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Europe's New Neighborhood on the Verge of War

What role for the EU in Georgia?

PRIF Reports No. 74



Peace
Research
Institute
Frankfurt

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ISBN: 3-937829-37-7

Euro 10,-

Summary

The crisis of September and October 2006 between Georgia and Russia has made evident two things for Europe: Firstly, the EU may find itself confronted with war in its new neighborhood sooner than it imagines. Secondly, there is now a 'window of opportunity' for Brussels to enhance and reposition itself in the region in order to attend to its interests.

The 'window of opportunity' has opened up for the EU because Georgian President Mikheil Saakashvili, who has given the impression that Europe is not as important to his country as his big protection power of the USA, now turns to Europe. In order to gain 'Western' solidarity, he has applied a strategy of fueling the conflict with Moscow in order to incite excessive reactions, as displayed in the publicly played-out arrest of four Russian military officers for charges of espionage. Russia's subsequent response was harsh, imposing the most severe boycott measures since the 1948 Berlin Blockade against Tbilisi. However, even though the international community has been astonished by Moscow's measures, Saakashvili has miscalculated. In fact, Saakashvili's administration has had to learn the lesson that there are indeed more important issues for Washington. On October 13, the USA made a deal with Russia, passing a Moscow-sponsored resolution 'against' Tbilisi in exchange for a Washington-sponsored North Korea resolution. Furthermore, NATO has as yet failed to offer Tbilisi an action plan for membership – an offer that Georgia had hoped to receive with US-support at the NATO summit in Riga (Latvia) in November 2006.

As the recent crisis between Georgia and Russia is closely connected to Georgia's 'frozen' secession conflicts with Moscow-supported South Ossetia and Abkhazia – one of which is striving for an integration with Russia, the other for associated relations – Brussels now finds itself at a point where it has to decide what role it should play in Georgia in order to attend to its interests, especially with regard to conflict resolution. Despite the fact that the UN- and OSCE-led negotiation mechanisms have so far failed to produce final settlements and their engagements could not avert increased tensions with the break-away regions, this report does not argue in favor of a stronger conflict resolution role for the EU with its image as an 'honest broker'. It rather makes the point that it is not in Brussels' interest to get directly involved in the negotiation processes due to the 'frozen' nature of the secession conflicts. There is no chance for constructively 'unfreezing' the conflicts in the short-term and, therefore, there is also no specific added value of a direct EU involvement. But in the long-term, confidence-building is the most reasonable direct strategy with regard to conflict resolution and represents a task that both the UN and the OSCE are already committed to. The EU has the financial means to support these efforts – something Brussels has increasingly been doing of late.

The paper proposes the EU sticks to the instruments already at its disposal and applies them more coherently instead of creating new ones. In 2003, the EU appointed a Special Representative (EUSR) for the South Caucasus and strengthened his mandate in 2006 after the first office holder used his position to take a relatively active role in the conflicts. Notwithstanding the fact that it would be desirable to further increase the EUSR's visibil-

ity and presence in Georgia with regard to the breakaway regions, due to their 'frozen' nature, the conflicts do not represent reasonable starting points in order to break Georgia's 'vicious circle' of state fragility. This state fragility not only refers to the secession conflicts, but also to weak and inefficient institutions, a lack of the rule of law as well as to corruption. In fact, it would make more sense for the EU to strengthen the Georgian state by assisting in institution- and capacity-building and by promoting good governance and the rule of law. This would help Georgia to become more attractive to South Ossetia and Abkhazia than integration with the Russian Federation. The promotion of good governance not only is something that the EU, in reference to its experiences with enlargement, has a good record in, it is also an aspect that the European Neighborhood Policy (ENP) has put a lot of emphasis on. Georgia's individual ENP Action Plan has just recently been formally approved at the EU-Georgia Cooperation Council session on November 14. Since governance will also be a focus of the upcoming German Council Presidency in the first half of 2007, Berlin could add momentum to this approach.

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1. Introduction: Europe's New Neighborhood on the Verge of War¹

In Europe's new neighborhood, September and October 2006 witnessed an escalation of the recurring 'war of words' between Georgia and Russia to the verge of a military confrontation. These events have unfolded while Germany prepares for her G8 and Council of the European Union presidencies in 2007 and while consultations on the individual Action Plan with Tbilisi were being finalized with regard to the European Neighborhood Policy (ENP)². It was not until after the European Security Strategy had been adopted in December 2003 that the countries of the South Caucasus were recommended for and included in the ENP. By seeking a ring of well-governed countries around the European Union (EU), the ENP is aimed at avoiding what the EU has of late almost been faced with – instability on its borders.³

The recent crisis was triggered by the arrest of four Russian military officers on charges of espionage in Georgia on September 27. Instead of quietly turning them over to their home country, Georgian President Mikheil Saakashvili has used this incident as a populist provocation in order to trigger a strong reaction from Russia, thereby gaining 'Western' support. And indeed, Duma President Boris Gryshin, subsequently, has threatened with a military option, saying that the proceeding of the Georgian leadership was considered to be an act of state terrorism and, therefore, all measures provided for by the Russian legislation in the fight against terrorism were applicable against Georgia.⁴ Russian troops in Georgia went on alert. The accused spies were released and handed over to the Organization for Security and Cooperation in Europe (OSCE) on October 2, after OSCE Chairman-in-Office Karel De Gucht held talks with Saakashvili in Tbilisi. Nevertheless, Russia – after recalling her ambassador to Georgia – has imposed sanctions, representing the most severe boycott measures since the Berlin Blockade of 1948. These add to the ban on Georgian wine and mineral water imposed in January 2006, and include the suspension of all air, rail, car, and sea traffic as well as of postal communications between the two neighboring countries. Furthermore, hundreds of Georgians living in Russia have been

- 1 This report represents the second publication in the context of a research project on external democracy promotion by international organizations, conducted at PRIF. The author thanks her interview partners at the European Union in Brussels for helpful information, the members of PRIF's research group, International Organization, Democratic Peace and the Rule of Law, as well as Susanne Fischer, Hans-Joachim Schmidt, Tabea Seidler, and Heidrun Zinecker for valuable comments, and the Friedrich Ebert foundation for financial support.
- 2 The visiting delegation of the EU Troika and Georgian Foreign Minister Gela Bezhushvili signed a joint statement on the agreed text of the Georgia-EU Action Plan within the ENP on October 2. The Action Plan has been formally approved at the EU-Georgia Cooperation Council session in Brussels on November 14. In regard to the ENP see below, page 26.
- 3 Cf. Council of the European Union, A Secure Europe in a Better World – European Security Strategy, Brussels, 12 December 2003, p. 8 and European Commission, European Neighbourhood Policy – Strategy Paper, Brussels, 12 May 2004, p. 5.
- 4 Since July 2006, according to her Constitution, Russia – when threatened – has the right to apply military means abroad in order to stop "international terrorist activities".

forcibly repatriated to Tbilisi for alleged visa violations, accompanied by the closure of various Georgian-owned businesses in Russia. Impoverished Georgia not only depends on the money sent by approximately one million Georgians working in Russia, but also on the import of Russian gas. Consequently, the Duma has proposed amendments to existing legislation that would enable the stoppage of money transfers in emergency situations, and – according to Georgia – Russian gas monopolist *Gazprom* has discussed raising the gas price from 86.50 euro to 135 to 200 euro (per 1000 m³) in 2007.

Relations between the two neighbors have always been sensitive after the dissolution of the Soviet Union and the subsequent independence of Georgia in 1991. The backdrop for recurring tensions are Georgia's 'frozen conflicts'⁵ with the two *de-facto* independent breakaway regions of South Ossetia and Abkhazia that are supported by Russia.⁶ Russia has, in this context, followed a strategy of 'controlled instability'⁷ or 'frozen uncertainty',⁸ thereby obstructing the development of Georgia's sovereignty and statehood. The secession conflicts are part of a vicious circle of state fragility that Georgia faces. On the one hand, the Georgian state is weakened by the secession conflicts, i.e. the fact that Tbilisi does not control around 15 per cent of Georgia's territory, which also has economic besides security-related implications. On the other hand, the fact that the Georgian state is already weakened by carrying the Soviet heritage and Shevardnadze's legacy (endemic corruption, clientelistic state structures, inefficient political institutions, and a lack of the rule of law), enables the perpetuation of the shadow economy and smuggling that flourishes especially in South Ossetia. This, in turn, fosters the interests of conflict entrepreneurs to maintain the *status quo*.⁹ But ever since the 'Rose Revolution'¹⁰ of November 2003 that brought into power a strongly 'Western'-oriented administration under US-educated President Saakashvili, the atmosphere between Tbilisi and Moscow has consistently deteriorated, apart from a short period of thaw in 2004. Saakashvili has eloquently taken any opportunity to provoke his northern neighbor, e.g. by demonstratively supporting the 'Orange Revolution' in Ukraine late in 2004 and publicly considering to leave the Com-

- 5 Kalevi Holsti used the term of 'frozen conflicts' in order to describe the result of a philosophical dilemma: "[...] you cannot force communities to live together – particularly communities that believe their physical survival is at stake – but you cannot separate them either. The conflict becomes frozen rather than settled. This is not conflict resolution; it is conflict perpetuation." Kalevi Holsti, *The State, War, and the State of War*. Cambridge (Cambridge University Press), 1996, p. 196.
- 6 The secession conflicts that are background for the recurring tensions between Tbilisi and Moscow will be described in more detail in chapter 0 starting on page 5.
- 7 Martina Bielawski and Uwe Halbach, *Der georgische Knoten - Die Südossetien-Krise im Kontext georgisch-russischer Beziehungen*, Berlin (SWP), 2004, p 7.
- 8 Oksana Antonenko, *Frozen Uncertainty: Russia and the Conflict over Abkhazia*, in: Bruno Coppieters and Robert Legvold (eds.), *Statehood and Security: Georgia after the Rose Revolution*, Cambridge (American Academy of Arts and Sciences), 2005, pp. 205-269.
- 9 Cf. Pamela Jawad, *Democratic Consolidation in Georgia after the "Rose Revolution"?* PRIF Reports No. 73, Frankfurt, 2005, p. 36 f.
- 10 The term 'Rose Revolution' represents the November 2003 events in Georgia, that, after public protest against fraudulent parliamentary election, resulted in former President Eduard Shevardnadze's resignation and Saakashvili's subsequent victory with 96 per cent of the votes in the January 2004 presidential elections. Regarding the 'Rose Revolution' and its consequences, see *ibid*.

monwealth of Independent States (CIS). However, Russia's disapproval is especially caused by Georgia's struggle for NATO membership¹¹, which has been strongly supported by the USA¹². The latter is reason enough for Russian President Vladimir Putin to polemicize against Saakashvili's 'foreign sponsors' interfering in the hegemon's 'near abroad', or for Russian Foreign Minister Sergej Lavrov to indirectly blame the USA and NATO for the recent crisis.

The deterioration of Georgian-Russian relations is closely interconnected with a perceived escalation of security dilemmas in the secession conflicts (see section 0, pages 5 ff.). On the one hand, the centers of the breakaway regions, Sukhumi (Abkhazia) and Tshkinvali (South Ossetia), feel threatened by Tbilisi's rapid armament, that, in connection with harsh tones by members of the Georgian government, are interpreted as improving premises for a military option of conflict 'resolution'. On the other hand, with growing mistrust, an increasing military-political cooperation between the *de facto* states, and a stealthy "annexation"¹³ by a growing economic dependency on Russia and a 'Russification' via the distribution of Russian passports¹⁴, the realization of Saakashvili's inauguration promise to restore Georgia's territorial integrity becomes increasingly unobtainable.

The present situation of mutual threats and references to the willingness of the respective opponent to resort to arms could not be averted by international engagement in the conflict zones. More than a decade after the ceasefire agreements that followed the violent outbreak of the early 1990s, negotiations led by the OSCE in South Ossetia and the United Nations (UN) in Abkhazia have as yet failed to produce negotiated settlements. In the recent crisis, both Russia and Georgia have repeatedly called on the international community in the shape of the UN and the OSCE to intervene on their behalf.¹⁵ But, with both

11 Georgia even considers NATO membership to be a short-term target. In his annual presidential address to Parliament on 14 February 2006, Saakashvili stated that "Georgia is one step away from NATO membership. [...] [I]n 2008 Georgia and Ukraine [...] have a very good chance of becoming full members of NATO." <http://president.gov.ge/?l=E&m=0&sm=3&st=30&id=1450> (accessed in 10/2006).

12 Hardliners of the Republican Party's right wing in the US Senate even collect signatures in order to accelerate Georgia's accession to NATO; cf. Uwe Klußmann, *Kalter Krieg im Kaukasus*, 3 October 2006, in: www.spiegel.de/politik/ausland/0,1518,440557,00.html (accessed in 10/2006).

13 In an address to the UN General Assembly on September 22, Saakashvili said that "the painful, but factual truth is that these regions [Abkhazia and South Ossetia; P.J.] are being annexed by our neighbor to the north – the Russian Federation [...]." United Nations Association of Georgia, *Georgia: Saakashvili unveils 'fresh' roadmap in UN speech*, 22 September 2006, in: www.reliefweb.int/rw/RWB.NSF/db900SID/EK01-6TY49H?OpenDocument (accessed in 10/2006).

14 South Ossetia's *de facto* foreign minister claims that close to 90 per cent of all Ossetians in South Ossetia have become Russian citizens, cited in International Crisis Group, *Georgia: Avoiding War in South Ossetia*, Europe Report No. 159, Tbilisi/Brussels, 26 November 2004, p. 7.

15 In this context, Russia has called on the UN Security Council to censure Georgia for its conduct in the arrest of the four Russian officers. Putin has sent a letter to the OSCE Chairman-in-Office thanking him for his mediation in the release of the Russian officers and, at the same time, asking him to push for a fundamental policy change in Georgia. Saakashvili stated that his government was thinking about bringing the case of the forcible repatriation of Georgians (in cargo planes) and Russia's alleged human rights violations of deportees' before the European Court of Human Rights. Georgia's ambassador at the Council of Europe (CoE), Zurab Tchiaberashvili, has asked the international community to push for Russia's mitigation, say-

the UN Security Council and the OSCE being 'blocked' by Russia – in one case due to Russia's veto-power as a permanent member¹⁶, in the other due to the consensus principle¹⁷ – this report takes a closer look at another international actor: the European Union (EU).

The recent adoption of the ENP Action Plan on November 14 as well as Germany's upcoming Council Presidency¹⁸ hold the opportunity for the EU to enhance and reposition itself in the region, especially with regard to conflict resolution. What role should the EU play in Georgia? On the one hand, Brussels has, since 1999, emphasized the primary importance of conflict settlement for external assistance to be effective in the South Caucasus¹⁹ and, lately, has proclaimed its intention to become more engaged in conflict resolution²⁰. Moreover, in the face of the complex geo-strategic environment, dominated by a 'tug-of-war' between the Russian Federation and the USA, the EU, compared to other international actors, has the advantage of being perceived as "an 'honest broker' free from traditional US/Russia rivalries"²¹ by the conflict parties. But on the other hand, Saakashvili – with the USA as protecting power – has so far given the impression that Europe is not so important to him and his country. Despite the fact that Europeans and US-Americans alike have called on Moscow to put an end to her excessive proceeding, Saakashvili has miscalculated. His strategy of fueling the conflicts with Russia and the breakaway regions in order to gain 'Western' solidarity has failed. The USA has apparently abandoned Saakashvili to some extent. Thus, she made a deal with Russia and passed a Russia-sponsored UN Security Council Resolution on October 13, condemning Georgia's troop advancement to the Abkhazian border, while Russia agreed to an US-sponsored resolution on North Korea one day later. Furthermore, NATO only offers an 'intensified dialogue' instead of an action plan to membership that Tbilisi had expected from the NATO

ing that there was a Cold War in the Caucasus that could develop into a hot war threatening peace and security in the region.

- 16 Regarding a recent UN Security Council Resolution of 13 October 2006, Russia rejected an earlier resolution on Georgia arguing that the USA had amended the document without consulting with Security Council members; cf. Molly Corso, Both Moscow and Tbilisi claim UN Resolution a "victory", 16 October 2006, in: www.eurasianet.org/departments/insight/articles/eav101606a.shtml (accessed in 10/2006). However, Moscow finally made a deal with Washington on the aforesaid resolution (see below, pages 4 and 12).
- 17 Cf. Peter Schlotter, The OSCE's Contribution to "Democratic Peace" – 30 Years of the Helsinki Final Act, in: IFSH (ed.), OSCE Yearbook 2005, Vol. 11, Baden-Baden (Nomos), 2006, pp. 61-68, here: 67.
- 18 Regarding Germany's relations to Georgia and her upcoming Council Presidency see page 16 and footnote 69.
- 19 Cf. General Affairs Council, 21-22 June 1999, Press 198 No. 9008/99 as well as Dov Lynch, Security Sector Governance in the Southern Caucasus – Towards an EU Strategy, in: Geneva Centre for the Democratic Control of Armed Forces (DCAF) (ed.), Security Sector Governance in the Southern Caucasus: Challenges and Visions, Geneva (DCAF), 2004, pp. 34-47, here: 42.
- 20 Cf. General Affairs Council Conclusions, Brussels, 26-27 February 2001; also see below, page 15 ff.
- 21 International Crisis Group, Conflict Resolution in the South Caucasus: The EU's Role, Europe Report No. 173, Tbilisi/Brussels, 20 March 2006, p. i.

summit in Riga in late November 2006. The Saakashvili administration now turns to Europe.²²

Europe, indeed, has some important interests that are at stake in Georgia. In order to assess how the EU should attend to these interests that are analyzed in section 0 (see pages 13 ff.), this report will review the EU activities in Georgia since the early 1990s in section 0 (see pages 18 ff.). It will evaluate whether the EU's own cognition of the importance of conflict settlement for assistance to be effective has been translated into corresponding action after 1999 (see section 0, pages 28 ff.) and argue in favor of the EU's 'soft approach' to conflict resolution via the promotion of good governance in the conclusion (see section 0, pages 30 ff.). After all, the secession conflicts with Abkhazia and South Ossetia, that will be treated in the following section (see pages 5 ff.) represent only one aspect of the vicious circle of state fragility that Georgia faces with regard to serious deficits in the security, legitimacy/rule of law and welfare functions of a state.²³

2. Territorial Disintegration in Georgia

Under Soviet rule, more autonomous units were built up in Georgia (Georgian: *Sakartwelo*) than in any other Soviet republic (with the exception of Russia).²⁴ No other state in the post-Soviet area has as many difficulties in securing or restoring territorial integrity or in controlling its territory as Georgia.²⁵ This, for one thing, concerns parts of the country that do not strive for secession but nevertheless are or were out of Tbilisi's control.²⁶ How-

22 This 'turning to Europe' was for example expressed by Georgia's Foreign Minister Gela Bezhuashvili in an interview in which he stated that "Europe must not leave Georgia alone anymore, like it did in 1921, when the Red Army occupied Georgia, destroying her independence after only three years." Cited in *Frankfurter Allgemeine Zeitung*, 23 November 2006, p. 7 [translated by P.J.].

23 For an assessment of Georgia's failing state see e.g. Coppieters and Legvold (eds.) 2005, see above (footnote 8); Uwe Halbach, *Georgien: Staatsversagen als Folge von Korruption und territorialer Desintegration*, in: Ulrich Schneekener (ed.), *States at Risk. Fragile Staaten als Sicherheits- und Entwicklungsproblem*, Berlin (Stiftung Wissenschaft und Politik), 2004, pp. 105-121; Martina Huber, *State-building in Georgia. Unfinished and at Risk?* Den Haag (Netherlands Institute of International Relations "Clingendael"), 2004. Regarding the three 'state functions', 'dimensions' or 'tasks' in general, see e.g. Francis Fukuyama, *State-building: the new agenda*, Ithaca, NY (Cornell University Press), 2004; Dieter Grimm (ed.), *Staatsaufgaben*, Frankfurt am Main (Suhrkamp), 1996; Jennifer Milliken/Keith Krause, *State Failure, State Collapse and State Reconstruction: Concepts, Lessons and Strategies*, in: Jennifer Milliken (ed.), *State Failure, Collapse and Reconstruction*, Oxford et al. (Blackwell), 2003.

24 For the general role of Soviet nationality policy in the recurrence of national movements in the late 1980s or its effect on the relationships between different communities see particularly Rexane Dehdashti, *Internationale Organisationen als Vermittler in innerstaatlichen Konflikten. Die OSZE und der Berg Karabach-Konflikt*, Frankfurt am Main (Campus), 2000, pp. 26-36.

25 Cf. Darrell Slider, *Democratization in Georgia*, in: Karen Dawish and Bruce Parrott (eds.), *Democratization and Authoritarianism in Postcommunist Societies*, Cambridge (Cambridge University Press), 1997, p. 169.

26 Isolated parts of the country such as the northern valleys of Svaneti and Pankisi, the inhabitants of which are of Chechen descent, or regions in the south predominantly inhabited by Armenian and Azeri minorities which reject the notion of being part of Georgia, e.g. the Armenian enclave of Javakheti. The southwestern republic of Ajara was governed under the authoritarian rule of Aslan Abashidze until May 2004. See i.a. In-

ever, treated here and briefly described in this section are Georgia's secession conflicts with the two breakaway regions of Abkhazia in the northwest and South Ossetia in the north because they are underlying the dissonance between Georgia and Russia or, vice versa, exploited by Tbilisi and Moscow for their purposes in the conflict. They are also part of the challenge that external actors have to face in Georgia. This country in the South Caucasus suffers from additional deficits of 'stateness', displaying deep institutional weakness, worrying levels of corruption and organized crime, and several so-called no-go areas that have the potential to serve as retreats for international terrorists and violent non-state actors.

Both Ossetians and Abkhazians are ethnically distinct from Georgians. While Georgia claims territorial integrity, the former aspire to national self-determination – South Ossetia in the shape of a federation with North Ossetia within Russia, Abkhazia in the shape of associated relations with Russia rather than full integration. Against the framework of Saakashvili's vow to restore Georgia's territorial integrity and Tbilisi's successful armament efforts (remarkably reforming its security structures with US support and raising the military expenditures from once 0.5 per cent of the gross domestic product (GDP) to 3 per cent in 2006²⁷), the breakaway regions fear Tbilisi is preparing for military action in conflict resolution. Therefore, Tskhinvali and Sukhumi have increased their political-military cooperation, invested in armament efforts themselves, and proceeded with political and economic integration with the Russian Federation. This again puts time pressure on the Saakashvili administration because its top priority of reintegrating South Ossetia and Abkhazia moves further and further away.

2.1 Georgia's Conflict with South Ossetia

South Ossetia²⁸, bordering the Russian province of North Ossetia, represents the smallest among the secessionist entities in the post-Soviet space. It was granted the status of an autonomous region (*oblast*) in the Georgian Soviet Socialist Republic in 1923.²⁹ In the late 1980s, against the backdrop of the *Glasnost* policy of the last Soviet President Mikhail Gorbachev (1985-1991), Abkhazian and Ossetian nationalists began striving for more

International Crisis Group, Saakashvili's Ajara Success: Repeatable elsewhere in Georgia? Europe Briefing, Tbilisi/Brussels, 18 August 2004.

27 Cf. Uwe Halbach, Säbelrasseln und Friedenspolitik in Europas neuer Nachbarschaft, SWP-Aktuell 32, Berlin, Juli 2006, p. 1.

28 The region's name South Ossetia is the term most frequently used in official documents and the diplomatic discourse, as in this PRIF report. By Georgians, however, the region is often referred to as "Shida Kartli", as "Tskhinvali Region", or – by hard-line nationalists – as "Samachablo" (the land of the aristocratic Georgian Machabeli family); cf. International Crisis Group 2004, see above (footnote 14), p. 2.

29 Autonomous regions (*oblast*) possessed the smallest degree of autonomy, mostly cultural, in the Soviet system – especially compared to autonomous republics; cf. Dehdashti 2000, see above (footnote 24), pp. 26-36. In contrast, North Ossetia was given the status of autonomous republic in the Russian SSR, as was Abkhazia in the Georgian SSR.

autonomy. Understandings of history – in particular, of the duration of Ossetian presence in the region – differ, causing deep divisions. While Ossetians claim to populate their historical homeland on both sides of the Caucasus where they migrated to from Persia at least five millennia ago, Georgians consider Ossetians as “guests” who arrived with mass movements to Georgia in the 17th to 19th centuries and whose presence, thereby, is not as ancient as their own. In the early 1990s, tensions were increased by a language issue³⁰ as well as by the Georgian-nationalist orientation of Zviad Gamsakhurdia’s rule. Gamsakhurdia³¹, the later first president of independent Georgia, came to power in the 1990 parliamentary elections that were boycotted by Ossetians because the Georgian Supreme Soviet had adopted an election law barring regional parties earlier. After South Ossetia had held its own elections in December, Gamsakhurdia abolished its autonomous *oblast* status. Even before Georgia’s declaration of independence on 9 April 1991, heavy fighting broke out in South Ossetia, resulting in Tbilisi’s de facto loss of control over this area by the end of 1990. On 20 September 1990, South Ossetia had already declared its independence, but strived for a federation with North Ossetia as part of Russia after the dissolution of the Soviet Union.³²

With sporadic Russian involvement, the fighting escalated once more in the spring of 1992 and continued until June 1992 when a ceasefire agreement was reached. The ‘Sochi Agreement’ led to the deployment of the trilateral Joint Peace Keeping Forces (JPKF), consisting of Russian, Georgian and Ossetian troops, as well as to the establishment of the quadripartite Joint Control Commission (JCC), a negotiation mechanism with Georgian, South and North Ossetian and Russian participation. The 1990 to 1992 highly violent conflict resulted in approximately 1,000 casualties and displaced around 60,000 people.³³ This changed the intermixture of populations that existed before the war.³⁴ As of Septem-

30 In 1989, the Georgian Supreme Soviet promoted its language program, establishing Georgian as the principle language countrywide. Ossetians reacted by passing a resolution on Ossetian as an official language in the autonomous region; cf. International Crisis Group 2004, see above (footnote 14), p. 3. The Ossetian language belongs to the Indo-European group and is related to Pushto and (more distantly) Farsi, but uses the Cyrillic alphabet; cf. Nikola Cvetkovski, *The Georgian-South Ossetian Conflict*, Dissertation (Aalborg University), Danish Association for Research on the Caucasus, in: www.caucasus.dk/publication5.htm (accessed in 2/2006).

31 Gamsakhurdia was a national dissident who had been arrested for anti-Soviet activities several times and who had excelled at human rights activities. He belonged to the founders of the Tbilisi wing of the *Helsinki Group*. In the 1970, the *Helsinki Group* called for the implementation of the principles of the *Conference on Security and Cooperation in Europe (CSCE)*.

32 In a referendum held in January 1992, a large majority voted in favor of integration into the Russian Federation. The South Ossetian Supreme Council also pledged for this option on 19 November. Cf. Jawad 2005, see above (footnote 9), p. 8 f.

33 According to UNHCR estimations as of 1998, 30,000 Ossetians from Georgia and 10,000 from South Ossetia registered as refugees in North Ossetia. Additionally, some 10,000 Georgians and persons of mixed ethnicity were displaced from South Ossetia to Georgia proper, and 5,000 internally displaced in South Ossetia.

34 According to the 1989 census, Ossetians in South Ossetia numbered 65,000 (66.6 per cent of an overall population of approximately 99,700, including some 26,000 ethnic Georgians), with 98,000 in the rest of Georgia. Today, South Ossetia has approximately 70 to 80,000 inhabitants.

ber 2004, the UNHCR facilitated the return of no more than 1,734 persons (513 families) from North to South Ossetia and to Georgia proper.³⁵

Despite these burdens, not to speak of the atrocities committed by both sides³⁶, until its re-ignition in July and August 2004 (see below, page 8), the South Ossetia conflict had been considered to be the most eased regional conflict. Not only had no military confrontations occurred since the 1992 ceasefire agreement, but contacts and trade had revived between Ossetians and Georgians living in and around the zone of conflict³⁷, enabling a slow but progressive negotiation process. In 2000, it even seemed that South Ossetia's former *de facto* President Lyudvig Chibirov and Georgia's former President Eduard Shevardnadze might ultimately agree on re-integration.³⁸ These hopes faded, when Eduard Kokoity succeeded Chibirov after the former's victory in the December 2001 elections. Kokoity refused to discuss a political settlement regarding South Ossetia's future status in Georgia. In 2004, he repeatedly called for South Ossetia's integration into the Russian Federation and, on June 5, appealed to the Duma in this regard. Prior to this, Saakashvili, at his inauguration, had vowed to restore Georgia's territorial integrity. In mid-2004, the achievements and the feelings of trust, that had been restored between 1992 and 2004 were destroyed by a seriously miscalculated attempt to break a twelve-year deadlock in order to reintegrate South Ossetia swiftly. Tbilisi had initiated a large-scale anti-smuggling campaign in and around South Ossetia in December 2003, reinforcing it in May 2004.³⁹ Ossetians perceived this as preparation for military action. While Georgia had expected

35 Cf. United Nations High Commissioner for Refugees, Population Movements as a Consequence of the Georgian-South Ossetian Conflict, updated 1 September 2004.

36 For a description of the atrocities committed by both sides in the 1990 to 1992 violent conflict, see Human Rights Watch, Bloodshed in the Caucasus: Violations of Humanitarian Law and Human Rights in the Georgia-South Ossetia Conflict, New York et al., March 1992, in: www.hrw.org/reports/pdfs/g/georgia/georgia.923/georgia923full.pdf (accessed in 10/2006), pp. 17 ff.

37 Protocol no. 3 of the Sochi Agreement defined a circle with a 15 km radius from the center of Tskhinvali as the zone of conflict as well as a security corridor consisting of a 14 km band divided evenly on both sides of the former *oblast's* administrative borders.

38 They met three times in 1996, 1997 and 1998, and both publicly expressed commitment to peaceful conflict settlement; cf. International Crisis Group 2004, see above (footnote 14), p. 8.

39 The 'frozen' conflict in South Ossetia has provided a fertile ground for the development of illegal business such as smuggling, drug trafficking, kidnapping, and arms trading. Not only the South Ossetian elites and Russian troops profited from illegal trade, but also average citizens who gained livelihoods against the background of unemployment and poor economic development. Georgia lost significant customs revenue due to smuggling.

Kokoity's regime to weaken quickly after smuggling was curbed⁴⁰, the latter actually appeared to grow even stronger as support from its population grew⁴¹.

Regarding the 2004 crisis that almost escalated into a full-scale war, Georgia accused Russia of providing armored personnel carriers, tanks, other military equipment, fuel, and training by Russian army officers to South Ossetia. Russia, as in the recent 2006 crisis, thought that Georgia had deliberately escalated the situation in order to increase international awareness and reveal the Russian peacekeepers' alleged inability to carry out their mandate. Indeed, Tbilisi has made efforts towards an internationalization of conflict resolution and peacekeeping, also with regard to Abkhazia.

2.2 Georgia's Conflict with Abkhazia

As with South Ossetia, Abkhazia in Georgia's northwest sought secession from Georgia in the early 1990s. Between 1917 and 1931, Abkhazia had represented a Soviet republic of its own, before it was integrated into the Georgian SSR as an autonomous republic. On 25 August 1990, the Abkhazian Supreme Soviet passed a 'Declaration on the Sovereignty of Abkhazia' which was annulled by the Georgian Supreme Soviet days later. After declaring independence in July 1992, the struggle for secession in Abkhazia heavily escalated, with forces loyal to Tbilisi occupying the Abkhazian capital of Sukhumi. As armed groups from regions in Russia's North Caucasus came to support Abkhazia, the latter began to regain territory. The war was one of the bloodiest post-Soviet conflicts, claiming up to 10,000 lives and displacing around 250,000 people, most of them ethnic Georgians. Despite economic and geopolitical rationales, the Georgian-Abkhazian conflict evolved into an ethno-political conflict that divided the multinational society of pre-war Abkhazia.⁴² Like Ossetians, Abkhazians are ethnically distinct from Georgians; unlike Ossetians in South Ossetia, Abkhazians were clear minority within the territory of Abkhazia before the 1992 to 1993 war, but by October 1993, almost all ethnic Georgians had fled Abkhazia⁴³. The withdrawal of Georgian troops in September 1993 and the Moscow Ceasefire Agreement

40 Saakashvili obviously thought he could repeat the Ajara success, sometimes called the "Second Rose Revolution", where a "skilful mix of threatened force and imaginative diplomacy" resulted – with the help of Russian mediation – in Ajara's reintegration into Georgia. Ajara had been governed under the authoritarian rule of Aslan Abashidze who emigrated to Moscow in early May 2004. Cf. International Crisis Group, Saakashvili's Ajara Success: Repeatable Elsewhere in Georgia? Europe Briefing, Tbilisi/Brussels, 18 August 2004.

41 According to some NGO representatives interviewed by the International Crisis Group, *before* May 2004, only a minority of some 20 per cent in South Ossetia was firmly committed to independence and behind Kokoity. On 23 May 2004, 'parliamentary elections' were organized in South Ossetia, and 'Unity', the pro-'presidential' party, won two thirds of the seats. Cf. International Crisis Group 2004, see above (footnote 14), p. 13.

42 Cf. Oksana Antonenko 2005, see above (footnote 8), p. 206.

43 According to the 1989 census, Abkhazia had a population of 525,000 people, of which 239,000 (45 per cent) were ethnic Georgians. Almost all the Georgians fled Abkhazia by October 1993. Cf. Gocha Khundadze, Georgia's refugee recount, Tbilisi, 28 April 2004, in: www.reliefweb.int/rw/RWB.NSF/db900SID/ACOS-64D87Q?OpenDocument (accessed in 10/2006).

of 14 May 1994 ended the war. The ceasefire has since been monitored by around 1,500 peacekeeping troops under the guise of the CIS and the UN Observer Mission to Georgia (UNOMIG). Negotiations between the Georgian and Abkhazian sides took place within the 'Geneva Peace Process', chaired by the UN, facilitated by Russia, and observed by the OSCE and the 'Group of Friends' (USA, Germany, United Kingdom, France, and Russia).

Russia's role during the 1992 to 1993 war has evolved into "the key obstacle to normal relations between Georgia and Russia"⁴⁴. Moreover, Russia's direct and indirect political and, more importantly, military assistance to both the Georgian (in the initial stages) and the Abkhazian sides (especially since September 1992) of the conflict, has undermined the trust of both sides toward Russia as an impartial and reliable mediator. This becomes evident in the fact that, despite its dependence on Russia as security guarantor and economic partner, Abkhazia – unlike South Ossetia – only seeks associated relations with Russia rather than full integration. Especially in 1994, there were disagreements over the pace and scale of (Georgian) refugee return that provoked tensions between Moscow and Sukhumi. After Abkhazian forces entered the security zone in order to force Russian peacekeepers to retreat, the latter's role was transformed from one of helping to promote gradual reintegration between the communities into one of keeping them apart, thereby adding to the 'frozen' nature of the conflict.⁴⁵

This change of strategy on the Russian part was and still is reason for Georgia to seek ways to internationalize the peacekeeping effort, especially after Russia had refused to allow her peacekeepers to intervene when fighting broke out in the Gali region in May 1998. The escalation was provoked by Georgian paramilitaries crossing the ceasefire line. As a result, hundreds of people were killed and over 20,000 Georgians who had returned to their homes were once again displaced. However, given Russia's opposition, neither the UN nor the OSCE dispatched an alternative peacekeeping force.⁴⁶ The crisis in bilateral relations between Tbilisi and Moscow, already existing in the late 1990s, worsened when Georgia failed to support the Russian effort in the second Chechen war that started in 1999, unlike the first war (1994 to 1996). Back then, Georgia had probably supported Russia's campaign against Chechen separatism because of the Chechens' active participation in the Georgian-Abkhazian war in the early 1990s. In the second Chechen war, Russia even accused Georgia of sheltering Chechen rebels who had allegedly moved across the border into Georgia's Pankisi Gorge. Russia launched several military operations there, violating Georgia's sovereignty. Russia's activities were justified by the fight against terrorism, as was intensified US-Georgian security co-operation in the shape of the Georgian Train and Equip Program (GTEP), deploying around 200 US military advisors and trainers between fall 2001 and April 2004. GTEP was succeeded by the Sustainment and Stabil-

44 Antonenko 2005, see above (footnote 8), p. 209.

45 Cf. Dov Lynch, *Managing Separatist States: A Eurasian Case Study*, ISS-EU Occasional Papers no. 86, Paris, November 2001, p. 17.

46 Cf. Antonenko 2005, see above (footnote 8), pp. 224 f.

ity Operations Program (SSOP).⁴⁷ Russia perceived these US activities as an interference with its traditional sphere, raising geopolitical concerns.

The deterioration of Georgian-Russian relations resulted in a reorientation of Moscow's policies towards Abkhazia. Although Russia officially continued to support Georgia's territorial integrity, it expanded relations with Sukhumi, endorsing the 'presidential' elections and a referendum on independence in Abkhazia in 1999. This referendum, however, has to be put into question because almost all ethnic Georgians had fled Abkhazia by October 1993, changing the prewar intermixture of populations when Abkhazians had been a clear minority within the territory of Abkhazia. Furthermore, Russia not only reopened its border with Abkhazia, ending an isolation policy implemented in December 1994, but also introduced a visa regime for Georgian citizens, while making an exception for residents of Abkhazia and South Ossetia in December 2000.⁴⁸ Moscow also provided assistance to Abkhazia against an incursion into the Abkhazian part of the Kodori Gorge staged by Georgian security forces in September 2001. Since the Georgian-Abkhazian political dialogue was suspended thereafter, the so-called Boden Initiative of July 2002 unsuccessfully tried to give new impetus to the negotiation process. Dieter Boden, Special Representative of the UN Secretary General, released a discussion paper proposing a federal model that would give Abkhazia the broadest autonomy and even recognition as a 'sovereign entity' within Georgia.⁴⁹ But Sukhumi refused to negotiate on anything not containing a path to independence. Not until the Russian-sponsored Sochi meeting between the Russian and Georgian presidents on 6 and 7 March 2003, was the political dialogue between Georgia and Abkhazia (at least partially) restored. The meeting placed Moscow in the role of key mediator after the UN-led political process had been put on hold. This role was not impartial, however, but made Russia a party to the negotiations representing her own interests as well as those of the Abkhazian side. President Shevardnadze received much criticism within Georgia for signing the Sochi agreements. After the 'Rose Revolution', the Saakashvili administration distanced itself from this bilateral format and Russia began to unilaterally implement many of the economic projects that should have been linked to the return of displaced persons. Russia's main contribution to the Abkhazian economy was related to cross-border trade (primarily citrus fruits and other agricultural products) and especially to tourism, although most hotels are owned by Russians.⁵⁰

Despite the fact that Russia will remain Abkhazia's principal source of economic and political support, Abkhazians have developed a strong sense of community and a will to be as independent from external influences as possible. This was especially expressed in

47 Cf. Jawad 2005, see above (footnote 9), pp. 8, 13, and 29.

48 Cf. Antonenko 2005, see above (footnote 8), pp. 230.

49 For an analysis of the 'Boden Paper' see Bruno Coppieters, *The Georgian-Abkhaz Conflict*, in: Bruno Coppieters et al. (eds.), *Europeanization and Conflict Resolution: Case Studies from the European Periphery*, Ghent (Academia Press), 2004, pp. 203-208, here: chapter 5.3.2; also published electronically in: <http://ecmi.de/jemie/download/1-2004Chapter5.pdf> (accessed in 10/2006).

50 Cf. Antonenko 2005, see above (footnote 8), pp. 241 ff.

Abkhazia's 'presidential' elections of October 2004, when candidate Sergei Bagapsh won against Russian-backed candidate Raul Khajimba, notwithstanding manipulations from Moscow. At first, Khajimba and Moscow did not accept the election results, but in December a compromise was reached stipulating that in the re-elections Bagapsh would run for president and Khajimba for vice president.⁵¹

2.3 Intermediate Conclusion

Over a decade after the wars in South Ossetia and Abkhazia of the early 1990s, Russia has evolved as a key player in the negotiation processes. This role, however, is less one of an impartial mediator, but rather of a party following its own interests. Furthermore this role has contributed to the 'frozen' nature of the conflicts – a persistent nature that has allowed Russia to keep its presence and influence in the region and obstructed Georgia from building a strong and fully sovereign state. As a reaction, Tbilisi has called for an internationalization of conflict resolution – a call that might have entrapped Georgia to deliberately worsen matters in order to increase international awareness. Other than in the 2004 South Ossetia crisis, when Washington and Brussels did not openly criticize Moscow for its involvement, but rather warned Saakashvili not to enflame passions in the Caucasus, in the recent crisis, the world is astonished by Russia's seemingly bizarrely exaggerated reaction. But despite the fact that Russia has indeed played the suppressing role that Saakashvili hoped the international community would see, the Georgian President has miscalculated and overdrawn the bow. The USA has made a deal with Russia with regard to the October 13 resolution against Tbilisi, NATO still only offers 'intensified dialogue' instead of a membership action plan, and Georgia, therefore, shifts her focus to Europe.

These developments, summed up by the fact that the UN- and OSCE-led negotiation processes have so far failed to produce conflict settlements, raise the question that an increased contribution to conflict resolution by the EU might facilitate an 'unfreezing' of the conflicts due to its image as 'honest broker'. As previously mentioned, the EU itself has emphasized the primary importance of conflict settlement and proclaimed its intention to become more engaged in conflict resolution. The question, if the EU follows its own assessment and proclamation, will be traced by analyzing the EU's interests and activities to date in the following section, before conclusions will be drawn on what role the EU should play in Georgia.

51 Cf. Jawad 2005, see above (footnote 9), p. 11 and Antonenko 2005, see above (footnote 8), p. 258 ff.

3. EU Interests and Activities in Georgia⁵²

The last section that has briefly described Georgia's two secession conflicts in South Ossetia and Abkhazia and their persistent 'frozen' nature, has raised the issue that the EU – with its image as 'honest broker' – might be better suited to giving new impetus to the stagnating processes of conflict resolution than Russia, the UN or the OSCE. Should the EU get directly involved in the negotiation processes? Should it promote dialogue between Tbilisi and Moscow, or take one of the two sides? Should it contribute to conflict resolution only indirectly by promoting good governance so that Georgia proper appears more attractive to South Ossetia and Abkhazia? Should it stick with its soft approach to conflict resolution and financially support the UN and OSCE efforts? In order to trace the question of a stronger EU role in conflict resolution, that would not only correspond to the EU's own assessment that conflict settlement is key to the effectiveness of any external assistance be, but also to its proclamation to become more engaged in conflict resolution itself, firstly, the EU's and its Member States' interests in the region of the South Caucasus will be analyzed because they are relevant for the development of EU activities and secondly, the EU's actual activities since the early 1990s will be described.

3.1 The EU's Interests in Georgia and the South Caucasus Region

Notwithstanding the recent crisis between Georgia and Russia that has been noted by the European media, all in all, the European public has so far not paid a lot of attention to the developments in the South Caucasus region. These regional developments, however, are of relevance beyond its geographical area. The South Caucasus, an intersection between Asia and Europe, between orient and occident, has been dominated by different powers throughout history and, today, is once again an arena for conflicting interests. At present, these especially concern its role as a transport corridor for energy resources from the Caspian Basin. Furthermore, with 'frozen' conflicts in Abkhazia and South Ossetia (as well as in Nagorno-Karabakh), the ethnically and religiously diverse South Caucasus region is not only a crises region in itself, it is also located in geographical closeness to the unstable North Caucasus as well as the 'broader Middle East'⁵³.

But still, in contrast to internal issues such as finding a new 'European identity'⁵⁴ after the last round of enlargement and the major setback of the project for a European constitution, as well as external issues, like the various crises in the broader Middle East, Rus-

52 This section is based on an article to be published in Annette Jünemann and Michèle Knodt (eds.), *The EU as an External Democracy Promoter. Die externe Demokratieförderung der EU. Schriftenreihe des Arbeitskreises Europäische Integration e.V., Baden-Baden (Nomos), 2006 (forthcoming)*.

53 The term "broader Middle East" traces back to the so-called Broader Middle East and North Africa Initiative, that - after being suggested by the USA - was started at the G-8 summit in Sea Island, Georgia (USA) in June 2004.

54 With regard to a "European cultural and geopolitical identity" cf. Adrian Severin, *The Future of the EU: A Need for a New Vision*, in: *Internationale Politik und Gesellschaft 2006 (1)*, p. 11-19.

sia's Caucasian periphery might not seem to be one of the EU's major concerns. The region does not border directly onto the EU (yet) and none of the region's countries are candidates for EU membership (yet). Nevertheless, Georgia is of fundamental relevance for the EU – not only for reasons of energy security that becomes increasingly important in EU security thinking, but also because Georgia embodies all the (positive and negative) challenges that the EU faces as a security actor at the beginning 21st century.⁵⁵ Georgia displays a unique combination of security risks and threats: It suffers from state fragility with two unresolved conflicts on its territory, weak state institutions, widespread corruption and organized crime as well as several so-called no-go areas.⁵⁶ Furthermore, it will be in direct proximity of the EU once Romania and Bulgaria accede to the Union in January 2007. The interpretation provided for by the European Security Strategy in this regard is clear-cut: "Neighbours who are engaged in violent conflict, weak states where organised crime flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for the EU."⁵⁷ Therefore, the EU faces the difficult task of dealing with a contested state on Europe's borders. The challenge in this context is to develop genuine foreign policy beyond the policy of enlargement. With the ENP, the EU has started to make an effort in this direction (see below, page 26). The EU's interests in the South Caucasus, which have led to the development towards the ENP, can be described as threefold: economic, security-related, and normative.

The EU played a rather marginal role as a political player during the 1990s. Although the EU provided technical assistance and aid to a noteworthy degree, the region had always been distant enough, geographically speaking, so that threats emerging from there were not perceived as immediate.⁵⁸ Therefore, European activities focused on *economic* transition – political dialogue remained more rhetoric than reality. Furthermore, in order not to remain dependent on Russian gas, the EU has strived for a diversification of its energy supplies for about 15 years now. It has identified the Caspian Sea as a potential alternative source with the South Caucasus region as an important transport corridor.⁵⁹ In 2000, the EC emphasized these energy-related interests when it declared access to the Caspian Basin energy reserves of strategic interest to the EU.⁶⁰ Therefore, the project of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline is of major concern, not only for the EU.

This view of the South Caucasus as part of the resource-rich Caspian region, dominated the 1990s, although, already at the end of the 1980s, it had notably made an appear-

55 Cf. Dov Lynch, Why Georgia matters, in: Chaillot Paper, no. 86, Paris, February 2006, p. 8.

56 For an analysis of such challenges in Georgia cf. i.a. Jawad 2005, see above (footnote 9).

57 Council of the European Union 2003, see above (footnote 3), p. 7.

58 Cf. Dov Lynch, The EU: towards a strategy, in: Chaillot Paper, no. 65, Paris, December 2003, pp. 171-196, here: 178.

59 Cf. John Gault, EU energy security and the periphery, in: Roland Dannreuther (ed.), European Union Foreign and Security Policy – Towards a neighbourhood strategy, London/New York 2004, pp. 170-185.

60 Cf. European Commission, TACIS Regional Cooperation Indicative Programme, 2000-2003, p. 4.

ance as a crises zone showing a high density of symptoms for weak 'stateness'.⁶¹ By the end of the 1990s, the problems of unresolved regional conflicts and unfinished processes of state-building became more prominent once again. And after 11 September 2001, the focus of the international community, including the EU, moved to such *security-relevant* issues.

With the latest EU enlargement of May 2004, the South Caucasus moved closer to the EU's borders, also increasing the EU's *normative* interest of promoting its liberal values in international relations. This is based on the assumption that "an international system of states embracing these values will be one in which it is easier to pursue the Union's external objectives"⁶².

Within this group of interests, a series of debates have taken place within different EU bodies on how to best approach the region, especially since the coming into force of the so called Partnership and Cooperation Agreements (PCAs) in 1999 (see below, page 21). The EC has participated through various communications and several Commission staff working documents arguing for the primary importance of conflict settlement so that external assistance is effective in the South Caucasus region. It also emphasized the need for the Union to lay down broad strategic objectives for the whole region. The European Parliament (EP), too, has called for the development of a South Caucasus strategy since 1999 and, since 2001, has picked up many of the EC's ideas. In general, the EP has been suggesting a much stronger policy towards the South Caucasus region. The Council has called for an emphasis on greater regional cooperation. The Council Presidencies of Sweden (2001)⁶³, Greece and Italy (2003)⁶⁴ have given priority to the South Caucasus region. The present Presidencies of Austria and Finland (2006) have stated in their operational program that "[t]he Union will work with Armenia, Azerbaijan and Georgia to begin implementation of the ENP Action Plans. The Council may consider a troika mission to the Southern Caucasus to add momentum to this process. It may also look at enhancing the role of the EU Special Representative in the Southern Caucasus, aiming eventually at his permanent presence in the region. Efforts should continue to ensure the support of the

61 Cf. Uwe Halbach, *Der Kaukasus in neuem Licht - Die EU und Russland in ihrer schwierigsten Nachbarschaftsregion*, Berlin (SWP), 2005, pp. 19 f.

62 S. Neil MacFarlane, *The Caucasus and Central Asia - Towards a non-strategy*, in: Dannreuther (ed.) 2004, see above (footnote 59), pp. 119-134, here: 127.

63 "Increased attention should be focused on Moldova and the Southern Caucasus." Council of the European Union, Programme of the Swedish Presidency of the European Union - 1 January to 30 June 2001, Brussels 2001, in: www.eu2001.se/static/pdf/program/ordfprogram_eng.pdf (accessed in 5/2006), p. 24.

64 "The Council will examine ways and means to further promote relations in all fields between the EU and the countries of the Southern Caucasus. Coordination with other major players and an enhanced visibility of EU initiatives constitute the main lines of action." Council of the European Union, Operational Programme of the Council for 2006 submitted by the incoming Austrian and Finnish Presidencies, Brussels, 22 December 2005, in: www.eu2006.at/includes/Download_Dokumente/Agendas/0512draft_operationalprogrammeEN.pdf (accessed in 5/2006), p. 44.

EU in helping to solve regional conflicts in the Southern Caucasus and to enhance border controls in Georgia.”⁶⁵

As far as individual Member States are concerned, all in all, the South Caucasus countries have lacked a lobbyist among them during the 1990s in order to catalyze a greater interest from Brussels, other than e.g. the Baltic States in the shape of the Scandinavian countries, or Spain and Italy in favor of the Mediterranean states.⁶⁶

A number of Member States saw the value-added of an enhanced EU role in the region as limited, arguing that the processes of conflict resolution stagnated and the South Caucasus was already crowded with external actors. Particularly France and the UK have taken a critical position towards an enhanced role of the EU in the region, despite or rather because of the fact that they both have taken an active role in their national policies. Notwithstanding, the UK lobbied for Georgia to be included in the ENP and even keenly advocated EU accession after the ‘Rose Revolution’.⁶⁷ Taking obvious interest in a leading position concerning energy development in the shape of the construction of the BTC and the Baku-Tbilisi-Erzurum (BTE) pipelines, especially with the British Petroleum (BP) company, she has appointed her former ambassador in Moscow, Brian Fall, as UK Special Representative for Georgia in October 2002, later on for the whole South Caucasus region. The UK is also among the Member States who were most involved in Georgia after the ‘Rose Revolution’. It supported the new government through the “Reuniting Europe” budget line of the Foreign and Commonwealth Office’s “Global Opportunities Fund” (GOF).⁶⁸

Nevertheless, some Member States have called for a stronger role of the EU – especially Germany and several Nordic states. Germany, who will hold the Council Presidency in the first half of 2007⁶⁹, has launched a “Caucasus Initiative” in her development cooperation in April 2001, aimed at a better understanding between the three countries by promoting measures with a cross-border impact in five sectors: reforming the judiciary and developing civil society (municipal democracy), facilitating access to credit in the private sector, securing supplies in the energy sector, combating tuberculosis in the health sector, and preserving biodiversity.⁷⁰ She has supported the inclusion of the South Caucasus countries

65 Council of the European Union 2005, see above (footnote 64), p. 53. The appointment of an EU Special Representative (EUSR) for the Southern Caucasus is described below (see page 23).

66 Cf. Halbach 2005, see above (footnote 61), p. 22.

67 Cf. Richard Youngs (ed.), *Survey of European Democracy Promotion Policies 2000-2006*, Madrid 2006, in: www.fride.org/eng/Publications/publication.aspx?item=1049 (accessed in 5/2006), pp. 19 and 227.

68 Cf. Youngs 2006, see above (footnote 67), p. 227.

69 In this regard, an outlook on the actual working program emphasizes the relevance of energy policy for the shaping of foreign and security policy and the stabilization of the immediate geographical neighborhood as well as the promotion of freedom, democracy and free-market economies in other parts of the world; cf. Speech by State Secretary Silberberg “A Preview of Germany’s EU Presidency: The Status of the Federal Government’s Preparations” on 4 October 2006, in: www.auswaertiges-amt.de/diplo/de/Infoservice/Presse/Reden/2006/061004-SilberbergEuropa.html (accessed in 10/2006).

70 Cf. Federal Ministry for Economic Cooperation and Development, *The BMZ Caucasus Initiative - Encouraging Understanding, Materials*, Bonn, March 2005, in: www.bmz.de/en/service/infothek/fach/

into the ENP⁷¹, but along with France has been least supportive in relation to EU accession⁷². Until the end of 2004, Germany has allocated 612 million euro for financial and technical assistance as well as for development-oriented emergency aid to the three countries.⁷³ Germany was not only the first country to recognize Georgia after independence in 1991, but also considers Georgia as the only country in the region of the South Caucasus and Central Asia to be a “priority partner country” receiving the full range of the BMZ’s (Federal Ministry for Economic Cooperation and Development) development policy instruments in selected priority areas.⁷⁴ Germany, whose close relations to Georgia can partly be explained by Shevardnadze’s role in the German reunification, also provides the largest national contingent to UNOMIG in Abkhazia and is also the coordinator of the UN Secretary General’s “Group of Friends”, which attempts to settle Tbilisi’s dispute with the secessionist republic.

New impetus was given by Georgia’s ‘Rose Revolution’ in November 2003 as well as by the latest EU enlargement in May 2004. This not only brought the region closer to Europe’s borders, but also provided the South Caucasus countries with new sympathetic advocates. The latter not only concerns Poland, who, even before her own accession to the EU, has emphasized the “utmost importance” of the development and democratization of the South Caucasus states and initiated an “Eastern Dimension” strategy that seeks to complement the EU’s ENP⁷⁵, but also the Baltic States, which Armenia, Azerbaijan, and Georgia share a common background as former members of the Soviet Union with. The Baltic countries believe they have a duty to act as mentors to other states aspiring to join either NATO or the EU.⁷⁶ A statement made by Lithuania’s Prime Minister Algirdas

materialien/138Kaukasusengl.pdf (accessed in 5/2005), p. 13; see also www.bmz.de/de/laender/regionen/europa_udssr/index.html#g (accessed in 5/2006).

71 Concerning the ENP see page 26.

72 Youngs 2006, see above (footnote 67), p. 19.

73 Germany allocated 132 million Euro to Armenia, 155 million Euro to Azerbaijan, 259 million Euro to Georgia, and 66 million Euro to the region; cf. Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), *Deutsche Entwicklungszusammenarbeit mit Zentralasien und Südkaukasus (Bilaterale Gesamtleistungen bis 31. Dezember 2004)*, Bonn, April 2005, in: www.bmz.de/de/laender/regionen/europa_udssr/EZ_ZentralasienKaukasus.pdf (accessed in 5/2006), pp. 1 f.

74 Germany invested 26 million Euro as financial cooperation and five million Euro as technical cooperation in Georgia in 2002 and 2003; see www.bmz.de/de/laender/partnerlaender/georgien/zusammenarbeit.html (accessed in 10/2005).

75 In a speech in September 2002, Poland’s Minister of Foreign Affairs stated: “The global cooperation of the European Union and the United States for the development of trade, investment and security, including the safety of energy supplies, should be extended to cover Trans-Caucasian and Central Asian states. The development and democratization of those regions is of utmost importance for a secure world and protection of common economic interests.” Cimoszewicz, Włodzimierz, *Transatlantic relations today and in the future - A speech by Mr. Włodzimierz Cimoszewicz the Minister of Foreign Affairs of the Republic of Poland at Georgetown University, September 10, 2002*, in: www.msz.gov.pl/10,wrzes-nia,2002r.,Wystapienie,Ministra,Spraw,Zagranicznych,w,Georgetown,,Waszyngton,1271.html (accessed in 5/2006), p. 6.

76 Cf. George C. Marshall European Center for Security Studies, *Dual Enlargement and the Baltic States: Security Policy Implications*, A Report of the George C. Marshall European Center for Security Studies

Brazauskas at his visit to Germany on 10 May 2006, where he met Federal Chancellor Angela Merkel, emphasizes this: “The Baltic States, which are EU members already, have much experience to share with the countries like Ukraine, Moldova and Southern Caucasus countries”⁷⁷. Therefore, the South Caucasus countries could benefit from the Baltic experience of transition and EU alignment. Latvia has issued a country strategy paper on her development cooperation with Georgia for 2006 to 2008. And Estonia and Lithuania have played an important role in the deployment of “EUJUST THEMIS” to Georgia, the EU’s first rule of law mission within the common European Security and Defense Policy (ESDP) (see below, page 26).

With reference to the ‘Rose Revolution’, Sweden – whose development cooperation with the region began in 1998 – issued a new strategy for development cooperation with the South Caucasus states in January 2006, emphasizing “[i]t is vital that the EU display both a clear interest in the states of Southern Caucasus and an unequivocal commitment towards them. In time, closer ties with the EU can lead to greater stability and less poverty in the region [...]”⁷⁸. The strategy includes a regional component to promote conflict resolution and cross-border contacts. In general, priority is given to promoting respect for human rights. With regard to Georgia, Sweden was one of the main advocates of her incorporation into the ENP⁷⁹ and has undertaken to double her development assistance, while emphasizing that development cooperation with Armenia and Azerbaijan, whose “will to implement political reform appears to be limited [...], should again be limited in financial scope”⁸⁰.

This brief analysis of the EU’s interests in the South Caucasus has shown that attention paid to the three countries is unequally distributed among the 25 Member States and that the focus of the different EU institutions has moved closer to the region in recent years. What activities the EU has actually undertaken in Georgia against this background since independence will be analyzed in the next section.

3.2 EU Activities in Georgia

Although the South Caucasus has always been of relevance to international actors, the EU has proceeded rather reluctantly in Russia’s Caucasian periphery. It has taken its time to differentiate the ‘post-Soviet space’ in its policies; and the South Caucasus were the last to

Conference in Tallinn, Estonia, February 11-13, 2004, in: www.marshallcenter.org/site-graphic/lang-en/page-pubs-conf-1/static/xdocs/conf/2004-conferences/0409/0409-report.pdf (accessed in 5/2006), p. 4.

77 Government of the Republic of Lithuania, Press Release, 10 May 2006, in: www.lrv.lt/main_en.php?id=en_aktualijos_su_video/p.php&n=132 (accessed in 5/2006).

78 Swedish Ministry for Foreign Affairs, Strategy for development cooperation with Southern Caucasus - January 2006 - December 2009, Stockholm 2006, in: www.sweden.gov.se/content/1/c6/03/97/72/66b7b766.pdf (accessed in 5/2006), p. 1.

79 Cf. Youngs 2006, see above (footnote 67), p. 200.

80 Swedish Ministry for Foreign Affairs 2006, see above (footnote 78), p. 2.

be considered as a region in itself. In this environment it has to be kept in mind that the wider a definition of a region, the more difficult it is to develop a political strategy for it. And apart from a region of the 'post-Soviet space', even the South Caucasus region comprises three quite different countries, with Georgia being one of them. With regard to this regional approach or 'non-approach', it might not be surprising that the EU has not been perceived as a political player of the international arena in the region during the 1990s. Nevertheless, the EU and its Member States, with various projects of technical assistance, has been a major donor in the post-Soviet space after the end of the Cold War.⁸¹

Table 1 summarizes the EU assistance that was allocated to the three South Caucasus states between 1992 and 2003. While this reflects that the EU has indeed been an important donor in the region, it remains outplayed by the scale of US support – even if assistance provided by the individual EU Member States is included in the comparison. Between 1992 and 2001 Georgia alone – as the second largest recipient of US foreign aid after Israel – has received 986 million USD through the US Freedom Support Act.⁸² Georgia will also benefit from another 295 million USD through the US Millennium Challenge Account (MCA) over the next five years.⁸³

Table 1: EU Assistance by Country, 1992 to 2003

EU assistance [million euro]	Armenia	Azerbaijan	Georgia
TACIS national allocations	98.90	116.50	111.00
Nuclear Safety	29.00		
Exceptional Macro-Financial Assistance		30.00	31.50
Humanitarian Aid: ECHO	68.79	92.09	98.25
European Agricultural Guidance and Guarantee Fund	50.20	65.70	62.55
Food Security Program	102.30	77.00	71.25
Rehabilitation		18.37	19.50
Exceptional Humanitarian Aid	1.50	9.50	10.00
EIDHR			7.55
Other assistance			8.25
Total	350.69	409,16	419,85

Source: European Commission, Annex to: "European Neighbourhood Policy", Country Reports Armenia, Azerbaijan, and Georgia, SEC(2005) 285/3, SEC(2005) 286/3, SEC(2005) 288/3.

81 Cf. i.a. Sabine Fischer, Integrationsprozesse im post-sowjetischen Raum: Voraussetzungen, Erwartungen und Potenziale, in: Internationale Politik und Gesellschaft, vol. 2006, no. 1, 2006, pp. 134-149, here: 143.

82 Cf. Lynch 2003, see above (footnote 58), p. 178. See also the overview available at USAID Georgia, www.usaid.gov/locations/europe_eurasia/countries/ge/index.html (accessed in 3/2006).

83 Cf. www.mcg.ge/english/Public_affairs/News/News_37.htm (accessed in 10/2006); for a brief description also see Jawad 2005, see above (footnote 9), p. 31.

The Early 1990s: Humanitarian and Technical Assistance

In the early years of Georgia's independence, the EU's main instrument was humanitarian assistance provided for by the European Commission Humanitarian Office (ECHO). ECHO had a major focus on the South Caucasus and only began to draw down its emergency programs in 1996.⁸⁴ Furthermore, the EU launched the grant-financed "Technical Assistance Program to Commonwealth of Independent States (CIS) countries" (TACIS) in 1991 that aims at enhancing the transition processes towards market economy and democracy in the countries of Eastern Europe, the South Caucasus and Central Asia. In January 2000, the Council adopted a new regulation concerning the provision of assistance to the TACIS partner states. While in the earlier phase between 1991 and 1999 assistance approximated 4.2 billion euro, this new phase of cooperation is aimed at providing 3.1 billion euro until the end of 2006 and at focusing on certain key areas of activity, namely support for institutional, legal and administrative reform; support for the private sector and assistance for economic development; support for addressing the social consequences of transition; development of infrastructure networks; nuclear safety; promotion of environmental protection and management of natural resources; development of the rural economy.⁸⁵ The program is defined and managed by the EC's External Relations Directorate-General (DG Relex), which is responsible for political direction and multi-annual programming, as well as the EuropeAid Cooperation Office that is responsible for managing the project cycle and annual programs.

Several programs that were intended to foster regional development and cooperation or to deal with cross-border problems as well as ad hoc allocations summed up the major instruments of TACIS and the PCAs (see page 21). Thus, Georgia has featured as part of the EU's wider regional policy frameworks. Projects like "Transport Corridor Europe-Caucasus-Asia" (TRACECA), which was established in 1993, promotes new transport corridors and larger areas of Eurasian markets and commerce, or the "Interstate Oil and Gas Transport to Europe" (INOGATE) program supports cooperation in oil and gas infrastructure systems.

In 1994, the European Initiative for Democracy and Human Rights (EIDHR) was established upon an initiative of the European Parliament. In order to provide a legal basis for all human rights and democratization activities of the EU, the Council adopted two regulations on the development and consolidation of democracy and the rule of law and respect for human rights and fundamental freedoms in 1999. The regulations provided for the establishment of a Human Rights and Democracy Committee that started its work in July 1999. The EIDHR's main aim is to fund activities that pursue the goals of promoting human rights, democratization and conflict prevention in third countries, carried out primarily in partnership with non-governmental organizations (NGOs) and international

84 Cf. MacFarlane 2004, see above (footnote 62), p. 134.

85 Cf. Council of the European Union, Council Regulation No. 99/2000 of December 1999 concerning the provision of assistance to the partner States in Eastern Europe and Central Asia, 18 January 2000, in: ec.europa.eu/comm/europeaid/projects/tacis/publications/general/new_regulation_en.pdf (accessed in 5/2006), p. 7.

organizations. In contrast to other EU programs, it can be used without the consent of host governments because it is implemented with different partners excluding official state, national and international governmental organizations or institutions. This represents a significant added value if, for instance, the main EU programs are not available for some reason, e.g. because of suspension. In 2002, Georgia was one of twenty-nine focus countries of the EIDHR, with further projects in 2003 and 2004, receiving some two million euro for support to civil society.

Since 1999: The Partnership and Cooperation Agreement

With the coming into force of the Partnership and Cooperation Agreements (PCAs) in 1999, regulating bilateral relations with partner countries, TACIS became a somewhat more strategic instrument because it was no longer a “stand-alone activity”, but part of an evolving relationship with each partner country. Within the legal framework of the PCAs, which formalize bilateral relations between the EU and the individual partner country for ten years, the programming and identification of TACIS funding consists of Country Strategy Papers (CSPs), which are established for five to seven years, defining the long-term objectives for cooperation and identifying the strategic priorities, and of (National) Indicative Programs, usually established for three years, which describe sectoral and cross-cutting issues, specific objectives and expected results. The Country Strategy Paper Georgia for the period of 2002 to 2006 was revised by the EC outside the regular cycle of programming reviews in September 2003 due to the serious deterioration of the security situation and the lack of progress towards democracy and market economy.⁸⁶ The EC argued that “more than ten years of significant levels of EU assistance have not yet led to the expected results [...] [T]he Georgian government has not yet shown the level of commitment to realize the policy objectives linked to assistance which the EU may legitimately expect.”⁸⁷ Henceforth, assistance would be provided only “if and insofar”⁸⁸ as the Georgian government undertook credible reform measures. This cut in assistance did not last long because of the change of government in November 2003.

Three joint EU-partner country institutions have been created through title XI “Institutional, general and final provisions” of the PCA:

- (1) a “Cooperation Council”, which consists of members of the Council of the EU and members of the EC, on the one hand, and of members of the Government of the partner country, on the other hand, and that meets once a year on ministerial level in order to supervise the implementation of the agreement,

86 EU-Georgia relations were adversely affected by a number of security incidents, e.g. in December 2001, a member of the EC Delegation in Georgia, Günther Beuchel, was murdered, and in June 2002, a TACIS contractor, Peter Shaw, was kidnapped and held for five months. Both crimes were never brought to justice by the Georgian authorities.

87 European Commission, Country Strategy Paper 2003 - 2006, Tacis National Indicative Programme 2004 - 2006, Georgia, adopted by the Commission on 23 September 2003, in: ec.europa.eu/comm/external_relations/georgia/csp/georgia_csp_6.pdf (accessed in 6/2005), p. 21.

88 Ibid., p. 4.

- (2) a “Cooperation Committee”, which is composed of representatives of the members of the Council and of members of the EC on the one hand, and of representatives of the Government of the partner country on the other, and that meets regularly (normally) on senior civil servant level in order to assist the Cooperation Council, and
- (3) a “Parliamentary Cooperation Committee”, which consists of members of the EP and of the partner country’s Parliament, and that meets at intervals it determines itself in order to exchange views.

The PCA provides for a political framework of political dialogue, EU support of democratic and economic transition, the promotion of trade and investment, and the establishment of frameworks for legislative, economic, social, financial, scientific, technological and cultural cooperation.⁸⁹ Anyhow, the titles of ‘political dialogue’, ‘legislative cooperation’, and ‘cooperation on matters relating to democracy and human rights’ take up only one page of the PCA, while the titles of ‘trade in goods’, ‘provisions affecting business and investment’, and ‘economic cooperation’ take up about 27 pages of the agreement, which totals 51 pages. Therefore, “the heart of the PCA[s] is economic and technical”⁹⁰. Albeit, not only has the PCA established an institutionalized political dialogue, it also has the same goal of trying to achieve the partner country’s commitment to common values and compliance with the Copenhagen criteria, respectively, and “use the same strategies and instruments”⁹¹ as in the framework of enlargement. They provide for political conditionality, but in their implementation fail to do so effectively. Instead of a suspension clause, they only contain an article providing for each party of the agreement to “take appropriate measures”⁹² in the case of violation. A revision of the CSP for Georgia was decided due to a deterioration of the situation. This was accompanied by “the unusual step”⁹³ of increasing amounts for institutional reform and civil society. New projects included a large-scale voter education project. In sharp contrast to the enlargement framework, the PCAs envision close trade relations and political cooperation but cannot offer EU membership as a strong incentive. The PCAs do not create symmetric relations and most of the so-called partner countries only have the threat of an instability export as leverage in order to aver their demands in negotiations with the EU.⁹⁴ The political dimension had a low profile prior to the ‘Rose Revolution’.

89 Cf. Article 1 of the PCA.

90 Lynch 2003, see above (footnote 58), p. 181.

91 Tanja A. Börzel/Thomas Risse, *One Size Fits All! EU Policies for the Promotion of Human Rights, Democracy and the Rule of Law*, Center for Development, Democracy, and the Rule of Law, Stanford University, 2005, p. 15.

92 This clause is found in Article 98 of the PCA with Georgia.

93 Cf. Youngs 2006, see above (footnote 67), p. 74.

94 Cf. William Wallace, *Looking after the Neighbourhood: Responsibilities for the EU-25*, in: *Notre Europe Policy Papers* No. 4, July 2003, p. 18.

Since 2003: The EU Special Representative for the South Caucasus

Frustration with the lack of progress of the PCAs' implementation and the accession of all three South Caucasus countries to the Council of Europe by 2001 resulted in an increase in EU activity. The Swedish Presidency in 2001 gave priority to the region and, starting with the first visit of a EU troika, composed of Javier Solana, Chris Patten and Anna Lindt, to the South Caucasus in February 2001, Europe has shown increasing political interest in the region. The events of 11 September 2001 have fostered the perception of a connection between weak statehood and threats to international security. Since weak 'stateness' is among the major problems of the South Caucasus, this region became increasingly relevant to the EU for security reasons too.

In July 2003, the EU appointed Finnish diplomat Heikki Talvitie as the Special Representative (EUSR) for the South Caucasus.⁹⁵ The EUSR is supposed to support the work of the High Representative of the Common Foreign and Security Policy (CFSP) Solana in the region and to contribute to the EU's policy objectives, including assisting Armenia, Azerbaijan and Georgia in carrying out political and economic reforms, preventing and assisting in the resolution of conflicts, promoting the return of refugees and internally displaced persons, engaging constructively with key national actors neighboring the region, supporting intra-regional cooperation and ensuring coordination, consistency and effectiveness of the EU's action in the South Caucasus.⁹⁶

While the earlier EU instruments have mainly been focused on technical measures to support economic transition and – even though there has in fact been substantial privatization of economies accompanied by a return to growth and a monetary stabilization – political and other objectives provided for in the agreements have so far been less sophisticated, the EUSR clearly represents a political instrument. In general, Brussels has decided to not get directly involved in the negotiation processes of the 'frozen' conflicts in the South Caucasus region, but to leave these tasks to the UN mission and the OSCE.⁹⁷ This has been referred to as the 'checkbook effect': The EU is in funds and offers fast and consequential support, but only when the partner country is 'ready', that is the basis for peace has to have already been established.⁹⁸ Nevertheless, EUSR Talvitie took a more active role in the South Ossetia crisis of the summer 2004 visiting the region quite regularly.

All in all, with the appointment of an EUSR the EU has gained visibility in the region of the South Caucasus that had been rather limited before, although the instrument remains "to be of low profile and instrumental for smoothing potentially antagonistic rela-

95 Cf. Joint Action 2003/496/CFSP, OJ L 169 of 8.7.2003.

96 Council Joint Action 2003/496/CFSP of 7 July 2003 concerning the appointment of an EU Special Representative for the South Caucasus, ue.eu.int/uedocs/cmsUpload/L169-8.7.2003.pdf (accessed in 3/2006).

97 This view was still expressed by members of the EC in interviews held by the author in Brussels in May 2006.

98 Cf. Célia Chauffour/Francois Gremy, Berg-Karabkh, Südossetien, Abchasien: Einblicke ins Innere der europäischen Politik im Südkaukasus, 28 November 2004, in: www.caucaz.com/home_de/breve_contenu_imprim.php?id=24 (accessed in 3/2006).

tions with Russia rather than making a clear mission statement”⁹⁹. The decision to appoint an EUSR for the South Caucasus can be interpreted as a reaction to the Member States’ emerging awareness that an EU policy might be more promising in questions that national policies have so far not been able to solve. But still, the EUSR’s mandate represents a compromise: The first EUSR, Talvitie, other than his successor (see below), did not have an office in Brussels, but was based in Helsinki, and had only limited resources and little technical support at his disposal. Furthermore, Talvitie was predominately funded by Finland. However, rising from tensions among the Member States concerning the possibility of an EU operation, monitoring the Russian-Georgian border after the OSCE Border Monitoring Operation (BMO) had been closed due to a Russian veto in December 2004, the EUSR team was strengthened as a compromise. What is more, just before Talvitie was succeeded by Swedish diplomat and former Head of the OSCE Mission to Croatia between 2002 and 2005, Peter Semneby, in February 2006¹⁰⁰, the Council reviewed the EUSR mandate, providing for a stronger political role with a focus on the conflicts.¹⁰¹ While the EUSR’s original task was to “assist in conflict resolution, in particular to enable the EU to better support the United Nations [and...] the OSCE”¹⁰², with the strengthened mandate he can “contribute to the settlement of conflicts and [...] facilitate the implementation with the United Nations [and...] the [OSCE]”¹⁰³.

Increased EU Activities after the ‘Rose Revolution’ of November 2003

The European Security Strategy, adopted in December 2003, seizes the account of fragile statehood representing a threat to international security. The Strategy defines state failure as “an alarming phenomenon, that undermines global governance, and adds to regional instability”¹⁰⁴ and considers it to be one of the “key threats”, the others being terrorism, the proliferation of weapons of mass destruction, regional conflicts and organized crime.¹⁰⁵ It also states that the EU “should take a stronger and more active interest in the problems of the South Caucasus”¹⁰⁶, which are at large congruent with the mentioned key threats. While earlier documents on the EU’s policies towards its neighbors had only addressed Russia, the Western Newly Independent States (WNIS), and the southern adjoining states of the Mediterranean¹⁰⁷, explicitly ruling out the South Caucasus countries¹⁰⁸, the

99 Xymena Kurowska, *Beyond the Balkans but Still in Civilian Uniform: EUJUST THEMIS to Georgia*, in: *CFSP Forum* 4 (3), May 2006, p. 8-11, p. 8.

100 Cf. Council Joint Action 2006/121/CFSP, OJ L 49 of 21.2.2006.

101 Cf. Lynch 2006, see above (footnote 55), p. 65 f.

102 Council Joint Action 2003/496/CFSP, see above (footnote 96), Art. 3(d), p. 74 [emphasis added; P.J.].

103 Council Joint Action 2006/121/CFSP, see above (footnote 100), Art. 3(d), p. 15 [emphasis added; P.J.].

104 Council of the European Union 2003, see above (footnote 3), p. 4.

105 Cf. *ibid.*, see above (footnote 3), pp. 3-5.

106 *Ibid.*, see above (footnote 3), p. 8.

107 Cf. i.a. European Commission, *Paving the Way for a New Neighbourhood Instrument*, Brussels, 1 July 2003, in: www.eu.int/comm/world/enp/pdf/com03_393_en.pdf (accessed in 3/2006).

108 A footnote in a communication from the Commission states: “Given their location, the Southern Caucasus therefore also fall outside the geographical scope of this initiative for the time being.” European Commis-

'Rose Revolution' of November 2003 in Georgia drew international attention to the region and gave rise to hopes for an advance of the democratization processes.

Following the 'Rose Revolution', the EU provided immediate support for the Georgian presidential and repeat parliamentary elections in January and March 2004 through the "Rapid Reaction Mechanism" (RRM). The EC also co-chaired, together with the World Bank, an international donors conference in June 2004, which pledged to Georgia a total of 850 million euro for the period 2004 to 2006. Compared with the period 2001 to 2003, the EC doubled assistance to Georgia. The EU also stepped up its role in Abkhazia and South Ossetia and, by 2005, had become "the largest donor and the most comprehensively engaged"¹⁰⁹ in both conflict zones.

In relation to the South Ossetia conflict, the EU has implemented three phases of a rehabilitation program with a total of 7.5 million euro since 1998. The third phase consists of 2.5 million euro to rehabilitate basic infrastructures (e.g. gas and water distribution in Tskhinvali, local waste management and school renovation projects) and has been continued in 2006. This follows earlier phases that focused on the rehabilitation of the drinkable water supply network, parts of the electricity network, schools, and the railway link between Gori-Tskhinvali. The EU has been more directly engaged in resolving conflict in South Ossetia than in Abkhazia. In exchange for agreeing to negotiate with the four sides of the Joint Control Commission (JCC) on how the EC's money will be used, the EC participates in negotiations – first at the Economic Working Groups and, since 2001, at the JCC. Grants to the OSCE Mission to Georgia, totaling 500,000 euro, are used to finance the JCC.¹¹⁰ But as in Abkhazia, the EU is seen as supporting the OSCE rather than taking on its own political role. Furthermore, EU projects in the conflict zone have focused mainly on infrastructure rehabilitation rather than traditional confidence-building. The EU has not funded projects with civil society, youth, media, women and former combatants.¹¹¹

In Abkhazia, EU involvement included seven projects: (1) the EC launched an economic rehabilitation program (4 million euro) in two phases in 2005 and 2006 in order to improve conditions in western Georgia and regions inside Abkhazia (Gali, Ochamchire, Tkvarcheli and Zugdidi); (2) the EU supported de-mining activities in Abkhazia; (3) in order to rehabilitate the Enguri Hydropower Plant, a vital electricity provider for all of western Georgia, the EC provided some 9 million euro; (4) ECHO continued its humanitarian relief programs in Abkhazia and Georgia proper with a focus on health and agricultural projects; (5) the EC's RRM assisted in confidence-building activities of international NGOs; (6) the EC launched micro-projects to support NGOs in the separatist region in

tion, *Wider Europe - Neighbourhood: A New Framework for Relations with Eastern and Southern Neighbours*, Brussels, 11 March 2003, in: www.eu.int/comm/world/enp/pdf/com03_104_en.pdf (accessed in 3/2006), p. 4.

109 Lynch 2006, see above (footnote 55), p. 64.

110 Cf. International Crisis Group 2006, see above (footnote 21), p. 20.

111 Cf. *ibid.*, p. 21.

2005, funded from the EIDHR; (7) the EU has supported rehabilitation efforts in Sukhumi and western Abkhazia through the Decentralized Cooperation Mechanism.¹¹² Although the EU had become the largest donor in Abkhazia by mid-2006, implementing projects worth some 25 million euro, “[t]he EU risks working around rather than directly on conflict”¹¹³ No substantial work has been done on security sector reform in Abkhazia, arms proliferation and reintegration of combatants, or improving rule of law through policing projects.

Furthermore, after the ‘Rose Revolution’, the idea of an ESDP mission to Georgia arose when the Estonian Permanent Representation to the EU first formulated it in December 2003 – initially with the large scope of an integrated civil administration. In February 2004, a Lithuanian representative presented the initiative to the “Committee on the Civilian Aspects of Crisis Management” (CIVCOM)¹¹⁴. The Council Secretariat, specifically DGE IX, supported the idea and deployed an exploratory mission to Georgia in March 2004, although some Member States considered it unnecessarily irritant towards Russia. The recommendations included incorporating the penitentiary system, which the fact-finding mission, dispatched in May 2004, indeed did. This resulted in a dispute with the EC that was already running a penitentiary project in Georgia. Nevertheless, with EU-JUST THEMIS the EU deployed its first rule of law ESDP mission between July 2004 and July 2005.¹¹⁵ In order to support the implementation of the resulting draft reform strategy after the termination of THEMIS, two former THEMIS experts were placed in the enhanced EUSR team until February 2006. Following a Georgian initiative, the draft criminal law reform implementation plan has been included in the ENP Action Plan formally approved on November 14 (see below, page 28).¹¹⁶

Since 2004: The European Neighborhood Policy

As the South Caucasus, with the latest enlargement by ten new Member States in May 2004, geographically approached Europe’s borders, the EC strategy paper on the ENP of May 2004 also includes Armenia, Azerbaijan, and Georgia as “certain other countries within the proximity of the enlarged EU”¹¹⁷, along with Belarus and Libya. On the basis of this strategy paper, the Council decided to include the three states in the ENP in June

112 Cf. Lynch 2006, see above (footnote 55), p. 64.

113 International Crisis Group 2006, see above (footnote 21), p. 19.

114 CIVCOM was created under the Treaty of Nice. It is responsible for the civilian aspects of the ESDP and develops civilian projects aimed at the realization of the EU’s goals of civilian crisis management. Furthermore, CIVCOM coordinates the deployment of police forces, judicial officers and other non-military specialists.

115 For more details on the decision-making and implementation processes cf. Kurowska 2006, see above (footnote 99).

116 Cf. EU/Georgia Action Plan, in: http://ec.europa.eu/world/enp/pdf/action_plans/georgia_enp_ap_final_en.pdf (accessed in 11/2006), p. 4

117 European Commission, European Neighbourhood Policy Strategy Paper, Brussels, 12 May 2004, in: www.eu.int/comm/world/enp/pdf/strategy/Strategy_Paper_EN.pdf (accessed in 3/2006), p. 10.

2004, “opening up the prospect of a significantly enhanced partnership and thus marking an important step forward in the EU’s engagement with the Southern Caucasus region”¹¹⁸.

The ENP is supposed to provide a framework for EU relations with these states without offering the perspective of accession. The major goals “to reduce poverty and create an area of shared prosperity and values based on deeper economic integration, intensified political and cultural relations, enhanced cross-border cooperation and shared responsibility for conflict prevention”¹¹⁹ are supposed to be achieved in several steps, e.g. the development of Country Reports and Action Plans in order to give consideration to the affected countries’ diversity, and the introduction of the European Neighborhood and Partnership Instrument (ENPI) in 2007, replacing previous financial instruments like TACIS or the EIDHR.¹²⁰ The EU has pledged that successful fulfillment of the Action Plan can lead to further development of bilateral relations, including new contractual links in the shape of European Neighborhood Agreements.¹²¹ It has to be noted that the Action Plans are not legal agreements – the PCAs, therefore, remain the key frameworks defining bilateral relations.

The Country Report for Georgia – as well as for Armenia and Azerbaijan – was adopted early in March 2005. Due to protests on the part of new EU Member State Cyprus against Azerbaijani direct flights to Northern Cyprus, the EU was not ready to start consultations on the Action Plan before late 2005 instead of the summer.¹²² The EC has made some recommendations to the Council in regard to the Action Plan, including the provision for strengthened political dialogue; further implementation of the PCA; support for market economy reforms; further support for economic rehabilitation of conflict zones; increased financial support; enhanced support for regional cooperation; enhanced cooperation in the field of justice and home affairs possibly including establishment of a dialogue on visa cooperation; intensification of cooperation in the energy, electronic communications and transport, environment and public health sectors; intensification of people-to-people contacts.¹²³

The reference to conflict resolution in these recommendations has been rather restrictive, stating that Action Plans should offer “further support for economic rehabilitation of the conflict zones in the context of conflict settlement”¹²⁴. After two rounds of consulta-

118 European Commission, *European Neighbourhood Policy - Recommendations for Armenia, Azerbaijan, Georgia and for Egypt and Lebanon*, Brussels, 2 March 2005, in: http://ec.europa.eu/comm/world/enp/pdf/enp_communication_72_2005_en.pdf (accessed in 3/2006), p. 2.

119 European Commission 2003, see above (footnote 108), p. 9.

120 See European Commission, *Thematic Programme for the promotion of democracy and human rights worldwide under the future Financial Perspectives (2007-2013)*.

121 Cf. European Commission 2004, see above (footnote 117), pp. 3-4.

122 Cf. Walter Kaufmann, *European Neighbourhood Policy in the South Caucasus*, in: Heinrich Böll Foundation EU Regional Office Brussels (ed.) 2005, *On the outside looking in: Perceptions of European Foreign and Security Policy in neighbouring countries*, Brussels 2005, p. 13-14, here: 14.

123 Cf. European Commission, see above (footnote 118).

124 European Commission 2005, see above (footnote 118), p. 6.

tions in November 2005 and March 2006, Georgian sources expressed frustration that the EU was unwilling to incorporate more conflict resolution commitments in the Action Plan text.¹²⁵ Tbilisi would like to see the EU's economic rehabilitation assistance in the conflict zones supplemented by greater political and military security-related engagement, especially regarding EU commitment vis-à-vis Russia. However, the EU is more interested in supporting current UN and OSCE negotiation efforts¹²⁶ and considers the promotion of European values as an indirect means to contribute to conflict resolution by helping to create a Georgian state that could be more attractive to South Ossetia and Abkhazia than independence or closer integration with Russia. Nevertheless, the Action Plan, which was finally adopted on November 14¹²⁷, has included the promotion of the peaceful resolution of internal conflicts as "priority area 6". This, among others, refers to enhanced efforts in confidence-building, the consideration of further economic assistance in the light of progress in the conflict settlement progress, the active contribution to accelerating the process of demilitarization and of conflict resolution, and the inclusion of the issue of Georgia's territorial integrity and the settlement of her internal conflicts in EU-Russia political dialogue meetings.¹²⁸

3.3 Intermediate Conclusion

The EU policies towards post-Soviet transformation countries have been nothing more than "explorative, reactionary, and evolutionary steps"¹²⁹ during the 1990s. The EU has been reluctant to take an active political role in Russia's periphery due to special relations with Moscow at the (Member States') national level. The EU has been slow in differentiating the former Soviet Union – early instruments of assistance, such as TACIS, were aimed at the whole CIS area. The EU has lacked a strategy towards the region: "[...] if by strategy we mean a coherent relationship between ends and means, there is no EU strategy in the Caucasus"¹³⁰, and has rather been led by events.

Until recent developments, like 11 September 2001, that strengthened the security paradigm, the adoption of the European Security Strategy in December 2003, and the Eastern enlargement in May 2004, the EU's interests in the region have been dominated by economic and energy-related issues. The political dimension in external relations – apart from enlargement – has become a major objective for the EU relatively late. By 2001,

125 According to interviews conducted by the International Crisis Group with an official of the Georgian ministry of foreign affairs in Tbilisi in March 2006; cf. (also for the following) International Crisis Group 2006, see above (footnote 21), pp. 9 f.

126 This was expressed by members of the EC in interviews held in Brussels on 3 May 2006.

127 In interviews held in Brussels in early May, members of the EC, participating in the consultations, had expressed their hopes that the Action Plan text would be agreed upon in the subsequent third round of consultations in mid-May.

128 Cf. EU/Georgia Action Plan, see above (footnote 116), p. 10.

129 Cf. i.a. Fischer 2006, see above (footnote 81), p. 145.

130 MacFarlane 2004, see above (footnote 62), p. 132.

it became evident that the conflicts would have to be addressed as part of the PCA process¹³¹ – after all, Brussels had emphasized the primary importance of conflict settlement for external assistance to be effective in the South Caucasus since 1999¹³². This, however, did not translate into immediate adjustment of existing or the creation of new instruments. In fact, even after the European Security Strategy had directed attention to the region and an EU Special Representative had been appointed in the summer of 2003, without the triggering factor of the ‘Rose Revolution’ in Georgia, Armenia, Azerbaijan, and Georgia probably would not have been incorporated into the ENP – a decision that still followed lengthy internal debates within the Council and the EC. And without the ‘Rose Revolution’, the EU would probably not have significantly increased financial contributions to conflict resolution in South Ossetia and Abkhazia.

Therefore, the EU did become more engaged in the two secession conflicts – however, not resulting from its own assessments of the importance of conflict settlement in 1999, but rather led by events since 2003. But still, with the stability of the South Caucasus becoming a clear EU interest, the EU seems to be willing to take a more active political role, which is reflected in the appointment of an EUSR and, particularly in Georgia, where the structure of resonance is more open to the EU compared to Armenia or Azerbaijan, the employment of the RRM and the launching of an ESDP mission. However, this ‘willingness’ has some restrictions. Despite identifying the primary importance of conflict settlement, the EU emphasizes it is not willing to get directly involved in the negotiation processes and is only ready to provide the funds for confidence-building in support of UN- and OSCE-led negotiations or for reconstruction assistance after a peace deal.¹³³ EU projects in the conflict zones have focused mainly on infrastructure rehabilitation rather than traditional confidence-building. The EU’s reluctance to get directly involved can, amongst other things, be explained by the fact that Russia is a more important strategic partner for most Member States than Georgia. Brussels follows a soft power approach regarding the conflicts and believes that assisting Georgia in becoming a well-governed state could make it more attractive to the breakaway regions than closer integration with the Russian Federation. Effectiveness of conditionality and the promotion of the EU’s values have been limited so far due to a lack of strong incentives such as EU accession. Although the potential of the Action Plans to promote conflict resolution has not been fully exploited, there is a chance for the EU to enhance and reposition itself in the South Caucasus.¹³⁴ So what role should the EU play in Georgia?

131 Cf. General Affairs Council Conclusions, Brussels, 26-27 February 2001; also see below, page 15 ff.

132 Cf. General Affairs Council, 21-22 June 1999, Press 198 No. 9008/99 as well as Dov Lynch, Security Sector Governance in the Southern Caucasus – Towards an EU Strategy, in: Geneva Centre for the Democratic Control of Armed Forces (DCAF) (ed.), Security Sector Governance in the Southern Caucasus: Challenges and Visions, Geneva (DCAF), 2004, pp. 34-47, here: 42.

133 This view was expressed by representatives of the EC in interviews held in Brussels on 3 May 2006.

134 Cf. IntLynernational Crisis Group 2006, see above (footnote 21), p. 8.

4. Conclusion: What Role for the EU in Georgia?

As the recent crisis between Georgia and Russia has shown, as well as the alarming escalation of the South Ossetian conflict in the summer of 2004, the EU may find itself confronted with wars among its neighbors or within its new neighborhood sooner than it would like to imagine. Brussels' threefold normative, economic and security-related interests in Georgia are at stake. Therefore, it is necessary to assess how the EU can best attend to its interests.

Against the background of the EU's image as an 'honest broker' free from traditional US-Russia rivalries as well as the failure of UN- and OSCE-led negotiation mechanisms, at least with regard to producing final settlements, the EU appears well-suited for the task of conflict resolution. And as shown, Europe does have important interests in Georgia, especially concerning the avoidance of instability on its borders. But actually, it cannot be in Brussels' interest to get directly involved in the negotiation processes in South Ossetia and Abkhazia. The nature of these two secession conflicts is 'frozen' with hardly any chance of becoming 'unfrozen' in the near future (except from the danger of being 'unfrozen' by escalating into hot wars). Trying to 'unfreeze' them in the short-term is as yet an unobtainable goal and, therefore, the wrong strategy. This is true not only for Saakashvili's strategy of trying to quickly reintegrate the breakaway regions, but also for the EU's own assessment that external assistance can only be effective if the conflicts are solved. So why should the EU take a stronger role in conflict resolution? Because Georgia has asked for it? Because the UN- and OSCE-led negotiation mechanisms are 'blocked' by Russia?

So far Saakashvili has not paid a lot of attention to Europe, given his close relations with the USA. He has applied a strategy of provoking Russia in order to trigger a strong reaction, thereby gaining 'Western' solidarity. Since Washington has distanced itself from Georgia to some extent, lately, there is now a chance to abate Saakashvili's risky approach in order to take a more considerate, constructive line. Instead of getting entangled in something that might undermine a strong strategic interest of the EU and its Member States, i.e. maintaining good relations with Russia, at this point, Brussels could use these relations, its efforts to develop a 'strategic partnership' and its neutral image to promote dialogue between Tbilisi and Moscow. Furthermore, the EU has already successfully managed to become the largest and most comprehensively engaged donor in both conflict zones without direct engagement. So what should be wrong with the EU's approach of (financially) supporting UN and OSCE efforts instead of getting directly involved? Brussels itself has stressed the point that other external actors are directly engaged in conflict resolution. And what would be the specific added value of an EU engagement? It is unrealistic that a direct EU involvement in the negotiation processes would change anything that could not have been changed before. Furthermore, it has to be acknowledged that the EU has more pressing issues on its foreign policy and, after the French and Dutch referenda, internal agenda. Thus, it is not in the EU's interest to enhance its direct role in conflict resolution.

But in order to pursue its interests, the EU should enhance the role that has evolved in recent years. Thus, Brussels should not create new instruments, but apply the instruments

already at its disposal more coherently. The EUSR's mandate has already been strengthened in order to give him a more active political role. It should be further strengthened, especially with regard to his visible presence in the region. The ENP has been developed with the aim of avoiding instability on the EU's borders, as formulated in the European Security Strategy, by seeking a ring of well-governed countries around it. Brussels should concentrate on good governance and rely on its soft power approach of assisting Georgia in becoming a well-governed state that would be more attractive to South Ossetia and Abkhazia than closer integration with the Russian Federation. After all, the key threat of state failure, identified by the Security Strategy, not only consists of intrastate conflicts and the lack of control over a country's territory, but also of weak institutions. Moreover, in Georgia the interconnectedness of the secession conflicts, organized crime, weak institutions, a lack of the rule of law, and corruption constitute a vicious circle – a vicious circle that the EU could help break by strengthening the Georgian state, engaging in institution- and capacity-building and promoting good governance in general. This would also, to a certain degree, steal Saakashvili's thunder of holding the 'frozen' conflicts responsible for slow progress in the reform process. Brussels should convey to Saakashvili that the conflicts are not an ultimate obstacle to progress in the democratization process, that finding a short-term solution for them is impossible, that provocations and pressure hold the risk of escalating them to hot wars, that a reasonable long-term strategy requires confidence-building, a task that both the OSCE and the UN are engaged in, and, finally, that a more democratic and prosperous Georgian central state would be more attractive to the breakaway regions, something that the EU can help Tbilisi to achieve. After the 2004/2005 ESDP rule of law mission, Brussels should especially build on this aspect of good governance and has included some important benchmarks in the ENP Action Plan in this regard. After all, the rule of law represents "the center of gravity of state consolidation, conflict settlement and economic development"¹³⁵. Since governance will also be a focus of the German Council Presidency in the first half of 2007, Berlin could add momentum to this soft approach and tie in with previous Council Presidencies that have given priority to the South Caucasus.

135 ch 2004, see above (footnote 19), p. 46.

List of Abbreviations

BMO	OSCE Border Monitoring Operation
BMZ	German Federal Ministry for Economic Cooperation and Development
BTC	Baku-Tbilisi-Ceyhan oil pipeline
BTE	Baku-Tbilisi-Erzurum gas pipeline
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
CoE	Council of Europe
CSCE	Conference on Security and Cooperation in Europe
CSP	Country Strategy Paper
DG Relex	European Commission External Relations Directorate-General
EC	European Commission
ECHO	European Commission Humanitarian Office
EIDHR	European Initiative for Democracy and Human Rights
ENP	European Neighborhood Policy
ENPI	European Neighborhood and Partnership Instrument
EP	European Parliament
ESDP	European Security and Defense Policy
EU	European Union
EUSR	European Union Special Representative
GOF	Global Opportunities Fund of the UK Foreign and Commonwealth Office
GTEP	US Georgian Train and Equip Program
ICG	International Crisis Group
IFSH	Institut für Friedensforschung und Sicherheitspolitik
INOGATE	Interstate Oil and Gas Transport to Europe
JCC	Joint Control Commission
JPKF	Joint Peace Keeping Forces
NATO	North Atlantic Treaty Organization
NGO	Non-governmental organization
OSCE	Organization for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PRIF	Peace Research Institute Frankfurt
RRM	Rapid Reaction Mechanism
SSOP	US Sustainment and Stability Operations Program
SSR	Soviet Socialist Republic
TACIS	Technical Assistance to the Commonwealth of Independent States
TRACECA	Transport Corridor Europe-Caucasus-Asia
UK	United Kingdom
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNOMIG	United Nations Observer Mission to Georgia

Appendix: Map of Georgia



Map printed by courtesy of the International Crisis Group, Brussels.