Out of 28 wars fought in 1999, 19 were intra-state and anti-regime wars; and out of these about 15 were or are being led with the aim of autonomy or secession. As we all know, the Caucasus is one of the hot spots of world policy with four wars waged, three of them frozen in for some time. All of them are wars for secession. Above these there are many more interethnic conflicts in Caucasus, which have erupted mainly on the question of the political-juridical status of certain territories. All of them have the potential to turn into violent clashes and even wars.

This situation is all the more aggravated by the fact that in Georgia and Azerbaijan, the question of succession for the current presidencies remain in a state of uncertainty, which could lead to a period of political unstability in these countries as well as in the whole area.

The second main problem of the region is the economic misery in which the vast majority of the people live, without any hope for improvement in the foreseeable future. Yet most people, even the hundreds of thousands of war refugees, fight hard for economic survival instead of following political pied-pipers. But this will not last forever.

Despite the fact that the vast gas and oil resources of the region may have the potential to turn this to the better, the experiences of other developing countries relaying on natural resources teach us another lesson. Especially in Azerbaijan, some
people dream that the country could become the pumping station for the entire Caspian Sea oil basin and starting-point of the ultimate pipeline route, through which all the Caspian oil and gas would flow to the West without passing through Russia or Iran. But, how realistic is this option? Always keeping in mind the immense costs of trans-Caspian pipelines, not to speak of the non-existing political will on the side of the current Kazakh and Turkmen governments for this option. From the point of view of the oil companies pipelines are build when they are commercially feasible and not where they are politically wanted.

Obviously the region's natural wealth potential aggravates not only the economic disparities within the societies, but also the geopolitical misery of Southern Caucasia. The gap between "pro-Western" and "pro-Irano-Russian" tendencies is growing. These developments are partly responsible for the ongoing militarization of the region, including the transfers of modern fighters and surface-to-air missiles from Russia to Armenia, and the idea of a United States or even NATO base in the area which became a popular, though unrealistic, demand of a wide political spectrum in Azerbaijan and Georgia backed by some US politicians. But, such an endeavour would only exacerbate the situation and ruin the efforts working for a peaceful solution of the existing conflicts.

Currently, the biggest threat for the stability of the whole region is the danger of a spread of the war in Chechnya to neighbouring Georgia and Daghestan. If Georgia were attacked by Russian troops under the pretext of fighting Chechens in the Georgian mountains, the West, i.e. the USA, will come under heavy pressure to react accordingly. Otherwise, none of the former Soviet republics would give a penny on a close alignment with the West anymore.

Observing Caucasia and the greater Caspian area, one comes to the conclusion that the potential for conflict and even war in the region is growing instead of shrinking.

**What Could Turn This Trend?**

The existing framework of the political and economic treaty systems and organisations so far has not helped to promote
security and wealth. Most of the existing multilateral treaties and organisations for cooperation in the area bear an exclusive character, i.e. some countries are in while others are excluded. Good examples for this are ECO and GUUAM. The first being an organization based on the idea that a common religion, i.e. Islam, is a sufficient basis for close economic cooperation which excludes Armenia and Georgia. The latter, on the other hand, is bound together by anti-Russian and pro-Western considerations. In both cases, the economic purpose of the organization is mixed with extra-economical aims which again often come into heavy conflict with economic logic.

Other existing supranational organizations, like the CIS or the Black Sea Economic Cooperation Organization, with their large number of members, most of which have only very vague common interests, mix political with economic aims. Another main reason for their failure is that some of these organizations are dominated by the interest of one or another member, may this be Russia or Turkey. This again leads to their malfunction. So, only a more or less strict separation between organizations oriented towards the promotion of security and political cooperation, and bodies directed towards economic cooperation could encourage the region’s development.

A second major problem of the existing supranational organizations is the emergence of political entities below the internationally accepted nation-state level like Chechnya, Nagorno-Karabagh, Abkhazia and South Ossetia. Since they are not recognized subjects of international law, they cannot be handled within the existing framework of international conventions and organizations. But, the demands of these entities for independence are the most dangerous threat for the existence or the integrity of the Caucasian republics and any peaceful development of the region. It is one of the major challenges of the post-Cold War era to cope with the reality of such political entities.

Therefore the aims of political stability, integration into the world economy and the hopes for economic development for the whole region seem to have little or no prospect of realisation unless there will be a fundamental change in the ways for cooperations in and around Caucasia are established.
Since the dissolution of the Soviet Empire several ideas for a common Caucasian home were propagated. But, the most conspicuous feature of the majority of them have been an underlying anti-Russian tendency. So, they were torpedoed by Moscow and unacceptable for Armenia which believes in the necessity of a strategic alliance with Russia for its security. This is even true for some of the rebellious political entities like Abkhasia or South Ossetia which were or are also relying on Russia's (unofficial) backing. A major obstacle of such a organization is the question of how to unite the three independant states of the South Caucasus with the North Caucasus republics belonging to the Russian Federation in a joint organization. It seems that most of the proposals like a joint Caucasian parliament of a pan-Caucasian security organization modelled on the Organization for Security and Cooperation in Europe with a possible headquarter in Tbilisi do not have any chance for realisation.

But, if the prospects for the future are as sinister as in Caucasus, politicians need to have positive visions for the destiny of their countries and peoples.

When Turkish President Süleyman Demirel visited Tbilisi in January 2001 and proposed a South Caucasus Stability Pact, he suggested that the world's leading countries should sign it. President Kocharian of Armenia recently said that a security pact for the Caucasus can be effective only if all the regional states are involved. He suggested the formula 3 + 3 + 2, meaning the pact would constitute an agreement between Armenia, Azerbaijan and Georgia, with Russia, Iran, and Turkey as guarantors, and the U.S. and the EU as sponsor. Georgian Foreign Minister Irakli Menagharishvili expressed approval of that formula, and said that Tbilisi "supports all initiatives aimed at stabilizing the situation in the Caucasus". But these positive statements were counter-weighted by Russia's disapproval of reducing its role to a mere guarantor instead of a real member. Iran, however, is in principle in favour of the pact, but is against any expansion of so-called extra-regional, i.e. Western, influence in the region. On the other hand, the leaders of Azerbaijan and Georgia reject Tehran's equal participation in a South Caucasus Security Pact. It is also not realistic to have the U.S. and the European Union as mere sponsors without any direct influence in such a pact system.
On the whole, it seems that the necessity of such a regional organization is widely accepted, but the concrete form and number of members need more consultation. Besides the mentioned obstacles, there is another fundamental problem which puts the success of the envisaged pact at stake; the excessive expectation that the pact should not only address security issues and conflict resolution but provide a basis for economic cooperation and democratic reforms.

Seen from a Caucasian regional and not from a single country perspective, there are two main clauses for any promising cooperation, one being close economic and political ties with the European Union, the sole prosperous, stable and democratic alliance of states and national economies in western Eurasia and, secondly, the political and economic integration into the wider geographical region in which Caucasia is located, i.e. the Middle East, the Caspian Basin and the Russian Federation with the United States as a counter-balance to the regional powers. So, it is necessary to accelerate the process of integration of Southern Caucasia into the structures of a wider Europe which is on the way, e.g. with the membership in the Council of Europe. But this process has to be put on a firm regional foundation which should combine the integration into European structures with stronger multilateral ties with all states surrounding the region, including Russia and Iran.

Despite the vague consciousness of being Caucasians, whatever this means in fact, it is nearly impossible to combine the north Caucasian republics being part of the Russian Federation without the rights and the means of the implementation of an own foreign or foreign economy policy with the sovereign states of the South Caucasus. So, first of all, the aims as well the composition of such a body for regional cooperation have to be well defined. Having in mind the negative impact of a disparate membership and the mixing of economic with political aims, the rational consequence is to have an organization consisting of a well-balanced membership structure separating political from economic goals. Reflecting the previous experiences, it is uneffective to develop the organizational and legal framework of an organization starting from zero. With the Organization for Security and Cooperation in Europe, there exists an experienced political body including all states of the wider region except Iran. The OSCE
possesses a functioning administration and an elaborated set of rules and regulations which have to be adjusted to the regional realities.

Consequently, the establishment of a regional sub-organisation of the OSCE including not only the regional members of the Organisation, but also Iran, could be the decisive step towards security and stability in the region. For the price of the definite acceptance of the rules of political behaviour of the OSCE as well as of the political role of the West in Caucasia, Iran's international role would enhance as would its political and military security. This is especially true because Iran lives in a very unsecure and potentially unstable political environment.

Such an eight-member Organisation for Security and Cooperation in Caucasia (OSCC) would develop a set of measures to prevent the outbreak of violent conflicts and to guarantee the agreements on solved conflicts. This means that a common peace-keeping force must be part of the agenda. It is unrealistic to think that NATO -or CIS troops are an acceptable alternative for all the states of the region. As CIS-troops are unacceptable e.g. for the Azerbaijani side as peace-keepers in Nagorno-Karabagh, so are NATO-troops for other parties. And as the countries of the region have to bear the main responsibility for their security by themselves, such a peacekeeping force has to be composed primarily by the three states of the South Caucasus plus the other five member states of the OSCC.

The most pressing problem of any regional organisation in Caucasia will be the issue of national sovereignty and the status of the non-accepted political entities. The principle of the inviolability of the current state borders has to remain the major principle of international law in this respect. But, on the other hand, the international community must also accept the fact that there exist political entities below the state-level, but acting like states. There has to be found a legal form to integrate them into such an Organisation for Security and Cooperation, but without anticipating the political status of the disputed areas. The experience of the unsolved conflicts on the political-juridical status of the respective territories shows that bilateral solutions are very difficult to find, besides by war. The acceptance of a definite set of rules developed by such an Organization by all existing parties and the existence of a forum where joint interests could be discussed,
would be a great step forward. But, the question of the integration of sub-state actors into multi-state structures without *de facto* granting them the status of a nation state has to be discussed. Ideas like a joint Caucasian parliament which would give the areas/states with a larger population much greater weight or an "Assembly of the Regions of Caucasias" which would run contrary to the existing Unitarian ideas of statehood in the region and, at the same time, not fulfill the expectations of the non-state political entities cannot solve this question.

Apart from this wider political context, the establishment of an *Organization for Economic Cooperation in Southern Caucasias* (OECC), including Armenia, Azerbaijan and Georgia, may well be the only practical way to turn back the process of economic disintegration of the area, and allowing first tentative steps towards a recovery by systematically adjusting the various custom and tax systems to one another and by rebuilding a transnational infrastructure system without touching upon the difficult questions of status -TRACECA and INOGATE show that such an endeavour is possible, even under the present difficult circumstances. Such an Organization has to be demarcated to a clearly defined group of states with a similar background and with not too great differences of size which is true for the three independent states of southern Caucasias. Such an organization would easily fit to the TRACECA and INOGATE projects of the European Union. They, together with the New Silk Road scheme bear a great potential for the whole region without excluding one or another party.