

Introduction from the Editors

Announcing the New Caucasus Analytical Digest

In August 2008 the Southern Caucasus, and Georgia in particular, was in the center of international attention. The war between Russia and Georgia became a test not only for the state of transition in Georgia, but also for the capacity of the Western capitals, European Union and NATO to act. While the fighting made daily headlines in the leading international newspapers, it highlighted severe media problems in Russia and Georgia. Both sides failed to provide objective information and analysis while using the reporting as an instrument of escalation.

Today there is an imbalance between the growing interest in the region and concise explanations of what is going on there. Accordingly, the Caucasus Analytical Digest, the first edition of which you are reading, seeks to make sense of what is happening in the Southern Caucasus.

One of the strategic requirements of analyzing the Southern Caucasus is the need for inclusiveness, for perspectives from Armenia, Azerbaijan and Georgia, but also from Nagorno Karabakh, South Ossetia and Abkhazia, as subjects for analysis. To underline the intention of thinking in terms of inclusiveness, but without specific political preference, the map on the front page shows the official borders with solid lines and the others with broken lines.

As a consequence of the recent war, international actors and experts are faced with new analytical challenges that go far beyond the regional, but are nevertheless driven by pressure from the Southern Caucasus. By the choice of topics and authors the Caucasus Analytical Digest is dedicated to both analytical and policy discourses. The editorial team includes experts from the Research Centre for East European Studies at the University of Bremen, the Center for Security Studies at ETH Zurich, the Jefferson Institute and the Heinrich Boell Foundation. As a local actor with an international perspective, the Boell Foundation particularly strives to give experts from the region, especially younger analysts, access to a broader Western public. This not only exposes a wider audience to thinkers from the region, it also contributes to strengthening democratic transformation and European integration of the Southern Caucasus.

The Editors (Iris Kempe, Matthias Neumann, Robert Ortung, Jeronim Perovic, and Lili Di Puppò)

Analysis

European Policy towards the South Caucasus after the Georgia Crisis

By Sabine Fischer, Paris

Abstract

Three months after the Russian-Georgian war in August 2008, this article takes stock of the situation in Georgia and the South Caucasus, and examines EU policy during and after the crisis against the background of the Union's policy towards its eastern neighborhood and EU-Russia relations. The main lessons to be learned from the crisis are: First, that the EU needs a more flexible approach towards unresolved conflicts in the post-Soviet space; second, that the EU needs to strengthen its engagement in the eastern neighborhood in general; and third, EU and US policies need to be better coordinated.

Unexpected War

The outbreak of war in Georgia on 7 August 2008 took the world by surprise. It blatantly exposed the failure of the international community to prevent the escalation of one of the euphemistically labeled "frozen conflicts" and proved the ineffectiveness of multilaterally facilitated peace processes in both South Ossetia and Abkhazia.

The European Union was the last international player to get involved in conflict resolution in the South Cau-

casus. During the Georgia crisis it played a decisive role in negotiating a ceasefire and handling the immediate consequences of the war. After the first months of frantic crisis management, it now has to take stock of the changed situation on the ground and the implications this armed conflict has for its policies towards Georgia, its eastern neighborhood, and also Russia.

This article first examines the post-war situation in Georgia and the South Caucasus as a region. It then

looks at the EU's policy before and during the war. Lastly, it reflects upon lessons to be learned by the EU, and puts forward some policy recommendations.

The South Caucasus after the War

It is too early for a comprehensive assessment of the war's political, economic and societal consequences for Georgia. Concerns that it would lead to an immediate destabilization of the country did not prove true. In reaction to increasing domestic and international criticism, the government announced a number of democratic reforms to "complete" the Rose Revolution. Some steps have been taken to implement these reforms, but much remains to be done. One should keep in mind that the current Georgian administration does not have a very strong record when it comes to sharing power and strengthening checks and balances in the political system. On the other hand, the opposition remains severely weakened after losing elections in January and May. Thanks to apparently insurmountable divisions among its leading figures, it remains unable to present a united front. Critical debates about the war and the government's role in it do not translate into a cohesive movement. Moreover, the opposition includes few, if any, personalities who could pose a serious threat for President Mikheil Saakashvili. Accordingly, the political situation in the country is in limbo. Future developments will therefore depend largely on socio-economic conditions.

The international community has pledged to give Georgia an unexpected and unprecedented amount of foreign funds to deal with the economic consequences of the war. The 38 countries and 15 international organizations attending a donors' conference in Brussels on 22 October pledged to provide as much as \$4.55 billion to Georgia to meet urgent post-conflict needs, as well as medium-term economic challenges caused by the war. Nevertheless, the war and also the international financial crisis severely affected the Georgian economy, with increasing hardship expected during Winter 2008/2009.

Georgia has lost South Ossetia and Abkhazia for a long time to come, if not forever. If the restoration of territorial integrity was already a remote goal before August 2008, it has become even more unrealistic after the war and Russia's recognition of South Ossetia and Abkhazia. The irreconcilable positions among the parties to the conflict leave very little hope for a *rapprochement* in the near and medium-term future. Georgia has to cope with another wave of internally displaced persons (IDPs) who have very little prospect of returning

to their villages in South Ossetia any time soon. Since President Saakashvili has linked his political destiny to the reintegration of South Ossetia and Abkhazia since coming to office, this dramatic setback may further undermine his domestic position.

South Ossetia and Abkhazia have emerged both stronger and weaker from the traumatic events of August 2008. Russia's full military and political support, including recognition of their independence, which both entities had sought for the past 15 years, seems to put them in a position of strength *vis-à-vis* Georgia and its Western supporters. At the same time, their freedom of action is gone. Particularly in Abkhazia, the political elite had been trying, albeit with very limited success, to balance Russian influence by seeking contacts with other outside actors, notably the EU. Now such efforts are impossible. Although the Abkhaz may seek to resist the preponderant Russian influence at some point in the distant future, the August events increased exponentially Sukhum/i's dependence on Russia. Moreover, the reluctance among other Russian allies to recognize Abkhazia and South Ossetia suggests that both entities will remain internationally isolated.

Additionally, the war has had tangible implications for the South Caucasus as a region. The blunt demonstration of the consequences the use of force may have forced Azerbaijan to reconsider its strategic options in the Nagorno-Karabakh conflict. This contributed to the adoption of a joint Armenian-Azerbaijani declaration on the non-use of force mediated by Moscow. As a result, and also with a view to the recent *rapprochement* between Armenia and Turkey, Yerevan emerges in a strengthened position from the turbulent summer of 2008. Baku is obviously also reconsidering its attitude toward building energy transit routes through Georgia, which have been a priority of EU and US policy towards the Caspian Basin in recent years. The country decided to redirect some of its exports to Russia and Iran shortly after the war. Baku abstained from strong political support for Georgia, with whom it is aligned in the framework of the Organization for Democracy and Development-GUAM. Hence, the war may have contributed to the further polarization and fragmentation of the South Caucasus.

The EU and the War in Georgia

The impact of the war in Georgia is by no means limited to the South Caucasus. On the contrary, it affects the geostrategic situation in the entire post-Soviet space, EU-Russia relations, European security as a whole, and relations between Russia and the US. Therefore, one should con-

sider it a local war with global implications. For the EU and Russia, the war marked one of the lowest points in the history of their post-Cold War relations. At the same time, it provided the EU with a unique opportunity to position itself as a political player and mediator in a region where to date its profile had been rather weak.

Before the war in Georgia, EU activities in the South Caucasus were channeled through three instruments: the Partnership and Cooperation Agreements, the Action Plans in the framework of the European Neighborhood Policy (ENP), and the EU Special Representative to the South Caucasus. Relations with all three South Caucasus republics are based on Partnership and Cooperation Agreements concluded in 1999. In 2006, the PCAs were supplemented by Action Plans in the framework of the ENP, designed to support reform processes in the partner countries and enhance cooperation between them and the EU. All Action Plans address the unresolved conflicts, focusing on post-conflict economic reconstruction and confidence building. The main idea was to make Georgia a stable and prosperous democracy, and hence more attractive for the two breakaway regions to reintegrate. Confidence-building measures also formed a large part of the activities of the European Union Special Representative for the South Caucasus. In the first half of 2008, given rising tensions particularly in Abkhazia in the wake of Kosovo's declaration of independence, the EU as a whole and individual member states stepped up efforts to resolve the conflict. German Foreign Minister Frank-Walter Steinmeier put forward a peace proposal for Abkhazia and followed up with high-level visits to the breakaway region in May and June. As the traumatic events just a few weeks later were to show, however, these efforts came too late.

EU policies towards the South Caucasus (and other sub-regions in the former Soviet Union) are inextricably interwoven into relations with Russia. With the "big bang" enlargement in 2004, the EU, albeit unconsciously, slipped into a competition for influence with Russia in the post-Soviet space. In both sides' perceptions, "revisionism" plays an important role: Russia sees the EU's growing profile as an attempt to revise the borders of its "zone of influence." On the other hand, many inside the EU see Russian policy in the region as undermining the sovereignty and territorial integrity of the Newly Independent States (NIS) in an attempt to reaffirm Russian influence in the post-Soviet space. Growing disagreement over the policies towards the adjacent countries has added to the deterioration of EU-Russia relations in recent years. The lack of agreement over pol-

icy toward Russia within the EU itself only complicates the situation. Member states' attitudes range from support for engaging Russia (Germany, France, Italy and others) to those that are highly sceptical (the Baltic States, Poland, Sweden, the UK), which directly affects how they see the EU's engagement in the so-called "common neighborhood" with Russia. For those who favor good relations with Moscow, greater engagement in the South Caucasus entails the risk of increasing tensions. Others see a more active policy as an instrument for reducing Russian influence in neighboring regions and, simultaneously improving their own security situation. This internal division has so far kept the EU from presenting a stronger profile, both in conflict resolution processes and in the region overall.

In the face of military violence in Georgia the EU under the French presidency reacted swiftly. Within only a few weeks, it managed to conduct a negotiation mission and deploy more than 250 civilian monitors on the administrative borders between Georgia, South Ossetia and Abkhazia. It nominated an additional EU Special Representative for the crisis in Georgia, who is responsible for organizing international talks between the conflicting parties in Geneva. The talks got off to a rocky start in October, but seem to have become much more constructive in November. In any event, they are essential to maintaining a dialogue among the relevant actors. Last, but not least, the EU co-organized the above-mentioned donors' conference on 22 October, which resulted in a considerable amount of funding being raised for war-damaged Georgia.

These were undoubtedly remarkable diplomatic steps, which helped to prevent the Georgia crisis from escalating further. Under conditions of intense international pressure, the EU proved capable of reacting quickly and appearing as a forceful and coherent political actor on the international stage.

On the negative side, however, divisions inside the EU re-emerged in the period after the war. Ambivalence as to whether Russia was genuinely fulfilling its obligations to withdraw troops from South Ossetia and Abkhazia under the terms of the ceasefire agreement was revealed in the attitudes of EU member states as early as September. Drawing on different assessments, member states disagreed regarding the resumption of the post-PCA negotiations with Russia, which had been suspended at the extraordinary European Council on 1 September 2008. The decision of the General Affairs & External Relations Council (GAERC) on 11 November to re-launch negotiations reflected an almost complete consensus on the need to have a dialogue with Rus-

sia despite – or maybe precisely because of – the crisis caused by the war in Georgia. In making the decision, however, the EU lost leverage with respect to both the Russian withdrawal from Abkhazia and South Ossetia and the question of the access of European monitors to the separatist regions. The current situation is best described as precarious, with Moscow interpreting the EU's decision as an approval of its withdrawal and the EU Monitoring Mission (EUMM) being limited to the Georgian sides of the “buffer zones” and hence unable to control and investigate violent clashes along the ceasefire lines, thus potentially cementing an extraordinarily problematic *status quo*. Moreover, the internal revision process of EU-Russia relations launched by the extraordinary European Council on 1 September did not result in a strong political statement. Both Commission and Council produced rather apolitical papers, which were not preceded by an open and critical debate of the August events, their implications for EU-Russia relations and policy options for the EU. The resumption of dialogue with Russia took priority over the revision process, which could have helped the EU to achieve more internal coherence. While again there were strong reasons for this, it could prove problematic in the future as the lack of internal coherence remains the biggest problem in relations with Russia as well as for the EU's policy towards the whole region. The Russian-Georgian war provided more evidence that the EU's eastern neighborhood, including Russia, is becoming the most important foreign policy challenge for the EU – it is absolutely crucial for the Union, therefore, to come to terms with its internal divisions if it wants to build upon the position it has successfully taken during and after the Russian-Georgian war.

Lessons to Be Learned from the Georgia Crisis

For an assessment of the lessons the EU should learn from the Georgia crisis, it is necessary to look not only at the EU's policy and performance during and after the war but also to include the period before the war in the analysis. Enthusiasm about successful mediation and deployment of EUMM should not disguise the fact that the EU, along with other international actors involved, had failed to prevent the escalation of the unresolved conflict in South Ossetia just as they had failed to ensure a resolution of the unresolved conflicts in South Ossetia and Abkhazia in the 15 years since the civil wars in Georgia had taken place. The EU was the last international player to enter the stage in the South Caucasus, but it has strengthened its profile in recent years. It also

has declared interests in the South Caucasus as a neighboring region and a potential transport corridor for oil and gas from the Caspian Basin. It should, therefore, work for a comprehensive and more coherent approach towards the region. Three points stand out when looking at the EU's policy towards Georgia and the unresolved conflicts in South Ossetia and Abkhazia.

The EU addressed the unresolved conflicts mainly through its European Neighborhood Policy which is an essentially government-oriented instrument. This approach had two consequences: firstly, EU policy became closely associated with the very nationalist and not always constructive policies of the Georgian government. Secondly, it made it difficult for the EU to involve civil society actors on both sides of the ceasefire lines in its conflict-related activities. The EC Delegation in Tbilisi conducted a number of very valuable projects involving NGOs, particularly in Abkhazia, but by and large the EU quickly became perceived as unequivocally pro-Georgian, which narrowed its room for maneuver as a neutral mediator between the parties to the conflict. This had a negative impact on the activities of the EU Special Representative as well as on the diplomatic initiatives undertaken in the first half of 2008.

The paralyzing link between the EU's policies towards Russia and the eastern neighborhood has prevented the Union from exploiting its potential to develop a comprehensive strategy for deeper engagement in conflict resolution processes in the post-Soviet space. Therefore, the various EU instruments and measures applied to the region (such as the special representatives, border assistance missions, possibility for co-operation within the framework of the ENP Action Plans etc) did not merge into one cohesive and efficient policy. In reaction to that, the Georgian government focused its foreign policy very strongly on strategic partnership with the US, rather than with the EU.

Lastly, and related to the previous point, too little coordination has taken place between the EU and other important external actors, notably the US. EU policy in the region is informed by a soft power-oriented, transformative approach, whereas the US very much follows a geo-strategic approach. The two do not always go together well which deprived both sides of the opportunity to forge a concerted policy. While there were regular exchanges between officials at the senior working level, for instance during the Georgian domestic crisis in October and November 2007, a general debate on the diverging approaches has not taken place.

Based on this analysis, the following adjustments should be considered for the EU's policy towards Geor-

gia, the South Caucasus and the Eastern neighborhood, including Russia.

Georgia remains a crucial partner for the EU in the South Caucasus. However, the EU should become more flexible in the application of its policies so as to refocus its activities both on government institutions and on civil society, and to more systematically involve actors on both sides of the conflict lines – in all unresolved conflicts in the CIS. In the Georgian case, pursuing such an approach has become even more complicated now because the war has exponentially increased South Ossetia's and, particularly, Abkhazia's dependence on Russia. Nevertheless, the EU should make an effort to ensure, for instance, that a share of the money donated on 22 October be used for projects in Abkhazia and South Ossetia. Channeling the funds in this manner will require a very sophisticated approach and a lot of patience, but it is the only way of saving the two regions from total isolation.

The EU needs to step up its engagement in the eastern neighborhood. This implies the intensification of relations with ENP countries in the post-Soviet space, the strengthening of the regional dimension, and, notably, the development of a comprehensive strategy for conflict resolution, involving all instruments at the EU's disposal (economic reconstruction, confidence building, peacekeeping missions). Such action is not incompatible with functioning relations with Russia; on the contrary, and provided an open and frank dialogue, it could

at some point open new space for further coordination and cooperation. EU member states, therefore, would be well advised to find a consensus and communicate it to Russia. At the same time, however, the EU should also take a more critical stance towards the policies of Georgia and other ENP countries regarding domestic reform processes as well as unresolved conflicts, and voice discontent and warn of the consequences if things develop in the wrong direction.

Finally, the EU should strive for synergies between its own and US policies in the region. The strong role it has played during the Georgia crisis and the change of administration in Washington provide a window of opportunity to start a critical debate on the reasons for the Georgia crisis and ways to improve and mutually reinforce policies.

Conclusion

The sad events of August 2008 have again illustrated the challenges awaiting the EU in its eastern neighborhood. At the same time, the EU demonstrated its potential to meet those challenges. Member states and all relevant actors inside the Union should take this as encouragement to overcome internal divisions, find agreements on controversial issues and, by doing so, strengthen the EU's foreign policy. However big the external challenges may be, the main homework needs to be done inside the Union.

About the author:

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Recommended reading:

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