# Relations with the Transcaucasian Republics: European Union strategy

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OBJECTIVE: to define an overall aid strategy for the 3 Transcaucasian republics of the former Soviet Union (Georgia, Armenia and Azerbaijan) which takes account of the specific difficulties of these countries (mainly due to local armed conflicts) and to set out a framework for continuing cooperation, including in the field of contractual relations. CONTENT: faced with resolving major problems caused by internal conflict, Georgia, Armenia and Azerbaijan are almost completely cut off from the outside world and unable to overcome their serious economic handicap, which is why the Union is fast becoming one of their foremost partners (the Union has been running one of the most important individual food aid and technical assistance projects in these countries since 1994). At a political level, the region is still unstable (especially as the result of the failure to comply with the ceasefire in Abkhazia and the resurgence of conflict in Nagorny-Karabakh), resulting in increasing dependence on humanitarian aid and a catastrophic economic situation. In order to mitigate these various problems, the Union, which has geopolitical and economic interests in the region (especially in the energy sector) and a moral obligation to help these 3 republics, is proposing an overall coordinated aid strategy based on: - negotiation, on suitable terms, of a partnership and cooperation agreement with each of the republics in question: the Commission is unwilling at this stage to propose agreements similar to those being adopted with the other 6 ex-Soviet republics (which contain serious political constraints) or agreements which are less ambitious but contain an open-ended "human rights" clause (taking the view that a partnership agreement would constitute an important political signal) and - measures designed to guarantee the survival of the population (food and humanitarian aid) and technical assistance with post-war reconstruction, mainly in the form of one-off loans granted by the Union under IMF stand-by agreements. This strategy would be based on the following elements: . political support for sovereignty, independence and territorial integrity (recognizing the inviolability of the borders and excluding recourse to force), . political dialogue on a bilateral/regional basis (in the aim of resolving regional conflicts), . aid with strengthening democratic institutions, . humanitarian, food and energy aid, . financial aid to help the 3 republics resolve their balance of payments problems, . aid with post-war reconstruction through the TACIS programme (to promote exchanges and investments, provide technical assistance in setting up institutions, support business, restructure agriculture and energy and promote means of communication both within the region and with its neighbours), . cooperation with the other main donors. It is also essential for the Community to be present in the region in order to promote its interests in the energy sector (especially in Azerbaijan, in the oilfields of the Caspian Sea). Europe also intends to strengthen political dialogue with these 3 republics and with Russia, Turkey and the Economic Cooperation Organization (ECO), of which Azerbaijan is a member. Finally, the Commission communication proposes that the Council adopt a common position (under the CFSP) in order to support its proposal for coordinated action (especially in the area of political cooperation, support for democratic institutions and, possibly, certain aid sectors).