

POLITICAL-ECONOMIC PROBLEMS OF THE SOUTH CAUCASUS REGION AND MODERN CHALLENGES

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ABSTRACT

The processes in the Caucasus region are characterized by special dynamics. The South Caucasus is an important region thanks to its geopolitical location. It is a place of coincidence of interests of many different countries.

Most of the responsibilities for the situation lies with the three republics of the South Caucasus, as these states have suffered the catastrophic consequences of major political games; consequently, they must realize their responsibilities to their own people and change their approaches, their internal confrontation with the foreign policy interests of the region again.

This precedent will be important not only for the further development of the region's political-economic processes. If integration into the transatlantic structures is a major task for Georgia since independence, the main challenge for modern Armenia and Azerbaijan remains the Karabakh conflict and the search for a solution.

Key words: South Caucasus natural resources economic characteristics, Euro integration, regional conflicts

POLITICAL-ECONOMIC PROBLEMS OF THE SOUTH CAUCASUS REGION AND MODERN CHALLENGES

The processes in the Caucasus region are characterized by special dynamics. The South Caucasus is an important region thanks to its geopolitical location. It is a place of coincidence of interests of many different countries. The strategic economic interests of the Black and Caspian Basin, European, Asian and often African countries will be intertwined here. The region is considered as a "corridor" by many factors (rail, air and communication in general). Therefore, the situation in the Caucasus in general has a significant impact not only on the countries of the given region, but also on the Trans regional world processes, including the situation in the Euro-Atlantic area.

A clear example of this is the geo-economic interests of NATO in the region. Various measures undertaken by the organization show that the Caucasus can also be considered a territory of NATO's "advanced defense" strategy. Therefore, every step taken towards establishing peace and stability in the region is of particular importance. The Caucasus region is rich in natural resources, with energy, and recreation resources too:

Countries in the region also produce agricultural products.

The Caucasus is divided into 2 sub regions: North Caucasus and South Caucasus (Transcaucasia). The latter, despite being relatively small in area, is characterized by a significantly higher population density and developed scientific and technical potential. The South Caucasus consists of three independent states: Georgia, Armenia and Azerbaijan. In this paper we will discuss the socio-economic situation of each of these countries in general, as well as the problems and contemporary challenges in the region.

First, I will focus on Georgia. As individuals try to find their place in society as well as in the world, every state is looking for its niche in order to occupy a dignified place in the international arena. This is exactly the case in our country, as the new century and sovereignty have made Georgia's role in the international division of labor more important than it remembered in the country's history.

Given the key economic characteristics, such as overall GDP, GDP per capita and the Human Development Index, our country is in a very poor position. It ranks 70th in the Human Development Index and 112th in the overall GDP.

These figures once again demonstrate that the country faces a very difficult task before moving on from a country with a transition economy. It is also noteworthy that Georgia has the most active relations with international organizations from the countries of the region.

It is a member of more than 37 international organizations, such as the United Nations, the OSCE, the Council of Europe and more. In recent years, Georgia has received significant financial support from reputable international organizations such as the International Monetary Fund, the World Bank and others.

Nine international organizations have permanent representation in Tbilisi, making it a priority for the country to take effective steps to join NATO and the European Union. In 1996 a Partnership and Cooperation Agreement was signed between Georgia and the European Union.

In 2004, the organization developed a "European Neighborhood Policy" that enabled Georgia to establish new relations with the European Union. The Vilnius Summit on July 23, 2013 was historic for Georgia as it was at that time that Georgia completed its initial

association with the European Union. Let me briefly refer to this agreement. The Association Agreement is an agreement on cooperation between the EU and non-EU countries. Cooperation generally covers political, trade, social, cultural and security spheres. Article 127 of the Treaty on the Functioning of the European Union is regarded as the legal basis for the Association Agreement. The first states to sign the Association Agreement were Greece and Turkey (1960). Union.

Instead of associate membership status, the EU imposes on partner countries: political, economic, trade and judicial reforms. Instead, associate members have free access to some or all of the EU markets, including the agricultural products market. Associate members also receive financial and technical assistance. The association agreement also often includes a free trade agreement. Therefore, the challenges facing the country, which point to Georgia's potential in the international arena, are important. We will discuss each of these in more detail later.

Azerbaijan is the leader among the countries of the South Caucasus in terms of territory and population. It accounts for 47 percent of the region's territory and 48 percent of the population. In Azerbaijan, not only is the overall GDP high, in terms of GDP per capita and the Human Development Index, but also the average wage rate compared to Georgia and Armenia which is 50 US dollars.

Following the declaration of independence, the country embarked on the path of a developing market economy, ownership changed completely and the private sector was promoted, and the country was liberated from the planned economy. Its specialization is gradually changing, and it is in line with the interests of the country itself.

Armenia is the third state in the region, twice as large as Georgia, and 2.5 times smaller than Azerbaijan, with a territory of 29,8 thousand square kilometers, population 3,3 million. Armenia is actively involved in the process of solving the problems of the common Caucasian economic space and plays a prominent role there. More specifically, when discussing the socio-economic situation in the region, we will discuss the role of each of them.

The South Caucasus is one of the hottest spots in the current political situation. The problem of coincidence of Russian, Georgian, Armenian, Turkish, Azerbaijani and Western interests in the region is very acute, and in many cases it leads to very undesirable results. The term "South Caucasus" is a new term in world political literature.

This was followed by the collapse of the Soviet Union, as a result of which Georgia, Armenia and Azerbaijan regained independence, which led to serious geopolitical changes in the region. In response, in 1998 Russia developed a concept of state policy in relation to

the North Caucasus, thereby taking a step against building a common "Caucasian House". At the same time, the South Caucasus began to emerge as a political and economic sub region.

The situation is further complicated by the fact that the countries in the region are largely in a reactionary state and do not have a pre-formed approach to the problematic issues that may have a more detrimental effect in the future. Russia understands the importance of building the American "New Silk Road", new energy roads.

For Central Asia and the Caspian Basin it weakens its function as a sole proprietor, which will significantly reduce Russia's importance in world politics. With the creation of the Eurasian Union, Russia seeks to maintain geopolitical control over the region, and thus operates in the Middle East, Central Asia and the South Caucasus. With Armenia and Azerbaijan, Russia continues to speculate on the Nagorno-Karabakh conflict, with its 49-year-old military base stationed in Armenia, permanently arming Azerbaijan.

As for Georgia, after the recognition of the break-away regions, Russia has lost its leverage over the impact of the conflicts and has the only opportunity for direct aggression.

It should be noted first of all that the South Caucasus exists as an energy corridor. Except for the existing energy sources, which flows from Azerbaijan to Georgia via Europe and Turkey.

The South Caucasus is also a potential corridor through which resources in the Central Asian and Caspian Basin countries can pass. Historically, the South Caucasus is the region on the Silk Road. The Baku-Tbilisi-Karsi Railway will directly connect the three countries to each other (Turkey-Georgia-Azerbaijan) and create a unique way to connect with European or Asian countries in the shortest possible time.

The arrangement of highways and border crossings within the countries themselves have further facilitated the rapprochement of the countries of the South Caucasus and the establishment of international economic relations.

The South Caucasus is an opportunity to further deepen business and trade related to the import and sale of both European and Asian goods.

The political situation in the countries of the South Caucasus is constantly tense. There are three factors contributing to this tension:

1. Great interest in the region of global and external forces;
2. Interregional-territorial claims, three frozen conflicts;
3. Negative dynamics of domestic-political development.

Any way forward for the future of the South Caucasus region is directly linked to the resolution of existing

ethno political conflicts, the most important of which is the Nagorno-Karabakh conflict. Despite efforts by international bodies to try to offer countries a solution to the conflict, they failed, and the parties' positions remained unanimous.

The significance of the conflict is that the governments of Armenia and Azerbaijan do not agree to compromise. It is imperative for anyone to give up his position, especially since today the West plays a nominal role in resolving this problem and trying to limit itself to formal and very modest negotiations.

In our view, despite the region's shared socialist past and many other common interests, different challenges in each of the countries of the modern South Caucasus are on the agenda.

Apart from the Nagorno-Karabakh problem, the region faces challenges such as the situation in South Ossetia and Abkhazia. Georgia's strategy at this point is to somehow mitigate Russia's influence in the conflict zones and to spread the influence of friendly states and international organizations in these areas.

If integration into the transatlantic structures is a major task for Georgia since independence, the main challenge for modern Armenia and Azerbaijan remains the Karabakh conflict and the search for a solution.

However, despite the urgency of the matter, regulating the issue revolves around a closed circle. It needs a great deal of political will or a changed geopolitical situation in the current, real, difficult situation. Other regional conflicts in the South Caucasus can also be mentioned. In such way.

We believe that most of the responsibilities for the situation lies with the three republics of the South Caucasus, as these states have suffered the catastrophic consequences of major political games; Consequently,

they must realize their responsibility to their own people and change their approaches, their internal confrontation with the foreign policy interests of the region again, in this context the Nagorno-Karabakh conflict is the node that can be opened by internal forces without any third involvement

This precedent will be important not only for the further development of the region's political processes. If the parties do not make a fair concession in the future and still hope to settle the situation with the intervention of a third party then the issue will remain unresolved for a long time.

Unlike the situation in the occupied territories of Georgia, Armenia and Azerbaijan can resolve the conflict without the intervention of any third party. In the case of Georgia, the interests of Russia and Georgia can be clearly identified.

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