
'Location, location, location' key in struggle for Caucasus

By Michael Mainville

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As a piece of global real estate, the South Caucasus region certainly fits with the old adage that "location, location, location" will have suitors knocking at your door.

Wedge between Russia, Turkey and Iran in a rugged strip separating western markets from eastern energy, the nations of the South Caucasus have hosted a string of VIP visitors in the wake of the Russia-Georgia war in August.

The leaders of France, Germany, Russia and Turkey, as well as US Vice President Dick Cheney, have all visited Armenia, Azerbaijan or Georgia in recent months, stepping up efforts to gain influence in the region.

Analysts say the influx reflects the region's unique strategic position.

"The Caucasus has throughout its history been a flashpoint region at the crossroads of East and West," said Shalva Lazarishvili, an analyst with the Tbilisi-based Foundation for Democratic Development.

A land of soaring mountain peaks and ancient ruins, the Caucasus has long been dominated by foreign empires, from the Persians, to the Ottomans, to the Russians.

When the region's three countries gained their independence with the collapse of the Soviet Union in 1991, the United States emerged as a new player on the scene.

Whether it was giving substantial foreign aid to Armenia, backing new energy projects in Azerbaijan or supporting Georgia's pro-Western leader Mikheil Saakashvili, Washington made significant inroads into the Caucasus in recent years.

The United States has also become involved in the Caucasus on a security level, funding various programs that include upgrade of equipment in Azerbaijan and training for military and other security personnel in Georgia.

But as a new force in the region, US gains are fragile, analysts said, and the war in Georgia has shown Russia remains a force to be reckoned with.

"Russia's presence in the Caucasus has a 200-year-old history, it has unique knowledge of how to act there," said Sergei Mikheyev, an analyst with the Moscow-based Centre for Political Technologies.

"Cultural and historical context is very important, and the North Caucasus belongs to Russia. All this makes Russia a very strong player," he said.

Russia sent troops into Georgia on August 8 to repel a Georgian military attempt to retake the Moscow-backed rebel region of South Ossetia. Russian troops occupied swathes of the country, but later withdrew to within South Ossetia and another rebel region, Abkhazia.

To widespread international condemnation, after the conflict Russia recognised South Ossetia and Abkhazia as independent states.

Analysts said the conflict has left Russia in a strong position. With plans

to deploy about 7,600 troops in South Ossetia and Abkhazia, it has gained a key military position south of the Caucasus mountains. But more importantly, Moscow has made clear it is willing to take drastic, and potentially risky steps to maintain its influence in the region.

"The August events demonstrated to Georgia and its neighbours that the Caucasus remains a priority for Russia," Lazarishvili said.

But experts say the "Great Game" for influence in the region is far from over.

Despite opposition rumbling, Saakashvili's hold on power in Georgia appears secure for now and his government continues to win Western support, including a pledge of 4.55 billion dollars (3.5 billion euros) in Western aid on Wednesday.

In energy-rich Azerbaijan, President Ilham Aliyev is expected to continue walking a fine line between Russia and the West after securing a second term on October 15. Azerbaijan has benefited hugely from a Western-backed corridor of pipelines delivering oil and gas from the Caspian Sea to European markets, but has been careful to also continue energy cooperation with Russia.

Armenia remains Moscow's strongest ally in the region and is home to a key Russian military base, but the country is also one of the largest recipients of US foreign aid, thanks to the large Armenian diaspora living in the United States.

Analysts say that with its proximity to a resurgent Russia, NATO-member Turkey and volatile Iran, the region is in too crucial a location to ignore.

"The strategic importance of the South Caucasus is growing," said Svante Cornell, deputy director of the Central Asia Caucasus Institute and Silk Road Studies Programme in Stockholm.

"It's about opening up after 200 years of Russian dominance. It's about transit of Caspian Sea energy resources to the West. It's about transcontinental commerce."
