

**GUUAM**  
**THE SPILLOVER OF POLITICS INTO**  
**ECONOMICS?\***

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Of all the subregional cooperative networks that have emerged since the end of the Cold War, the grouping of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova (GUUAM) presents one of the most interesting cases. Unlike practically all other subregional initiatives based on geographic proximity, GUUAM transcends natural geographical lines. It brings together five post-Soviet countries that are not only dispersed geographically, but are also quite different historically and culturally, and vary in the extent of their transformation from Soviet communism. While the emergence of almost all cooperative patterns at the subregional level is motivated by common interests that are mainly of a socio-economic and environmental nature, GUUAM was launched primarily as an international political initiative. In contrast to most other subregional groups, which deliberately avoid dealing directly with political and security issues, the political and security aspects of cooperation are at the top of GUUAM's agenda. It is not surprising, therefore, that this cooperative effort has attracted international attention and that the group itself, although initially favoring a low profile, is becoming more proactive and visible.

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This article explores the rationale for the establishment of GUUAM and its progress to date as well as the interests and agendas of its member states. It also examines external perceptions of GUUAM and assesses the grouping's potential prospects.

### **1. Establishment and Evolution**

From the outset of their independence, the five GUUAM countries faced common problems in their post-communist transition and frequently took similar positions on many issues pertaining to the development of the Commonwealth of Independent States (CIS). It was not these commonalities, however, that resulted in what became known as GUAM and then GUUAM.

The alignment between Azerbaijan, Georgia, and Ukraine (later joined by Moldova) began to develop in late 1996 and early 1997 on the basis of their joint approach to modification of the 1990 Treaty on Conventional Forces in Europe (CFE). US-proposed modifications, specifically the new Flank Limitations Agreement, addressing some Russian concerns, would allow Russia to maintain and even increase its military forces and armaments in the Caucasus and Crimea. Azerbaijan, Georgia, Moldova, and Ukraine, each of which was experiencing tensions in bilateral relations with Russia, perceived the new 'Flank Document' as contradicting their interests by condoning the stationing of Russian forces on foreign territories without host country consent. All four states expressed reservations about concessions to Russia and started to coordinate their positions in the treaty negotiation process. Ultimately they subscribed to the new agreement, but did so only at the last moment - in May 1997 - and under strong western (primarily US) pressure. Ukraine was at that time involved in difficult negotiations with Moscow on the stationing of Russian military and naval forces in Crimea; it went on to insist that a special provision be included in the Charter on Distinctive Partnership between Ukraine and NATO, stating that the presence of foreign troops required 'the freely expressed consent of the host

state or a relevant decision of the United Nations Security Council.<sup>1</sup>

The cooperation that emerged among the GUAM states during the CFE negotiations in Vienna has gradually been extended to other international arenas, mainly the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe (COE), where the four countries began to consult, coordinate their positions, and speak collectively on various international issues. On October 10, 1997, on the sidelines of the COE summit in Strasbourg, the presidents of Georgia, Ukraine, Azerbaijan, and Moldova issued a joint communiqué, thus marking the official début of the de facto 'GUAM' initiative. Its formal emergence did not come as a surprise to most interested observers: some months earlier, European diplomats in Vienna had already started calling the grouping 'GUAM' for its members Georgia, Ukraine, Azerbaijan, and Moldova.

In their October 1997 communiqué, presidents Eduard Shevardnadze, Leonid Kuchma, Heidar Aliiev, and Petru Lucinschi underscored the importance of cooperation to establish the proposed 'Eurasian Trans-Caucasian transport corridor,' which was considered to be a 'good basis' for the development of 'friendship, cooperation and good-neighborly relations' and for the 'full realization of existing economic potential.' They declared their countries' intention to deepen political and economic ties and cooperation, and affirmed their mutual interest in the enhancement of regional security and in the creation of a stable and secure Europe based on such 'guiding principles' as 'respect for sovereignty, territorial integrity, and inviolability of borders, cooperation, democracy, the rule of law, and human rights.' The presidents 'were unanimous in the assessment of security threats and risks' and noted that the 'process of integration into transatlantic and European structures could substantially reduce those threats and risks.' They particularly noted the prospects for cooperation between the four countries within the OSCE and 'other European and transatlantic structures,' including NATO's Euro-Atlantic Partnership Council (EAPC) and the Partnership for Peace

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<sup>1</sup>*The Charter on Distinctive Partnership Between Ukraine and NATO* was initiated on 30 May and signed during the NATO summit in Madrid on 9 July 1997.

(PfP) program. The presidents also spoke in favor of early peaceful settlement of unresolved conflicts and of the need to combat 'aggressive nationalism, separatism and international terrorism.'<sup>2</sup>

The October 1997 meeting of the four presidents was followed by consultations between their deputy foreign ministers in Baku in early November. Thus GUAM cooperation was set in motion, and it gained ground in the course of 1998. The next important step in GUAM evolution was taken on April 24, 1999, when Uzbekistan became the fifth member of the alignment, transforming GUAM into GUUAM. A formal ceremony took place in Uzbekistan's embassy in Washington, where the five presidents met while attending NATO's fiftieth anniversary celebrations.

On this occasion another joint statement was issued, in which GUUAM members reaffirmed their adherence to basic UN and OSCE principles and in particular to the 'respect for sovereignty, territorial integrity, independence of states and inviolability of their internationally recognized borders.' The statement categorically condemned ethnic intolerance, separatism, and religious extremism, and expressed concern over 'acts of terrorism and violence.' The five presidents particularly noted that 'cooperation in the framework of GUUAM is not directed against third states or groups of states.' They agreed to strengthen their cooperation within international organizations and forums, in the EAPC and PfP, and in the field of peaceful resolution of conflicts and peacekeeping; in joint efforts to fight ethnic intolerance, separatism, religious extremism, and terrorism; in strengthening non-proliferation regimes of nuclear weapons and other weapons of mass destruction; in keeping weapons away from areas of conflict; and in the development of the Europe-Caucasus-Asia transport corridor. They also pledged to hold regular consultations at appropriate levels on issues of mutual interest.<sup>3</sup>

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<sup>2</sup>*Joint Communiqué of the Presidents of the Republic of Azerbaijan, Georgia, Republic of Moldova, and Ukraine*, Strasbourg, 10 October 1997.

<sup>3</sup>*Statement of the Presidents of the Republic of Azerbaijan, Georgia, Republic of Moldova, Ukraine, and Uzbekistan*, Washington, 24 April 1999.

As of late 1999, GUUAM remains a loose consultative and coordinating group; it lacks any permanent structures and its decisions are not binding. Recently, however, plans have emerged for some degree of institutionalization of GUUAM to improve its performance and efficiency. This idea was briefly discussed and agreed in principle at the GUUAM Washington summit in April 1999. Ukraine subsequently took the initiative, and during visits to Tbilisi and Baku in June 1999, Ukrainian Foreign Minister Borys Tarasyuk proposed that each GUUAM country appoint a special coordinator for GUUAM activities.<sup>4</sup> The first meeting of GUUAM coordinators took place in Kyiv in late July 1999. It was agreed that such meetings would take place regularly every two or three months. In addition, plans are under consideration to introduce a rotating GUUAM chairmanship and to establish regular GUUAM meetings at various levels: presidential summits would be held at least once a year, tied with the UN, OSCE, or other summits; meetings between foreign and defense ministers, and officials responsible for oil and gas industries, would be held on a bi-annual basis.<sup>5</sup>

Despite its small size and relative coherence, the degree of participation of individual states in GUUAM activities varies. Azerbaijan, Georgia, and Ukraine comprise the core of the grouping, with Ukraine striving to serve as its informal leader. Moldova is active in some areas of cooperation but stays away from others. As a new member, Uzbekistan still approaches GUUAM with caution, but indicates that both its political and economic interests fully coincide with those of other GUUAM members.<sup>6</sup> GUUAM continues to emphasize its inclusive nature and openness to other countries, but it does not seem likely that any other country will join the grouping in the near future.

## 2. Interests and Goals

Cooperation between the five post-Soviet states allied in GUUAM is grounded in a number of mutually shared interests and

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<sup>4</sup>RFE/RL, 30 June 1999.

<sup>5</sup>*Shaping of Ukraine's Regional Cooperation within GUUAM*, Kyiv: Center for Peace, Conversion and Foreign Policy of Ukraine, July 1999.

<sup>6</sup>Author's interviews with Uzbek diplomats, June 1999.

goals. This is predicated on a similarity of views and convergence of positions on many international issues. First, GUUAM states seek closer ties with the West and western political and economic institutions. However unrealistic the final goal may seem at present, Ukraine, Moldova, Azerbaijan, and Georgia have all declared their desire to be an integral part of the processes of European and Euro-Atlantic integration and are looking for optimal ways to weave themselves into those processes. Over the past several years, Ukraine has constantly reiterated that its goal is to join 'all European and Euro-Atlantic structures' with a priority given to full membership in the EU. In June 1998, President Kuchma signed the 'Strategy on Ukraine's Integration into the European Union,' and in November approved a comprehensive three-year 'State Program of Ukraine's Cooperation with NATO.' Similarly, Georgia claims that membership in the EU is its 'main task,' and after the 1999 NATO summit in Washington, President Shevardnadze stated that his country would seek NATO membership as well.<sup>7</sup> Baku has declared that 'integration into European and Transatlantic institutions is Azerbaijan's undisputed priority.'<sup>8</sup> Particular hopes in this regard are raised by the example of Ukraine, with its experience and ties to the western institutions. Ukraine is viewed by its GUUAM partners as an additional link to Europe, and its special relationship with NATO is seen as an asset that could benefit all GUUAM countries. Baku has begun to view the NATO-Ukraine Charter as a possible model for its own relations with the alliance. GUUAM is of particular importance in this respect for geographically remote Uzbekistan. While for obvious reasons Tashkent does not declare hopes for EU membership, it is quite active in developing cooperation with NATO in the PFP framework. Uzbekistan is also interested in securing support for its aspiration to join the organization of the Black Sea Economic Cooperation (BSEC), of which Azerbaijan, Georgia, Moldova, and Ukraine are founding members.

A second view shared by the GUUAM countries, closely related to the first, is a common orientation toward Russia and toward the mission, current development, and future prospects of the CIS. From the beginning, Azerbaijan, Georgia, Moldova, Ukraine, and Uzbekistan have been the post-Soviet states that

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<sup>7</sup>*RFE/RL*, 2 February and 30 April 1999.

<sup>8</sup>*Ibid.*, 8 February 1999.

showed little enthusiasm for the CIS and resisted attempts to turn it into a supranational and closely integrated political and military structure and a subject of international law. Azerbaijan left the CIS in October 1992 but was forced by its desperate situation in the war with Armenia to re-join it the next year. Georgia steadily refused to become a CIS member and was compelled to do so (as well as to agree to the stationing of Russian troops on its territory) only in 1993 when troubled by grave ethnic conflicts and the possibility of dissolution of its statehood. Although it was one of the CIS founders (together with Russia and Belarus), Ukraine ratified the initial CIS statute with twelve reservations and has never signed the new charter of 1993, thus leading to much confusion and speculation over its actual role and status in the CIS. In spring 1999, Azerbaijan, Georgia, and Uzbekistan refused to extend their participation in the CIS Collective Security Treaty of 1992; Ukraine and Moldova were never a part of it. All five GUUAM states view the CIS as a loose consultative body facilitating the solution of problems, helping to improve bilateral relations, and promoting mutually beneficial trade and economic cooperation. Ukraine, again, has played a leading role in this process and many in Tbilisi, Chisinau, Baku, and Tashkent have seen Ukraine's continued sovereignty as a guarantee of their own independence and success, especially in the first years of their independent existence.

A third shared circumstance is that the national security and territorial integrity of almost every GUUAM state has been threatened to some degree by separatism, often tacitly or even openly supported from abroad, leading to several protracted and bloody armed conflicts. Most of these conflicts - Nagorno-Karabakh in Azerbaijan, Abkhazia in Georgia, and Transnistria in Moldova - remain frozen and have yet to be finally resolved. GUUAM countries are also generally mistrustful of Russia's involvement in those conflicts and do not see it as constructive. Tbilisi has accused Russia of backing separatists in Abkhazia, and many in Georgia perceive Russian policy in Abkhazia as 'armed interference in Georgian domestic politics.'<sup>9</sup> Baku has constantly expressed concerns over sales and deployment of Russian weapons

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<sup>9</sup>D. Darchiashvili, 'Russian Policy in the Black Sea Area: Source of Conflict (Georgian Case)', *Romanian Journal of International Affairs*, Vol. 1, 1998, pp. 47-54.

to Armenia; Moldova insists on the withdrawal of remaining Russian troops from Transdnistria; and Uzbekistan is at odds with Russia over the situation in Tadjikistan and with Russian policy in Central Asia on the whole. Mutual support against separatism and for territorial integrity has therefore become a key element of GUUAM's cooperation. Dissatisfied with Russia's record as conflict mediator, GUUAM countries have emerged as strong advocates of international - OSCE and UN, rather than CIS or Russian - involvement in conflict resolution on their territories. Azerbaijan, Georgia, and Moldova show a growing interest in Ukraine's more active involvement in the final peaceful settlement of the remaining conflicts. Tbilisi seeks to internationalize the Russian peacekeeping force in Abkhazia, and is interested in Ukraine's involvement in final resolution of the Abkhazian conflict. Baku would like to see Ukraine as a mediator in negotiation of the Karabakh conflict. On its side, Kyiv has expressed its readiness to assume such a role, and has offered to send observers or peacekeeping forces to Nagorno-Karabakh, Abkhazia, and Transdnistria under UN or OSCE mandate, subject to the consent of both parties in the conflicts.

Last among their common interests, but far from least, is the search for alternative energy sources. It is this quest that encourages Georgia, Moldova, and Ukraine to move closer to Azerbaijan with its potentially huge Caspian oil reserves. Moldova and Ukraine, being heavily dependent on gas and oil supplies from Russia (up to 90 percent of their energy consumption), put great hopes on being chosen as transit countries for export of Azeri oil via Georgia to Europe.<sup>10</sup> Some experts even believe that assurance of an alternative oil transport route that does not go through Russia is GUUAM's primary *raison d'être*.<sup>11</sup> Caspian oil has significantly increased the role of Azerbaijan in GUUAM and has turned the country into the second - energy - pillar of the group, balancing and complementing Ukraine's political role.

All five GUUAM countries display considerable interest in the development of a new transport corridor from Europe to Asia through the Caucasus; this would establish a transport outlet

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<sup>10</sup>See O. M. Smolansky, 'Fuel, Credit and Trade: Ukraine's Economic Dependence on Russia,' *Problems of Post-Communism*, Vol. 46 (2), March/April 1999, pp. 49-59.

<sup>11</sup>R. Khotyn, *Den*, 12 February 1998, p. 3.



between Asia and Europe that bypasses the existing route via Russia, which is much longer and hence more expensive. GUUAM countries hope that the development of an alternative transport corridor by restoration of the historic Silk Road would help each of them to increase export capacities and reduce their dependence on Russia in the supply and transportation of various goods and energy resources. The GUUAM countries are seen as a linchpin of this Europe-Caucasus-Asia transport corridor. The corridor would be of particular importance to land-locked Uzbekistan: trade and economic cooperation within GUUAM promises new possibilities for the export of Uzbekistan's rich resources - cotton, copper, gas, and gold - to international markets. According to Uzbek government estimates, the new transport route would allow the country to save up to 30 percent of its export transportation costs compared to the current situation, in which almost all Uzbek exports go via Kazakhstan and Russia.<sup>12</sup>

GUUAM's first two years have revealed that while sharing common goals and interests, each member state also has its own specific stake in the grouping that stems from its individual domestic and international situation. Baku's primary focus is on political and security cooperation in the framework of GUUAM, with a special emphasis on joint peacekeeping operations. GUUAM is important as an 'added weight in [Azerbaijan's] on-going conflict with Armenia over Nagorno-Karabakh.'<sup>13</sup> Tbilisi, although strongly interested in economic and especially energy cooperation with its GUUAM partners, also stresses the geopolitical role of the grouping and views GUUAM primarily as an important friendly forum in which to address regional political and security concerns. Both Azerbaijan and Georgia see GUUAM as a counterbalance to Russian influence in the Caucasus. For Moldova and Ukraine, in contrast, GUUAM is mainly an instrument to deepen economic, energy and transport cooperation. Concerned with the possibility of being excluded from Caspian oil transportation, Ukrainian officials emphasize that GUUAM's full potential will remain

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<sup>12</sup>Author's interviews with Uzbek officials, June 1999.

<sup>13</sup>J. Feinberg, 'GUAM: Creating Perceptions in the Caucasus,' *Summer Digest, Weekly Defense Monitor*, Center for Defense Information, 1998.

unrealized unless reinforced with strong cooperation on economic and energy issues.<sup>14</sup>

Azerbaijan, Georgia, and Moldova show a strong interest in Ukraine's political support, and some opposition forces in Azerbaijan also look to Ukraine as a barometer of their own democratic possibilities, despite Ukraine's own democratic shortcomings.<sup>15</sup> For Ukraine, GUUAM has become an important political means of asserting itself as a regional leader. Initial hopes that Ukraine could play a leadership role in East Central Europe have by and large failed: the country's economic difficulties and the lack of a stable foreign policy consensus have prevented Kyiv from assuming a more active role in its immediate neighborhood. In most cases, Ukraine has found it easier politically (and apparently less costly financially) to cooperate with other countries, such as Poland, that have taken the lead in forging subregional partnerships.<sup>16</sup> From this point of view, GUUAM represents a subregional initiative in which Ukraine may realize more fully its leadership potential.

Although still defining its agenda, Uzbekistan seems to be leaning more toward economic and transport cooperation in GUUAM. However, its accession to the grouping had a more political impetus, coming as it did after the deterioration of Uzbekistan's relations with Russia and its withdrawal from the CIS Tashkent Security treaty. Tashkent's differences with Moscow on security issues in Central Asia, and particularly their disagreement over the situation in Tajikistan, apparently accelerated Uzbekistan's accession to GUUAM. Its inclusion brings new dimensions to GUUAM cooperation in at least two ways. First, it widens the

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<sup>14</sup>'Subregional Relations in the Southern Tier: Prospects for Development,' *Summary Report of the EastWest Institute Workshop* held in Tbilisi, 17-18 May 1998, p. 14.

<sup>15</sup>Abulfaz Elcibey, the first president of Azerbaijan and leader of the Azerbaijanian Popular Front, said, 'If Ukraine can succeed in the transition to a democratic society, it will make it seem possible here.' See quotations from Elcibey interview in N. Hodge, 'Azeris look to Ukraine as test of democracy,' *Kyiv Post*, 20 November 1998.

<sup>16</sup>For more on this see O. Pavliuk, 'Subregional Relations and Cooperative Initiatives in East-Central Europe,' in R. Dwan (ed.), *Building Security in Europe's New Borderlands: Subregional Cooperation in the Wider Europe*, New York: M. E. Sharpe, 1999, pp. 45-67.

group's geographical stretch considerably. Tashkent, aspiring to subregional leadership in Central Asia, may see GUUAM as a source of support in the realization of its subregional ambitions there, although GUUAM's reaction to an increased salience in this part of the CIS remains to be seen. Second, it could be argued that Uzbekistan's accession increases the potential for leadership rivalry within the group: so far Azerbaijan's economic strength based on its oil resources have balanced Ukraine's political role within GUUAM. Uzbekistan is a new player with its own ambitions. Yet this rivalry potential should not be exaggerated: geography itself diminishes perceptions of mutual threats and helps establish confidence and coherence.

### 3. Areas for Practical Cooperation

The scope for practical cooperation in GUUAM stems directly from the interests and agendas of the countries involved. The group's brief experience to date suggests three main areas for cooperation between GUUAM states: political; military and technical; and economic, principally in the fields of energy resources and transportation.

Until now the most dynamic and visible of these has been political cooperation in foreign and security policy. In practice, this involves multilateral consultations and coordination of positions in the international arena, in particular within the OSCE, COE, PFP, and EAPC frameworks. Usually, these consultations involve the ambassadors or the representatives of the GUUAM countries to the respective international organizations and programs. The most active forum for GUUAM cooperation has been the OSCE, where the delegations of Azerbaijan, Georgia, Moldova, Ukraine, and now Uzbekistan regularly make joint statements and declarations on issues debated within the organization.<sup>17</sup> However, cooperation within the UN or with larger subregional initiatives such as the Black Sea Economic Cooperation has been rather limited. Recently GUUAM states have

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<sup>17</sup>See, for example, 'Joint Cooperative Action to Provide for Observance of OSCE Principles and Implementation of Commitments,' 14 May 1998; 'Statement at the Special Meeting of the OSCE Security Model Committee,' 3 July 1998.

begun to coordinate their positions on issues pertaining to the development of the CIS. This occurred, for example, on the eve of the April 1999 CIS summit in Moscow, when GUUAM foreign ministers met to consult on CIS summit agenda issues.<sup>18</sup> GUUAM states pay particular attention to their relations with NATO, the enlargement of which is regarded as a positive development. In 1998, GUUAM even tried to institutionalize consultations between the group and NATO in a framework of '16+4' (NATO + GUAM) to achieve a higher level of cooperation with NATO than the current '16+1' PfP format of individual bilateral relationships with NATO. This mechanism was discussed by the GUAM member states (then four) at the EAPC meeting in Luxembourg in May 1998, and was proposed by Ukraine within the NATO-Ukraine Joint Council. NATO, however, met this idea with skepticism and refused the suggested formula.<sup>19</sup> As occasions arise (usually coinciding with larger international events such as meetings of the OSCE, COE or EAPC), GUUAM's presidents, prime ministers, foreign ministers, or deputy foreign ministers take advantage of them to discuss issues of mutual interest and coordinate their positions.

The interest of the GUUAM states in peaceful solutions to the remaining conflicts on their territories and in combating separatism has until now resulted mostly in joint political declarations and statements condemning ethnic intolerance and separatism and reiterating support for territorial integrity. Azerbaijan and Georgia show particular enthusiasm for GUUAM's assumption of certain peacekeeping and conflict resolution functions. This has led to Baku's proposal, supported by Tbilisi, for the establishment of a joint peacekeeping battalion in GUUAM, an initiative currently under consideration. Kyiv took a more cautious and ambiguous position, especially at the beginning, suggesting that the issue be examined in depth and that the experience of the Ukrainian-Polish battalion should first be assessed.

The creation of a GUUAM battalion was discussed at the meeting of defense ministers of Azerbaijan, Georgia, and Ukraine in Baku on January 21-22, 1999.<sup>20</sup> The ministers signed a

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<sup>18</sup> Author's interviews with Ukrainian diplomats, June-July 1999.

<sup>19</sup> Feinberg, *GUAM: Creating Perceptions in the Caucasus*.

<sup>20</sup> *RFE/RL*, 25 January 1999.

protocol and a joint communiqué stressing the importance of cooperation in peacekeeping as well as the need to coordinate their efforts and cooperate in the framework of international organizations. Cooperation within the PfP framework was noted as a priority. A special 'plan of main activities for the creation and development of a multinational peacekeeping battalion' was reviewed and supported in principle, but no decision was reached. The mandate and the mission of such a potential battalion remain unclear, varying from regional peacekeeping, to joint guarding of oil export pipelines in the event of a natural calamity or terrorist attack, to search and rescue operations. In mid-April 1999, commando military units from Azerbaijan, Georgia, and Ukraine conducted their first joint exercise near Tbilisi, as practice for maintaining the security of the Baku-Supsa oil export pipeline.

It is, however, not clear whether and how GUUAM could play an active peacekeeping role when at least three of its five members face serious separatist challenges and unresolved conflicts. Subregional groupings elsewhere in Europe have not engaged in overt conflict management and, arguably, do not possess the necessary resources and capabilities to do so. Indeed, subregional processes have tended to avoid this area deliberately and to focus their cooperative efforts instead on confidence-building and 'soft' security. It is here, many argue, that subregional groups have comparative advantages that may facilitate crisis prevention, conflict containment, and post-settlement rehabilitation.<sup>21</sup> Peacekeeping and conflict resolution remain the prerogative of the UN and OSCE, and neither of these international organizations nor the majority of their member states have shown any willingness to share these responsibilities with smaller subregional groupings.

Moreover, while GUUAM states share a common interest in assuring the final settlement of the stalemated conflicts on their territories, their specific interests may not necessarily coincide when it comes to practical measures to resolve a given conflict situation. Much to Moldova's satisfaction, for example, Ukraine has

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<sup>21</sup>See A. J. K. Bailes, 'The Role of Subregional Cooperation in Post-Cold War Europe: Integration, Security, Democracy,' in A. Cottey (ed.), *Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea*, New York: Macmillan and the EastWest Institute, 1999, pp. 153-183.

become active as a mediator between Chisinau and Tiraspol, and serves as one of the guarantors (together with Russia and the OSCE) of the final settlement of the Transdniestrian conflict.<sup>22</sup> However, Kyiv, like Moscow albeit for different reasons, is reluctant to apply political or economic pressure on the Transdniestrian authorities, whose uncompromising position is major stumbling block in the negotiations. The situation for Ukraine is complicated by the presence of 300,000 ethnic Ukrainians in Transdniestria as well as by its own economic and geopolitical considerations. Because of this, Ukraine has not yet clearly defined its own long-term interests in the area.

Another potential direction for GUUAM is low-level military and technical cooperation. At their meeting in January 1999, the three defense ministers noted the need to intensify such cooperation and expressed their support for joint military maneuvers, consultations, and closer ties between their armed forces. They also agreed to hold further such meetings.<sup>23</sup> One might argue that at this stage of its development, GUUAM is not adapted for military and technical cooperation. The absence of any legal basis for the grouping, its lack of financial resources, and the differing attitudes of individual GUUAM states seriously limit multilateral cooperation of this nature. Moldova and Uzbekistan, in particular, have so far shied away from GUUAM military cooperation. Burdened with serious political tensions at home and vulnerable to outside pressures, Moldova is reluctant to participate in most forms of military cooperation, within GUUAM or outside of it, invoking its constitutionally-established neutrality. The Moldovan defense minister did not participate in the Baku meeting, and Moldova was not a part of the joint Azerbaijanian-Georgian-Ukrainian military exercise in April 1999.

The weak and limited nature of multilateral military cooperation in GUUAM is somewhat offset by developments at the bilateral level. Ukraine has signed agreements on military and

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<sup>22</sup>Ukraine has already sent 15 military observers to Transdniestria. *Den*, 21 July 1999.

<sup>23</sup>*Joint Communiqué on the results of the meeting of ministers of defense of the Republic of Azerbaijan, Georgia, and Ukraine*, Baku, 21-22 January 1999; and *the Protocol of the meeting of defense ministers of the Republic of Azerbaijan, Georgia, and Ukraine*, Baku, 21-22 January 1999.

technical cooperation with Azerbaijan, Georgia, and Uzbekistan. In practical terms this takes the form of Ukrainian military assistance, primarily to Georgia and Azerbaijan, with some to Uzbekistan and less to Moldova: education and training at Ukrainian military academies; maintenance, repair, and modernization of Soviet-era military equipment; and supplies of armaments and military equipment. The numbers of military personnel trained and the quantities of equipment supplied, however, have been limited by the general economic and financial situation of GUUAM countries. Ukraine has also provided assistance to Georgia in the formation and development of its border troops, and has transferred several patrol boats to Georgian coastal guards. In August 1996, Kyiv and Tbilisi concluded a special agreement on cooperation in border protection and, in 1999, reached a similar accord on air force cooperation.

Economic cooperation remains the least developed area of GUUAM interaction, although its importance and potential have been repeatedly underscored by participating states from the outset.<sup>24</sup> At the GUUAM meeting that took place during the International Monetary Fund and World Bank annual gathering in Washington in October 1998, the heads of member-state delegations issued a joint statement calling for more intense cooperation in economics, financial stabilization strategies, energy and transport development, and mutual support in addressing the repercussions of the world financial crisis. GUUAM members increasingly emphasize economic cooperation as the main objective of the group, and Georgia has even started to advocate the development of a GUUAM free-trade agreement.<sup>25</sup>

However, the current level of bilateral trade exchange between GUUAM members is very limited. After an initial pause in 1992-93, bilateral trade grew steadily during 1994-97. According to the State Committee of Statistical Data of Ukraine, in 1997 Ukraine's trade volume with Georgia was \$62.3 million (compared to \$7 million in 1994). In the same year, it was \$134 million with

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<sup>24</sup>As early as the October 1997 meeting in Strasbourg, the Foreign Minister of Azerbaijan was already stressing GUAM's economic potential. See Elizabeth Fuller, 'Interests converge among the members of the GUAM states,' *RFE/RL*, 1 December 1997.

<sup>25</sup>*RFE/RL*, 2 April 1999.

Azerbaijan, \$327.7 million with Moldova, and \$376.7 with Uzbekistan. Ukraine has become Georgia's sixth largest trading partner,<sup>26</sup> but on the whole, bilateral trade between GUUAM states occupies a minor share in their overall trade volume. For example, Ukraine's trade with Moldova stands at about 1 percent of its overall trade and with Uzbekistan the figure is similar, while Ukraine's trade with Georgia and Azerbaijan is even less. Trade between GUUAM countries declined substantially in 1998 as a result of the negative impact of the Russian financial crisis on all CIS states. Ukraine's trade with Georgia dropped to \$45.7 million (a drop of 27 percent from 1997), with Moldova to \$184.6 million (almost a 44 percent drop), with Azerbaijan to \$116.8 million (a 12.8 percent drop), and with Uzbekistan to \$227.9 million (a 39.5 percent drop). This fall continued in 1999, reflecting the general decline of foreign trade among all GUUAM countries. The main export and import items of intra-GUUAM trade include oil and oil products, agricultural goods, metals, chemical products, and other low-processed goods, while mutual intra-industry links and investment are practically non-existent. The main economic and trade interests of GUUAM participants lie with neighboring states outside the grouping: the main trading partner of Azerbaijan and Georgia is Turkey, while Russia constitutes the principal partner for Moldova and Ukraine (Russia accounted for 31.3 percent of Ukraine's export and 48.5 percent of its import in 1998). As a result, many of the good intentions of the GUUAM states, such as the March 1997 Declaration on Basic Principles of Establishing a Customs Union between Ukraine and Moldova, remain just paper declarations.

More potential for GUUAM cooperation exists in the domain of energy resources and energy transportation, as well as in the development of transport corridors bypassing Russia. While Azerbaijan and Uzbekistan possess significant energy resources (oil and gas, respectively), their GUUAM partners - Georgia, Moldova, and Ukraine - have a vital national interest in diversifying their energy supplies and getting access to Caspian oil. In practice, this interest is most evident in plans for the Baku-Supsa-Black Sea-Odessa-Brody-Gdansk pipeline, designed to transport Azeri oil via Georgia and Ukraine (and potentially Moldova) to Poland and

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<sup>26</sup>From the interview with Valerii Chechelashvili, Ambassador of Georgia to Ukraine, in *Zerkalo nedeli*, 23-29 May 1998.



further west. In mid-April 1999, the 830km-long Baku-Supsa portion of the oil pipeline was officially inaugurated in a ceremony attended by the presidents of Azerbaijan, Georgia, and Ukraine. Ukraine, however, has made extremely slow progress in the construction of the oil terminal at Odessa and the Odessa-Brody segment of the pipeline. Meanwhile, efforts to attract the interest of western governments and major oil companies have not been successful. Russia is opposed to the project, and even Azerbaijan, pressed by the United States and Turkey, is not very solicitous of the Ukrainian route.

All five GUUAM states are active participants in the EU-sponsored project known as TRACECA (Transport Corridor Europe-Caucasus-Asia) to develop a new transport corridor. Rail-ferry service from the Georgian town of Poti to the Ukrainian Black Sea port of Illichevsk began in April 1999, opening up new opportunities both for intra-GUUAM trade and for GUUAM exports to outside markets. Yet, due to the low trade flow, the rail-ferry is currently using not more than 20 percent of its capacity.

In general, multilateral cooperation within the GUUAM framework is supplemented and strengthened by political, military and economic cooperation at the bilateral level between member states, while the development of GUUAM, in turn, facilitates existing bilateral ties. Ukraine and Georgia, for example, have concluded over one hundred bilateral agreements, among them the Treaty on Friendship, Cooperation and Mutual Assistance signed as early as April 1993. Mutual assistance under that treaty, however, does not go further than the commitment not to help any aggressor against one of the treaty parties. A Treaty on Friendship and Cooperation has existed between Ukraine and Azerbaijan since 1994. Ukraine and Uzbekistan have declared their relationship a 'strategic partnership,' and in November 1998 signed a comprehensive interstate Treaty on Friendship and Cooperation. In the course of 1998-99, Ukraine established large programs of long-term economic cooperation with Moldova (1998-2007) and with Azerbaijan and Georgia (1999-2008).

#### 4. External Perceptions

Although GUUAM still lacks tangible and substantive achievements, its mere existence has already raised speculation and comment in Russia, the West and among some of the neighboring countries, notably Armenia.

The emergence of GUAM, and later GUUAM, has provoked Russian concern and uneasiness to a much higher degree than any other subregional initiative along Russia's borders. While initially avoiding any official statements on GUAM, Russian diplomacy raised its worries at various bilateral meetings with GUUAM countries.<sup>27</sup> Moscow expressed particularly strong concern after the meeting of three of the GUAM defense ministers in January 1999, and after Uzbekistan's accession to the group in April 1999. Russian Foreign Minister Igor Ivanov publicly criticized the expansion of GUAM into GUUAM, and particularly the fact that this was done during the NATO summit and in the midst of the Kosovo crisis.<sup>28</sup> The latter factor aggravated the division between Russia and GUUAM: while Moscow's sharp condemnation of NATO's bombing of Serbia was unequivocally supported by Belarus, all five GUUAM members openly or tacitly acquiesced in the NATO action, despite pressure from Moscow.<sup>29</sup> The Russian media has always been more overtly critical of GUAM/GUUAM, describing it as an alternative to CIS, a cordon sanitaire around Russia, or even as an 'alliance that serves U.S. interests.'<sup>30</sup> Some critics of GUUAM have warned that the cooperation among the five states creates 'preconditions for the official intrusion of NATO into the post-Soviet space.'<sup>31</sup>

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<sup>27</sup> Author's interviews with GUUAM diplomats, April-July 1999.

<sup>28</sup> In Ivanov's opinion, this was a 'clear reflection of the policies pursued by GUUAM countries, and Russia would have to take those policies into account.' See V. Portnikov, 'Moscow is displeased with GUAM transformation into GUUAM,' *Den*, 6 May 1999.

<sup>29</sup> J. Whalen, 'Moscow's influence wanes further,' *Financial Times*, 6 May 1999, p. 2.

<sup>30</sup> O. Rumiantsev, 'Stanet li Armenia uchastnikom novoho soiuza,' *Nezavisimaya gazeta*, 6 March 1998.

<sup>31</sup> A. Korbut, 'Krizis sistemy kollektivnoi bezopasnosti,' *Sodruzhestvo NG*, No. 5, May 1999.

Although Russia's policies towards various subregional projects around its borders have been inconsistent and incoherent, Moscow generally tends to perceive those initiatives that include former Soviet republics but exclude Russia as deliberately anti-Russian. GUUAM is a particular challenge for Russia. Despite repeated reassurances that the group is not directed against Russia or any other state, Moscow remains suspicious. According to Foreign Minister Ivanov, 'we should call things by their correct names: GUUAM is a political organization with plans to transform itself into a military and political one.'<sup>32</sup>

GUUAM is undoubtedly a consequence of past and present relations between Russia and individual GUUAM members and, as such, does reflect some anti-Russian sentiments. Russia's ambitions to dominate post-Soviet territory, its political and economic coercion, and its unwillingness to transform bilateral relations into truly equal and mutually beneficial partnerships have always been perceived by its weaker and more vulnerable neighbors as threatening to their independence and territorial integrity. Hence, they search for external security guarantees and attempt to forge subregional alliances of an equal and voluntary nature. In most cases, the policies of individual GUUAM countries toward Russia are still reactive rather than proactive. To this extent, the Russia-GUUAM relationship is influenced more by Russia than by its GUUAM partners. A more positive attitude on the part of Moscow toward the group, and improved bilateral relations with GUUAM members, would help GUUAM overcome its uneasiness about Russia and Russian policies.

While some anti-Russian motivation seem to have played a role in GUUAM's emergence, this is hardly the main substance and intention of the group. All GUUAM states, especially those bordering Russia (Azerbaijan, Georgia, and Ukraine), have a vital interest in the success of the Russian transformation and in having Russia as a stable and friendly neighbor. It is true that increased GUUAM cooperation, especially the development of pipeline routes and transport corridors that bypass Russia, is likely to result in the decrease of Russian economic and political influence in and around the CIS. However, it should also facilitate the consolidation

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<sup>32</sup>See the interview with Igor Ivanov in *Komsomol'skaya pravda*, 20 July 1999.

of individual GUUAM countries and the strengthening of their international confidence, thus contributing to regional security and stability and, ultimately, making their relations with Russia more balanced and predictable.

Significantly, while the formation of GUUAM has, in a way, formalized the actual split of the CIS in two - the group of countries led by Russia (Belarus, Armenia, Kazakhstan, Kyrgyzstan, and Tajikistan) and the GUUAM group - none of the five GUUAM states has so far expressed an intention to leave the CIS completely. Given its members' large economic stakes in other post-Soviet states, primarily Russia, GUUAM tries not to set itself up as an opponent to the CIS and indeed favors the latter's transformation into a free-trade zone based on World Trade Organization principles. The division within the CIS had developed long before GUUAM came into existence, and to a certain extent, GUUAM was the product of CIS failure and its poor record of accomplishment.<sup>33</sup> GUUAM does not strive to, nor is capable of, becoming a CIS substitute, and the two initiatives need not be competitive or mutually exclusive. Ultimately, the success of each will depend on its own merits and achievements. While the end of the CIS seems to be almost imminent at present, GUUAM has yet to prove its viability and capabilities.

Contrary to the suspicions of many in Russia, the West also met the emergence of GUAM with much caution and suspicion, if not alarm.<sup>34</sup> For the United States and the West on the whole, GUAM cooperation at the time of its birth seriously complicated the completion of the CFE treaty modification, since Azerbaijan, Georgia, Moldova, and Ukraine refused to accept the new flank limitations that had already been agreed between the West and Russia. The new cooperation also risked alienating Russia, particularly undesirable at the very moment that NATO and Russia were engaged in difficult negotiations over NATO's eastward enlargement and the conclusion of the NATO-Russia Founding Act. The exclusion of Armenia from GUAM was another factor that troubled and continues to trouble the West: the United States

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<sup>33</sup>On the CIS failure, see P. Kubicek, 'End of the Line for the Commonwealth of Independent States,' *Problems of Post-Communism*, Vol. 46 (2), March/April 1999, pp. 15-24.

<sup>34</sup>Fuller, *Interests Converge*.

increasingly presses its belief that Armenia's inclusion in GUUAM is desirable and would be beneficial for subregional stability.<sup>35</sup> Although the West's initial worries over GUAM have been replaced with growing interest and curiosity, a good portion of skepticism over GUUAM's mission, potential, and prospects continues to persist among western policymakers and analysts.

Within the CIS it is Armenia that has shown the most nervousness about the establishment and evolution of GUUAM. Political figures in Yerevan point to the 'exclusive' nature of GUUAM and allege that the group is 'the result of purposeful geo-strategic initiatives of Turkey.'<sup>36</sup> Some western analysts also suggest that Ankara is a tacit supporter of GUUAM, since 'it is simply in line with Turkey's own interests to strengthen the independence of and cooperation among these [GUUAM] states.'<sup>37</sup> Yet there are no indications of Turkish involvement in and encouragement of GUUAM cooperation, and the Turkish government has been careful not to express any sentiments about GUUAM. While Turkey has established close relations with Georgia and Azerbaijan, its relationship with Ukraine remains somewhat ambivalent: mutual suspicions and even competition over Caspian oil transportation have weakened Turkish-Ukrainian relations over the past few years.

At the core of Armenia's exclusion from GUUAM is its unresolved conflict with Azerbaijan. In the course of the bloody conflict over Nagorno-Karabakh, Armenia took control of the entire territory of Karabakh and occupied about 20 percent of the territory of Azerbaijan itself, an outcome that Baku refuses to recognize. Azerbaijan relies on its energy resources to consolidate its position vis-à-vis Armenia, and looks for support from Turkey and its GUUAM partners in its efforts to change the present territorial situation. The complete or near exclusion of Armenia from both oil transportation and subregional cooperative arrangements is compatible with Baku's wishes.

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<sup>35</sup> Author's interviews with GUUAM diplomats, April-July 1999.

<sup>36</sup> See Statement of the Party of National Security of Armenia, *Golos Armenii*, 28 January 1999.

<sup>37</sup> S. E. Cornell, 'Geopolitics and Strategic Alignments in the Caucasus and Central Asia,' *Journal of International Affairs*, Vol. 4 (2), June-August, 1999.

Armenia, in turn, believes that its national interests can best be secured by close alliance with Russia, rather than by finding a difficult compromise with Azerbaijan. In August 1997, two months before GUUAM's creation was formally announced, Yerevan and Moscow signed a bilateral Treaty on Friendship, Cooperation and Mutual Assistance, pledging mutual support in case of aggression against one of them. Armenia has agreed to host three Russian military bases on its territory for twenty-five years. Russia is providing substantial supplies of weapons and military equipment to Armenia and is helping to modernize the Armenian armed forces.<sup>38</sup> For Moscow, the political and military alliance with Armenia has become a useful tool for applying pressure on Azerbaijan and Georgia, and gives it a stronghold for reasserting its influence in the southern Caucasus.

Russian-Armenian military cooperation has caused much displeasure and concern in Baku, stimulating the latter to develop military and technical cooperation within GUUAM and provoking statements by senior Azeri officials warning of the possibility of deployment of NATO/Turkish troops in Azerbaijan. In turn, both the Armenian and Russian media blame Ukraine for supplying weapons to Azerbaijan, including tanks and other armored vehicles.<sup>39</sup> As a result, periodic concerns have been voiced that the development of GUUAM might facilitate the evolution of another trans-geographic axis that would encompass Russia, Armenia, and Iran.<sup>40</sup> It should be noted, however, that, aside from Azerbaijan, other GUUAM members continue to develop amicable, albeit limited, bilateral relations with Armenia. This leaves the opportunity open for Armenia's future engagement with the grouping if its relations with Azerbaijan can be normalized.

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<sup>38</sup>Total supplies of Russian armaments to Armenia exceeded \$1 billion U.S. At the end of 1998, old MiG-23 aircraft in Armenia were replaced by more modern MiG-29 fighters, and in January 1999 Russia announced that it would deploy S-300 air defense (surface to air) missiles to Armenia. See *Global Intelligence Update, Red Alert*, 14 January 1999.

<sup>39</sup>See, for example, *Golos Armenii*, 28 January 1999; and *Nezavisimaia gazeta*, 3 June 1999.

<sup>40</sup>*Subregional Relations in the Southern Tier*, p. 13.

### 5. Prospects for the Future

GUUAM is still a very nascent cooperative process. The path of its evolution remains to be seen, while its brief experience shows more potential than practical achievements and raises more questions than it provides answers. Cooperation among Azerbaijan, Georgia, Ukraine, Uzbekistan, and Moldova has its value, but also its limitations. Despite declarations to incorporate economic and energy dimensions into the cooperation among these five post-Soviet states, GUUAM as yet remains a mechanism mainly for political consultations. Its central role is to strengthen its members' international standing; to assure their closer links, if not integration, with the West; and to solidify their positions vis-à-vis Russia. As a mainly political body, GUUAM differs from most other subregional cooperative arrangements that have emerged since the end of the Cold War, and most resembles the Visegrad group, which in the early 1990s was also created for political consultations and foreign policy coordination.<sup>41</sup>

GUUAM challenges the dominant view on subregional cooperation, suggesting that security and foreign policy interests can also be incentives for subregional cooperation. At the same time, it remains to be seen whether such politically-driven and security-motivated cooperation is sustainable over time, or whether it serves merely as a temporary means for the pursuit of longer-term unilateral foreign policy objectives on the part of individual member states. At this stage of its development, GUUAM could still go either way. It may be increasingly successful and sustainable or, on the contrary, could become insignificant or even disappear from the diplomatic map.

GUUAM's prospects rest on the fact that it is not an artificial entity, but rather an integrated, coherent, and natural creature, formed on principles of equality and non-dominance by any one state. GUUAM was created voluntarily and has emphasized the national interests of its member states. GUUAM appears to some to be 'the first sub-CIS group whose participants have genuine shared

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<sup>41</sup>On the Visegrad Group, see A. Cottey, 'The Visegrad Group and Beyond: Security Cooperation in Central Europe,' in Cottey, *Subregional Cooperation in the New Europe*, pp. 69-89.

interests.<sup>42</sup> The convergence of interests and goals over a range of areas, along with sufficient mutual trust, provide a solid foundation for the group's further development. The fact that GUUAM states, unlike the Visegrad countries, have only a very vague and distant possibility of ever joining western integrated institutions, while their relations with Russia and the CIS remain uncertain, provides considerable motivation for their future cooperation. The stalemated and intransigent conflicts on their territories further increase GUUAM members' need for cooperation. A clear will by participants is also an essential prerequisite for any successful subregional cooperation, and thus it is significant that all GUUAM states are committed to the process and willing to continue their cooperation.

Nonetheless, the question of what will comprise the core of GUUAM cooperation in the future remains an open one. GUUAM might well remain a primarily consultative body for security and foreign policy coordination. But the value and importance of such cooperation for individual participants could significantly decline over time, if GUUAM fails to complement political cooperation with a practical economic and especially energy component. To assure long-lived stability, political statements and declarations are not enough. It is energy transportation, notably the location of an oil pipeline, that is likely to be a major determinant of GUUAM's future. This is the issue that could either enhance or decrease the commonality of interests of GUUAM members. The challenge for GUUAM is to balance the Ukrainian interest in Caspian oil transportation via its territory with the interest of Azerbaijan in the political and security domains of GUUAM cooperation, including peacekeeping. If GUUAM succeeds in finding a compromise between these two conceptions, it would become a unique subregional grouping that cooperates along both geopolitical and geo-economic lines.

Each GUUAM state has a real interest in increased export capacities and transport infrastructure development, and this creates a solid potential for substantive economic cooperation. Other areas of wider economic cooperation within GUUAM, including a free-trade area, look less promising. The current strong emphasis on the

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<sup>42</sup>J. Feinberg, 'GUAM's Potential Outside of the CIS,' *Weekly Defense Monitor*, Vol. 2, No. 20, 21 May 1998.



importance of this cooperation seems at least partially intended to prove that GUUAM is not merely a political alliance. However, almost insurmountable challenges for substantive economic cooperation within GUUAM are presented by the poor economic situation, the absence of an institutional mechanism for multilateral economic cooperation, the slow progress of economic and structural reforms in each and every GUUAM state, the underdevelopment of the private sector and almost complete lack of a middle class, geographic remoteness, the inconsistent and varying external trade tariffs, and the inadequacies of national legislation. It remains an open question how much GUUAM countries are willing and able to make concrete steps to harmonize their foreign trade regulations, adjust national legal systems, and become more closely integrated by giving up portions of their sovereignty.

At the same time, there is a great deal of complementarity between GUUAM economies: oil in Azerbaijan, cotton, copper, and gas in Uzbekistan, metallurgical and chemical industries in Ukraine, and agriculture in Ukraine and Moldova. Depending on the political will of the GUUAM member-states and their ability to implement the necessary economic and administrative reforms at home, this complementarity opens opportunities for wider economic cooperation.

Should GUUAM decide to develop itself into more of an economic and trade group, some form of institutionalization would become necessary to enhance its capacity to approach international financial institutions for support for proposed projects. Currently, GUUAM states do not possess sufficient financial resources to support practical joint projects and, more important, have not yet developed common proposals. To initiate and carry out cooperative projects in the near future, GUUAM countries could try to draw upon the financial opportunities offered by the Black Sea Trade and Development Bank, recently established by the BSEC, of which four GUUAM countries are members.

GUUAM's future is also going to be influenced by the internal political development of its members. All five states are very weak and vulnerable to outside pressure, and are in the midst of fundamental political, economic, social, and psychological transformation. The ultimate result of this transition is crucial for

the future of each and for GUUAM as a group. Although they vary from semi-democratic Georgia, Moldova, and Ukraine, to the more authoritarian Azerbaijan and Uzbekistan, on the whole the political systems of GUUAM countries are still centralized and their civil societies remain embryonic. The cooperative initiative remains too personalized and is driven by incumbent presidents, while sub-state actors and publics at large are not engaged in the process. In this regard, the results of presidential elections in each member state could have a strong impact on GUUAM cooperation.

Conflict between Armenia and Azerbaijan, and GUUAM's relations with Russia, create the most serious challenges both for the group and for security in at least three subregions: Central Asia, the Southern Caucasus, and East Central Europe. While GUUAM needs to recognize and address legitimate Armenian and Russian interests and concerns, Russia has yet to recognize that GUUAM and other subregional cooperative frameworks in and around the CIS are not part of the old power politics to be perceived in zero-sum terms. It is in Russia's own interests that neighboring post-Soviet states become more viable, confident, and predictable. Successful and sustainable subregional cooperation can help achieve that, and as such bring benefits to its immediate neighbors, including Russia. From this perspective, the issue of Russia's inclusion in or exclusion from GUUAM or any other initiative should not be seen as the criterion for assessing the role and place of a given subregional grouping. It is much more important to view any such arrangement in terms of the added value it brings to subregional development, security, and stability. The more practical and substantive projects and policies GUUAM succeeds in developing, the less it will be characterized by anti-Russian residual tendencies. Much of GUUAM's future also depends on how Russian policies toward subregional groupings evolve. The problem of Armenia's exclusion from subregional cooperation is unlikely to be resolved before its conflict with Azerbaijan is finally settled; while this is an issue to be addressed primarily by Azerbaijan and Armenia, joint efforts by Russia and GUUAM might also help in this process.

GUUAM's potential should not be overestimated, but it is not negligible. Despite its short history and still modest practical achievements, GUUAM has already emerged as an important feature of the post-Soviet geopolitical landscape. The group

challenges Russian supremacy in the CIS and in this way is helping its members to dismantle the old Soviet-era interstate relationships and to develop new political, economic, and military ties. GUUAM also assists its five participants in consolidating their independent identities and statehood, and pursuing more efficiently their foreign policy agendas, including relations with the West and with Russia. If it succeeds in developing more practical and substantive projects and in reassuring Russia and Armenia, GUUAM could also significantly contribute to subregional stability and security. As such, GUUAM cooperation will not be a luxury or a waste of effort, but an added value for all.