

## Russia in the southern Caucasus

Armenia is a Russian ally, Georgia has chosen a pro-Western course, while Azerbaijan has kept its distance from both sides. Despite these differences, Russia has significant economic interests in all three Caucasian countries and enjoys considerable soft power.

### Russia's relations with the three southern Caucasus countries

#### *Armenia: Russia's closest ally in the Caucasus*

Armenia is critically dependent on Russian support, due to its difficult relations with neighbours Turkey (which [denies](#) the 1915 Armenian genocide) and Azerbaijan. However, Russia has stayed out of the [Nagorno-Karabakh](#) conflict between Armenia and Azerbaijan, and acts as a [mediator](#) between the two countries, for example as co-chair of the OSCE's [Minsk Group](#). Close ties with Russia do not preclude cooperation with the EU; in 2013 Armenia [pulled out](#) of a planned association agreement, having [decided](#) to join the Russia-led Eurasian Customs Union instead, but in March 2017 it successfully [completed](#) talks with the EU on a new agreement.

#### *Georgia: difficult relations with Russia, but an improvement since 2012*

Georgia has chosen a more pro-Western course: it [aspires](#) to join NATO, and in June 2014 it signed an [association agreement](#) with the EU, which entered into force in July 2016.

Russia-Georgia relations are complicated by Moscow's support for pro-Russian separatists in the breakaway regions of South Ossetia and Abkhazia, leading in August 2008 to an all-out war between the two countries. A few days after the end of the conflict, Russia officially recognised the two territories as independent states. Since then, it has signed [treaties](#) with them envisaging far-reaching military and economic cooperation. On four separate occasions, Russian-backed separatists in South Ossetia have [expanded](#) their territory into Georgia by moving the border southwards, most recently in July 2015.

Despite this ongoing frozen conflict, relations have improved under the [Georgian Dream](#) coalition, which has been in power since 2012. Diplomatic ties have yet to resume, but there have been regular ministerial-level [meetings](#) between the two countries aimed at normalising bilateral relations.

#### *Azerbaijan: an arm's length relationship to both Russia and the EU*

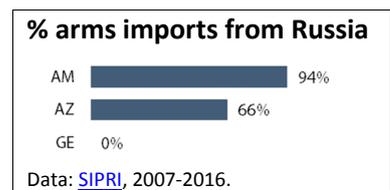
In 2016, Vladimir Putin [declared](#) a 'strategic partnership' between Baku and Moscow. The partnership was further cemented at a trilateral summit with Iran in October 2017, which discussed closer trade and transport links between the three countries, including a [North-South Trade Corridor railway](#). However, there are also frictions: despite Russia's neutrality in the Nagorno-Karabakh conflict, Azerbaijan [resents](#) Moscow's support for arch-enemy Yerevan. Baku has also [criticised](#) Russian aggression in Ukraine. In 2014, Azerbaijan rejected a Russian [invitation](#) to join the Eurasian Economic Union.

Azerbaijan has also kept its distance from the EU – by far Baku's largest trade and investment partner, but a [critic](#) of human rights abuses in the country.

### Military and security ties with Russia

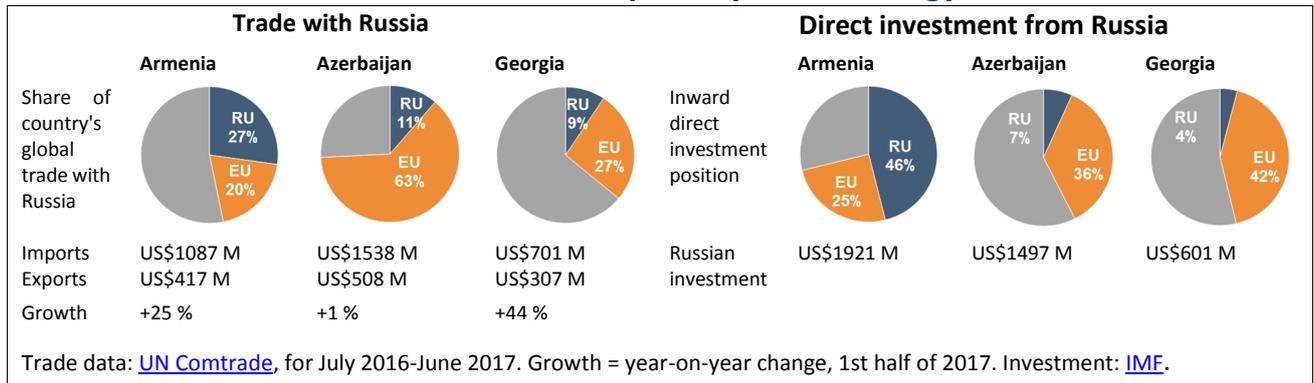
Armenia is a military ally to Russia and houses a large Russian base (3 300 troops) at Gyumri, near the Turkish border. The presence of the base is an occasional source of tensions, for example, in 2015, after a Russian soldier [murdered](#) a family of six. Russian border guards patrol Armenia's borders with Turkey and Iran.

There is no military cooperation between Georgia and Russia, which currently has some 7 000 troops [stationed](#) in South Ossetia and Abkhazia, but none in Georgian government-controlled areas.



Military [cooperation](#) with Azerbaijan includes joint exercises in the Caspian Sea and Russian training provided to Azerbaijani soldiers. Russia has no military bases in Azerbaijan.

**Economic ties: trade and investment, especially in the energy sector**



Russia is Armenia's biggest trade and investment partner, but also has substantial interests in the other two countries. Although relatively small, trade with Georgia is growing fast, thanks to improved relations and the lifting of some Russian restrictions on Georgian imports (such as a 2006 [embargo](#) on Georgian wine).

A large part of Russian trade and investment comes from the energy sector: Armenia imports [83 %](#) of its gas (at a heavily [discounted](#) price) and 69 % of its oil from Russia; Georgia gets 16 % and 10 % respectively. Russian companies control Armenia's natural gas distribution company and a large part of the electricity grid. In 2015, a proposed electricity price hike by a Russian-owned company sparked widespread [protests](#).

For its part, Azerbaijan does not import much energy from Russia and is indeed a future competitor on European markets, once the [Southern Gas Corridor](#) (expected to become operational in 2019-2020) starts bringing Azerbaijani gas to south-eastern Europe.

**Russian soft power in the Caucasus**

**Public opinion.** The majority of Armenians, but also a significant minority of Georgians see Russia as a more important partner than the EU. However, even in pro-Russian Armenia, the only Caucasian member country of the Eurasian Economic Union (EEU), the EU is more trusted than the EEU.

**Russian media** are particularly influential in Armenia, where [64 %](#) use them as a source of information – particularly on [international news](#). The figures are lower for Georgia and Azerbaijan – 18 % and 19 % respectively – but this includes a large part of the educated [middle class](#). There is also considerable indirect influence, as journalists in all three countries often use Russian-language sources. Russian **social media**, such as Odnoklassniki and Vkontakte, are widely [used](#).

**Religion.** Russian soft power in Armenia and Georgia also builds on a common Orthodox heritage, shared [conservative values](#) and suspicions of Western 'decadence'. For example, even more Armenians ([98 %](#)) and Georgians (90 %) than Russians (85 %) believe that homosexuality is morally wrong. Some 79 % of Armenians and 62 % of Georgians feel that Russia has a duty to protect Orthodox Christians outside its borders.

**Ethnic minorities/migration.** Azerbaijan is the only Caucasian country to host a large number of ethnic Russians ([119 000](#) as of 2009). On the other hand, Russia is the largest country of migration for Armenians and Azerbaijanis, and the second largest for Georgians. According to the [2010 census](#), 1.2 million Armenians (a huge number compared to the country's total population of 3 million), 603 000 Azerbaijanis and 158 000 Georgians live in Russia. Since their country joined the EEU, Armenians can migrate to Russia freely and work there, a factor of vital economic importance: in 2016, Armenian workers in Russia sent [US\\$826 million](#) in remittances back home, contributing 8 % to their country's GDP.

**Travel.** The southern Caucasus is a popular destination for Russians – especially Georgia, which was visited by [742 000](#) Russian tourists in 2016 (+14 % up on 2015, not including separatist areas). Travel in the opposite direction is also likely to increase, if Vladimir Putin's December 2016 [proposal](#) to allow Georgians to visit Russia visa-free is followed through. However, there are no signs of this happening [yet](#).

