commitment. Despite the glaring need for a “genuine mediator” and the generally positive orientation of all three South Caucasus states towards the US, there is “no sign whatever of any policy initiative or strategy”.<sup>42</sup> US Secretary of State Anthony Blinken has expressed a wish for the Minsk Group to resume its work, but without recognizing that a more active and even-handed American role within it will be necessary to allay Azerbaijan’s concerns that France and Russia are both irremediably pro-Armenian. Only Washington can provide the appropriate degree of balance. With it, substantive US cooperation with Turkey and Azerbaijan becomes possible, which will unlock the door to trans-regional energy, transportation, and trade projects. Armenia will benefit most directly, and may come closer to strategic autonomy rather than abject dependence on Moscow. This model worked for Georgia owing to precisely this sort of regional cooperation with Turkey and Azerbaijan.<sup>43</sup>

In recent years, the tendency in Washington has been to treat the South Caucasus as a set of discrete, unconnected bilateral relationships and to index each bilateral to external issues: Georgia to US Russia policy; Armenia to US Turkey policy; and Azerbaijan to US human rights and

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41 UN News, “UN salutes new Libya ceasefire agreement that points to ‘a better, safer, and more peaceful future’,” United Nations, 23 October, 2020, available at: <https://news.un.org/en/story/2020/10/1076012> (accessed: 12 October 2021).

42 Blank, S., *op. cit.*

43 Ahmadzada, R., “Short sighted U.S. foreign policy in the South Caucasus in a new geopolitical environment,” *The Geopolitics* (weblog), 22 July 2021, available at: <https://thegeopolitics.com/short-sighted-us-foreign-policy-in-the-south-caucasus-in-a-new-geopolitical-environment/> (accessed: 12 October 2021).

democratization policies (and alternatively to Afghanistan and energy policies). What has been lacking is a regional strategy that weaves the three together, reconciles the tensions and contradictions among them, and lays out an action agenda to support the verbal intentions.<sup>44</sup> If no such regional approach emerges, the next decade is likely to see further deterioration in the several bilateral relationships and further decline of US influence as Russia, Turkey, and Iran sort things out. That would be both a missed opportunity and a great misfortune for Washington. The way for a modest, limited, coherent, and more effective regional approach is open – if the Biden Administration wants a foreign policy win, this would be a good place to look.

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44 Cornell, *op. cit.*