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The EU in Moldova – Settling conflicts in the neighbourhood

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The EU in Moldova – Settling conflicts in the neighbourhood

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Contents

A key objective of the European Union is to have a stable, secure, prosperous and democratic neighbourhood. Failing an offer of accession to close neighbours in the medium term, the EU should and can offer stronger CFSP engagement. Contributing to conflict resolution in the neighbourhood is key to the achievement of EU objectives. However, the conflict resolution dimension of the ENP is underdeveloped. It is time for the EU to focus on the conflicts in its immediate neighbourhood.

Promoting the security aspect of ENP can start with the Transnistrian conflict in Moldova. This conflict is the closest geographically to the EU; at the same time, it is the most 'solvable.' The conflict features high on the agenda of EU-Russia and EU-Ukraine relations. A settlement of the conflict in Transnistria would attenuate the soft security challenges the EU faces on its eastern border. Settlement would also assuage an irritant in EU-Russia relations, and set a positive precedent in building the EU-Russia common space for external security. It would also be an example of positive cooperation with Ukraine under ENP.

The focus of EU policy should be to alter the context in which the conflict is situated and sustained, rather than hoping for an early agreement on the status of Transnistria. The primary objective should be to increase Moldova's 'attractiveness' while decreasing the benefits of maintaining the current status quo. The Transnistrian separatist project is to a large degree based on false economic arguments for independence. Undermining these claims will be central to efforts to reunify the country.

The EU has already appointed an EU Special Representative for Moldova and is expected to launch an EU Border Assistance Mission to Moldova and Ukraine that would monitor the border between the two countries, including the section controlled by the secessionist authorities of Transnistria. EU border monitoring is necessary, but is not a sustainable long-term solution. The EU should help Moldova strengthen its own capacity to control the Transnistrian section of the border by launching an EU Police Mission to Moldova.

Building a sustainable context for the resolution of the conflict in Transnistria can be achieved through greater support to Moldova's Europeanisation and implementation of the ENP Action Plan, more active support to democracy inside Transnistria and greater engagement with Ukraine under CFSP.

Introduction

The European Security Strategy (ESS) states that enlargement brings the EU closer to 'troubled areas' in its neighbourhood and that it 'is in the European interest that countries on the EU's borders are well-governed. Neighbours who are engaged in violent conflict, weak states where organised crime flourishes, dysfunctional societies (...) all pose problems for Europe.'[1] Enlargement not only brings the Union closer to conflicts on its periphery but also strengthens the EU as it brings in new states with a greater knowledge of these conflicts and who are equipped with a greater sense of urgency to deal with them. Moreover, with the development of the European Security and Defence Policy (ESDP) the EU has the military and civilian capabilities to seek the settlement of these conflicts. In Javier Solana's words, the EU is 'the only regional organisation with such a wide range of political, diplomatic, humanitarian, economic and financial, police and military instruments.'[2] Certainly, the resolution of the conflicts in the EU neighbourhood requires an integrated approach to conflict resolution. And in fact, the EU has little choice: 'In its neighbourhood and beyond, the EU cannot (...) confine itself to the economic and political spheres; it also needs to be able to guarantee stability, prevent conflicts and manage crises on its own doorstep.'[3] In this context, the *European Neighbourhood Policy* (ENP) has been developed with conflict resolution as one of its priorities.

A number of unsolved conflicts in the neighbourhood poses problems for the EU. These include, among others, the conflicts over Western Sahara, Israel-Palestine, Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria. The success of the ENP requires that the EU take a position on all of these. As argued in the European Security Strategy, EU security is interdependent with stability in the regions on its borders.

The paper discusses the use of the ENP to resolve the conflict that opposes the separatist region of Transnistria[4] with the central government of Moldova. There is no apparent urgency for the EU to become more involved with this conflict: there is no fighting, people are not dying and terrorists are not being trained in Transnistria. However, Transnistria matters for the EU. The conflict poses considerable soft security challenges to the enlarged European Union as the separatist region has emerged into a hub for illicit trafficking in arms, people and drugs, organised crime, money-laundering and smuggling. Calm in appearance only, the security situation is far from stable and could deteriorate at any moment. The conflict is also the closest geographically to the enlarged EU – it stands less than 100 km from the border of Romania, due to join the EU in 2007-2008.

Importantly, this is also the most solvable of the conflicts in the EU neighbourhood. The conflict is not embedded in ethnicity, religion or

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[1] *European Security Strategy: A Secure Europe in a Better World*, Brussels, 12 December 2003.

[2] Javier Solana, 'Europe must assume its responsibility for security,' *The Irish Times*, 23 September 2003.

[3] Communication from the Commission to the Council and the European Parliament, *Building our Common Future: Policy Challenges and Budgetary Means of the Enlarged Union 2007-2013*, 26.2.2004, COM (2004) 101 final/2, p. 24.

[4] Transnistria is the Moldovan name of the secessionist region on the left bank of the river Nistru (Dnestr in Russian). The Russian name for the region is Pridnestrovye, and the formal name of the self proclaimed republic is 'Pridnestrovskaya Moldavskaya Respublika', or PMR. Transnistria-Pridnestrovye-PMR are different terms designating the same region.

history, but rather in contemporary politics and economics. This conflict did not feature the bloodshed seen in the wars that followed the dissolution of the Yugoslav Federation, and it has none of their enmity either. Transnistria is not a classic ethnic or religious conflict. The conflict is sustained because elites in the separatist region benefit from the status quo. They also enjoy the support of powerful groups inside Russia, Ukraine as well as Moldova. These elites benefit from lucrative criminal businesses centred on the geographic position of Transnistria and its existence in legal limbo. For much of the 1990s, Moldova's lack of attractiveness was another factor sustaining the conflict. Transnistria could justifiably look across the Dniestr River and argue the case for separatism.

The context around the conflict has changed for the better. First, Moldova in 2005 is not the Moldova of 1995 or 1989. The Orange Revolution in Ukraine, the prospect of Romania's future EU accession and EU-Russia cooperation on the building of a common space for external security – all create an environment that is conducive for a greater EU contribution to conflict settlement. Engaging in conflict settlement here will require a coordinated and integrated approach from the EU – both economic and Justice and Home Affairs measures, the greater integration of ESDP instruments into the ENP, as well as enhanced political dialogue with Moldova, Ukraine and Russia. These tasks are a challenge for the EU but they are not insurmountable.

In March 2005, the EU appointed a Special Representative for Moldova with the aim of contributing to conflict settlement and strengthening a constructive role for the EU in conflict resolution. This is the latest step in the evolution of EU engagement in this conflict. Other steps have included the negotiation in 2004 of the EU-Moldova ENP Action Plan, with a section on the Transnistria problem. Previously, the EU had also considered participation in a peace support operation in Moldova. The EU also agreed to impose sanctions with the US against the separatist leadership because of their obstruction of conflict settlement. These actions have been useful, but more is needed.

The objective of the EU's efforts should be twofold: to increase Moldova's attractiveness as a state and to reduce the benefits that sustain Transnistria's *de facto* independence. EU policy should be dictated by long-term considerations. Conflict resolution, entailing the reunification of Moldova and the edification of a viable state without foreign troops on its territory, is unlikely under current circumstances. Therefore, the EU should seek to influence these circumstances in order to slowly change elements of the status quo that have blocked conflict settlement. Achieving these aims will require international efforts to support democracy in Transnistria and to enhance border controls on the Moldovan-Ukrainian border. Building sustainability of any settlement will require more than simply applying pressure on the Transnistrian leadership. Despite the apparent fragility of the Transnistrian leadership today, the structures of interests, indeed even some of the ideas, sustaining the conflict will not vanish easily, and are likely to remain, even if transformed, should a regime collapse in Transnistria occur.

It is Moldova's task to become attractive to ordinary Transnistrians by becoming more democratic and prosperous. For this, EU support is needed. The EU need not offer Moldova accession to the EU in the immediate future. In fact, such an offer would be difficult given the current difficulties facing the Union. Failing this, it is vital that the EU develop a stronger and more visible Common Foreign and Security Policy (CFSP) towards Moldova. To its advantage, this is both feasible and necessary. Greater market integration under the ENP and enhanced political dialogue with the EU will have positive repercussions for the conflict resolution process. The EU should help Moldova to build functioning security sector institutions in order to prepare the ground for a sustainable resolution of the conflict and border management to be undertaken in the future by Moldova. As such, this paper argues that the EU should launch a police mission to Moldova with the objective of enhancing the capacity of law-enforcement agencies and building an integrated border control system that will be able in

due course to control Moldova's borders, including the Transnistrian segment.

This paper is divided into four parts. The paper starts with an overview of ENP and highlights a number of gaps in the conflict resolution dimension of the policy. Basically, the ENP requires more ESDP and the EU should consider 'exporting' some of its foreign policy instruments from the Balkans into the neighbourhood. The second part is dedicated to the conflict in Transnistria. The aim here is to explain how the separatist region has survived for so long, and to review the roles of Russia, Ukraine and Moldova in the conflict. The regional context around the conflict, particularly after the Orange Revolution in Ukraine, has been changing dramatically, which opens a window of opportunity to push for settlement. The third section examines the evolution of EU approaches to the conflict. The paper concludes with proposals on the use of EU foreign and security policy instruments to secure a viable solution to the conflict.

In short, this paper argues that EU actions should seek to shatter the deadlock in this conflict by contributing to tighter border controls around Transnistria, by supporting democratisation in the separatist region and by employing sanctions and incentives for the achievement of these aims. Subsequently, the challenge will be to ensure the sustainability of conflict settlement. This will also require measures from the EU.

European Neighbourhood Policy

In spring 2002, the need to develop a new framework of relations with the EU's new neighbours started to be discussed. From late 2002 to 2004, a debate on the shape of the European Neighbourhood Policy (ENP) took place.[5]

One starting premise is that in the short term the EU will not give the green light to neighbours to join the EU. The aim of the neighbourhood policy is to strengthen EU relations with its neighbours and to promote stability, democracy and prosperity on its borders. The ENP presents a vision of 'a ring of countries, sharing the EU's fundamental values and objectives, drawn into an increasingly close relationship, going beyond co-operation to involve a significant measure of economic and political integration. This will bring enormous gains to all involved in terms of increased stability, security and well being'.[6] These aims are to be achieved through the elaboration of 'action plans' (AP) between the EU and each of its neighbouring countries. In February 2005, the EU approved the action plans with seven of the sixteen states involved in the neighbourhood policy (Israel, Jordan, Moldova, Morocco, Palestinian Authority, Tunisia and Ukraine). The APs provide for strengthening political dialogue, trade relations, and promoting reforms, as well as measures to prepare partners for gradually obtaining a stake in the EU's Internal Market and in its domains of justice and home affairs, energy, transport, and environment.

The policy's declared objective is the creation of a semi-integrated neighbourhood around the EU and intensified co-operation between the Union and its neighbours on a wide range of policies. Initially, the EU offered integration and liberalisation to promote the free movement of persons, goods, services and capital between the Union and neighbours.[7] In later documents, however, the promise of the four freedoms was reduced to the promise of a 'stake in the EU's internal market'.[8] Conflict resolution in the neighbourhood, while explicitly stated in all of the documents, is not the central objective of ENP. The priorities are trade liberalisation and democratisation. However, there are significant references to EU involvement in the resolution of crises on its borders. A principle underlying the ENP is recognition of a 'shared responsibility' for stability and security in the region, and the need to settle its conflicts.[9] The EU has a vested interest in seeking the settlement of these conflicts; this interest is also shared by its neighbours, if not by all of the parties to the conflicts. As the March 2003 Commission Communication states:

> The negative effects of conflicts on economic and political development, especially where sustained over a long period, cannot

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[5] See for example Judy Batt, Dov Lynch, Antonio Missiroli, Martin Ortega and Dimitrios Triantaphyllou, 'Partners and neighbours: A CFSP for a wider Europe', *Chaillot Paper* no.64 (Paris: EU Institute for Security Studies, December 2003) and Michael Emerson, *The Wider Europe Matrix* (Brussels: Centre for European Policy Studies, January 2004). A comprehensive list of documents on the European Neighbourhood Policy can be found on the website of the European Commission, available at: http://europa.eu.int/comm/world/enp/document_en.htm

[6] Communication from the Commission, *European Neighbourhood Policy: Strategy Paper*, COM(2004) 373 Final, Brussels, 12 May 2004, p. 5.

[7] European Commission, *Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours*, COMM 2003, 104 Final, 11 March 2003.

[8] *ENP Strategy Paper*, op. cit., p. 3.

[9] *ENP Strategy* Paper, op. cit., p. 13.

be over-estimated. These effects are not only domestic – so long as conflicts persist there is a danger of spillover. Conflict and political division in the Mediterranean (Western Sahara, Palestine) over the past half century has seriously retarded the development of the region. Unrecognised statelets such as Transnistria are a magnet for organised crime and can destabilise or throw off course the process of state-building, political consolidation and sustainable development.

This also applies to the three secessionist 'statelets' of Abkhazia, South Ossetia and Nagorno-Karabakh in the South Caucasus, a region that was included in the ENP framework in June 2004. For the overall objective of ENP to be attained, the EU must address the thorny question of settling conflicts throughout this region.

The ENP Action Plans agreed in 2005 all feature conflict settlement as priority areas. The Action Plans with Israel, Jordan, Morocco, Moldova, Palestinian Authority, Tunisia and Ukraine all note on the first page a 'shared responsibility in conflict prevention and conflict resolution'.[10] Conflict resolution is also considered a key objective of cooperation with the countries developing action plans in late 2005, namely Armenia, Azerbaijan, Egypt, Georgia and Lebanon. The ENP Strategy Papers on these countries mention the necessity to 'share responsibility' for conflict settlements and contain sections on 'territorial disputes and conflicts'.[11]

However, the scope of EU action varies. The EU has appointed three Special Representatives in the neighbourhood – for the Middle East peace process, for Moldova and for the Southern Caucasus. While the EU has declared its inten-

tion to step up cooperation with other countries, the Action Plan with Morocco, for example, has only a vague statement on the need to 'contribute to UN-led efforts in the resolution of regional conflicts'.[12] The nature of EU efforts depends on the willingness of the conflicting parties to discuss the issue with the EU, and a willingness to understand the reasons driving the EU desire for greater engagement in conflict settlement in its neighbourhood.

2.1 Missing links in ENP

The crisis management dimension

The conflict resolution dimension of ENP has been underdeveloped conceptually. This is partly explained by the fact that ENP is a Commission-driven policy, and crisis management is the prerogative of the Council, which is the main EU institutional actor in foreign and security policy issues. Through the Commission, the security dimension of ENP has been mainly focused on conflict prevention and post-conflict rehabilitation rather than on direct EU participation in the settlement of conflicts.[13] This focus also results from the reality that direct crisis management is more controversial than prevention and post-conflict rehabilitation within the EU and with partners such as Russia and Morocco who are weary of greater EU involvement in conflicts where they have important interests. The March 2003 Commission Communication does state: 'Once settlement has been reached, EU civil and crisis management capabilities could also be engaged in post-conflict internal security arrangements. Additional sources of funding for post-conflict reconstruction and development would be required.' However, this pledge is hardly enough if conflict set-

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[10] EU/Israel Action Plan, p. 1; EU/Jordan Action Plan, p. 1; EU/Morocco Action Plan, p. 1 ; EU/Moldova Action Plan, p. 1; EU/Palestinian Authority Action Plan, p. 1 ; EU/Tunisia Action Plan, p. 1 ; EU/Ukraine Action Plan, p. 1.

[11] See the ENP Country Reports on Armenia, Azerbaijan, Egypt, Georgia and Lebanon published on 02/03/2005, available at: http://europa.eu.int/comm/world/enp/document_en.htm

[12] EU/Morocco Action Plan, p. 7.

[13] See the Commission Communication on Conflict Prevention, Brussels, 11.04.2001, COM(2001) 211 final.

tlement is a distant prospect. Most of the conflicts in the EU neighbourhood are deadlocked; thus, the pledge to contribute to post-conflict rehabilitation is only of limited value as long as there is no exit in sight from the current status quo.

Geographical continuity gap

It is a paradox that EU neighbours with conflicts on their territories have benefited the least from recent developments in ESDP. The EU is involved in crisis management in the Western Balkans through military and police missions in Bosnia-Herzegovina and Macedonia, and in more distant places, such as its consecutive missions in the Democratic Republic of Congo,[14] in Indonesia and in Iraq.[15] The EU also has a rather high level of visibility in Afghanistan. Community funds have been allocated to support security sector reform in El Salvador and Guatemala.[16] The most recent example is the launch of an EU ESDP Aceh Monitoring Mission in Indonesia on 15 September 2005. The mission consists of 226 civilian personnel dealing with demobilisation of the Free Aceh Movement and decommissioning of arms, as well as the withdrawal of Indonesian government troops in the context of a peace deal signed in August 2005 between the conflict parties.[17]

All this is in stark contrast to what is going on in the EU's own neighbourhood. The EU has been less present and less visible in conflict settlement in its neighbourhood when compared to the Western Balkans and Sub-Saharan Africa. In Georgia, the EU deployed a twelve person

Rule of Law mission in July 2004 and a three-manned border monitoring mission based in Tbilisi rather than at the actual border.[18] These are the sole examples of the use of ESDP tools in the eastern neighbourhood, where so many conflicts are deadlocked.

This EU absence may be explained by the fact that the conflicts in the neighbourhood are less urgent and salient when compared to the conflicts in the Democratic Republic of Congo, Indonesia, Iraq and Afghanistan. However, this unbalance in ESDP is worrying and dangerous for the EU. The EU must tackle the conflicts in its neighbourhood as part of a consistent, comprehensive, integrated and sustained approach. This is CFSP's next big challenge.

More ESDP

The ENP needs more ESDP. None of the existing ESDP operations is in the EU neighbourhood, despite the fact that many EU neighbours affected by conflicts are active *demandeurs* of greater EU involvement in conflict resolution.[19] The EU is a diplomatic actor in the Middle East conflict, Moldova and South Caucasus. But the conflict resolution dimension of ENP has remained underdeveloped, just as the EU has been reluctant to use its capabilities, even when invited to do so by Moldova and Georgia.

The only ESDP operation in an ENP country was the Rule of Law Mission to Georgia, called EUJUST-Themis from July 2004 to July 2005. The EU has been reluctant to deploy a meaningful monitoring mission on the Russia-Georgian border to replace an OSCE-mission, whose con-

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[14] See Fernanda Faria, 'La gestion des crises en Afrique subsaharienne', *Occasional Paper* no. 55 (Paris: EU Institute for Security Studies, November 2004).

[15] See Council Joint Action 2005/190/CFSP of 7 March 2005 on the European Union Integrated Rule of Law Mission for Iraq, EUJUST LEX, *Official Journal of the European Union*, l 62/37, 9.3.2005.

[16] Commission Communication on Conflict Prevention, op. cit., p. 14.

[17] See 'Javier Solana, EU High Representative for CFSP, welcomes launch of Aceh Monitoring Mission', Brussels, 15 September 2005, S299/05.

[18] See Vladimir Socor, 'France leads the EU's Nyet to Georgia Border Monitoring,' *Eurasia Daily Monitor*, 19 April 2005; available at: www.eurasiadaily.org.

[19] The current ESDP missions are: EU Military Operation in Bosnia-Herzegovina (EUFOR *Althea*), EU Police Mission in the Former Yugoslav Republic of Macedonia (*Proxima*), EU Police Mission in Bosnia-Herzegovina, European Union Police Mission in Kinshasa, Democratic Republic of Congo (EUPOL *Kinshasa*), EU Integrated Rule of Law Mission to Iraq (EUJUST LEX), EU Mission in the Democratic Republic of Congo (EUSEC DR Congo), EU Monitoring Mission in Aceh, Indonesia.

tinuation was blocked by Russia in January 2005.[20] The expected EU border assistance mission to Moldova and Ukraine will not be an ESDP mission and is likely to have a limited mandate and presence on the ground.

In short, ENP needs to draw more from the EU's ESDP toolbox, ranging from possible police contingents, rule of law missions, and security sector reform to civilian administration missions, and including military contribution to the peacekeeping operations in its neighbourhood.

Financial aspects

The main framework of financial support are such programmes as TACIS for the former Soviet Union and MEDA in the Southern Mediterranean. Until 2007, these will operate as European Neighbourhood and Partnership Programmes, and then within the 2007-2013 financial perspective as a European Neighbourhood and Partnership Instrument.[21] However, there are two additional financial instruments, without geographical limitations, that should be used within the ENP. These are the European Initiative for Democracy and Human Rights (EIDHR), for supporting democracy, and the financial Rapid Reaction Mechanism designed to respond to crisis situations calling for a flexible and rapid response from the EU.[22]

Existing ENP instruments, especially those designed to support democratisation and reform, are too slow, very complex and technical, and prevent the EU from reacting swiftly in support of its own goals. With the exception of the Rapid Reaction Mechanism (RRM), EU funding mechanisms 'have not been adapted for crisis management operations, and even in the case of RRM, the fact that it can only support actions for up to six months has limited its usefulness since many if not all post-conflict reconstruction projects cannot be completed within such a short time-frame, and follow-on funding is difficult to secure from other budget lines'.[23]

The financial aspects of ENP may become an obstacle to sustained and effective EU participation in conflicts settlement in the neighbourhood.

Democratisation

One of the objectives of ENP is to support partnership based on the shared values of democracy and human rights. This applies for recognised countries. However, the same objectives are in fact valid for the unrecognised secessionist entities that are formally part of neighbouring countries in the ENP. Including these non-recognised entities into EU policies is difficult, due to technical and political constraints on the EU. However, the development of pluralist political processes, free media, and the rule of law in these unrecognised entities is as much an ENP objective as democratisation in the recognised states.

Supporting democracy in the secessionist entities would not necessarily lead to greater prospects for conflict settlement (though in some cases it might). It would however help make any future settlement of these conflicts more sustainable in the long run. If the separatist regions become more democratic, any settlement agreement that would be reached would be based more on domestic structures of interest than external pressures or geopolitical calculations. Opening up the societies in the secessionist entities would give rise to the formulation of

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[20] See Vladimir Socor¸ op.cit.

[21] See Proposal for a *Regulation of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument*, op.cit.; Commission Communication on *Paving the way for a New Neighbourhood Instrument*, Brussels, 1 July 2003, COM(2003) 393 final.

[22] See Council Regulation No 381/2001, 26 February 2001, creating a rapid-reaction mechanism, 27.2.2001, *Official Journal of the European Communities* L 57/5; and European Commission Conflict Prevention and Crisis Management Unit, *Civilian instruments for EU crisis management*, April 2003, p. 22; available at: http://europa.eu.int/comm/external_relations/cfsp/doc/cm03.pdf.

[23] Catriona Gourlay, 'Feasibility Study on the European Civil Peace Corps,' *International Security Information Service*; available at: www.isis-europe.com.

varied interests groups inside these entities; certain groups could be strengthened in order to achieve conflict settlement. Reducing the opacity and centralisation of the political and economic systems of such secessionist entities would serve the conflict settlement process.

Drawing lessons from Southeast Europe

The ENP could also benefit from lessons the EU has learned in the Western Balkans. While holding out EU membership seems to be out of question for the time being, there are other aspects of EU policy in the Western Balkans that can be exported to the neighbourhood.

The EU's aim for South East Europe is 'to create a situation where military conflict is unthinkable – expanding to the region the area of peace, stability, prosperity and freedom established over the last 50 years by the EU and its Member States.'[24] This objective is almost identical to that of the EU in the neighbourhood.

As in the Balkans, reaching EU objectives in the neighbourhood requires 'supporting good governance, institution building and the rule of law; supporting development of market econ-

omy (…) investing in critical infrastructure (…) support civil society development and its strengthening'.[25] Strengthening the state machinery of local and central administration, the police, the judiciary, public finances, and state utility providers is an approach worth exporting from the Balkans to the neighbourhood. In addition, as undertaken in the Balkans, the ENP should establish a link between preferential trade relations with the EU and increased financial aid and technical assistance and conflict resolution.

The EU cannot wall itself off from the countries on its borders. The ENP is founded precisely on the recognition of the interdependence of the EU and neighbourhood stability. Conflict resolution is a stated objective of the ENP. However, the security dimension has been less developed than its economic and political aspects. Attaining ENP objectives requires a greater EU contribution to conflict settlement in the neighbourhood. One conflict that will have to be addressed, that is the most 'solvable' and the closest geographically to the EU, is the conflict between the separatist region of Transnistria and the central government of Moldova.

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[24] Website of the European Commission: 'The EU's relations with South Eastern Europe,' available at: http://europa.eu.int/comm/external_relations/see/

[25] See mission statement on the webpage of the European Agency for Reconstruction; available at: http://www.ear.eu.int/agency/agency.htm.

The conflict in Transnistria

Transnistria is a narrow strip of land separated from the main part of Moldova by the river Nistru. Transnistria has a territory of 4,163 km², compared to Moldova's 33,700 km² including Transnistria and a population of 550,000 people compared to Moldova's 3.4 million people. Moldova's turn towards independence in 1991 provoked serious tensions with its eastern region of Transnistria, which preferred to remain part of the Soviet Union, declare independence or integrate with Russia, than become part of a newly independent Republic of Moldova. In 1992, the Moldovan government engaged in a short and low-scale war with the authorities in Transnistria, as a result of which approximately 1,500 people were killed. Hostilities ended after a Russian military intervention by the then Russian 14th army stationed in Transnistria.

Transnistria matters for the EU, and there are good reasons for the EU to make its settlement a top priority of ENP.

First, the ongoing nature of the conflict poses considerable 'soft security' challenges to the enlarged European Union. Illicit trafficking in arms, humans and drugs, organised crime, money laundering and smuggling have flourished under the authoritarian rule of the Transnistrian leadership. The security situation there is far from stable and it could deteriorate, as tensions between Chisinau and Tiraspol persist.

Second, Transnistria will lie on the border of the EU. Geographically, this is the unresolved conflict that is closest to the border of the enlarged EU – less than 100 kilometres from Romania, soon to be a EU member.

Third, the conflict is 'solvable.' The conflict in Transnistria is not a classical ethnic or religious conflict. The main cleavages between the parties are not ethnic or religious divisions. Of an approximate population of 600,000 in Transnistria, Romanian-speaking Moldovans represent 38 per cent, while Ukrainians and Russians represent 26 and 28 percent respectively.[26] Populations in both Moldova and Transnistria are almost exclusively Orthodox Christians. This conflict does not raise the difficult problems of inter-ethnic hatred or inter-communal violence seen in other conflicts in the 1990s. This is an opportunity. What is more, the absence of fighting now gives the EU the chance to forge a strategy that goes to the heart of the political and economic structures sustaining the conflict.

Fourth, regional dynamics around the conflict have become very positive, following changes in Ukraine and in Romania that have opened a window to push the settlement of the conflict in line with the interests of the EU and its partners in the neighbourhood.

Fifth, Transnistria is a locus of tension in the EU-Russia strategic partnership. Addressing this conflict is the first step to building a common space on external security with Russia, and would set a precedent for EU-Russia cooperation in crisis management. Thus, what might seem a problem and irritant in EU-Russia relations must be turned into a positive precedent.

Sixth, the conflict undermines Moldova's capacity to emerge as a viable, democratic and prosperous state. As noted in the EU 2001 Country Strategy Paper on Moldova: 'The Transnistrian dispute heavily affects Moldova's foreign relations and economic development. Moldova can only make limited progress towards democratic consolidation and eco-

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[26] Data retrieved from the website of the Department of Statistics of Moldova: www.statistica.md.

nomic improvements as long as the Transnistrian issue continues'.

Much has been done already in terms of seeking conflict settlement. A complex tangle of mechanisms has been created to this end since the early 1990s. These mechanisms include a trilateral peacekeeping operation consisting of Russian, Transnistrian and Moldovan troops, tasked to monitor a demilitarised security zone separating the territory controlled by the Moldovan government from the territory controlled by the Transnistrian authorities. The peacekeeping operation is guided and supervised by a Joint Control Commission (JCC), created in July 1992, composed of the two conflicting parties, and Russia, the OSCE and Ukraine as observers. All JCC decisions must be taken by consensus of all the parties, which means that the separatist voice has veto rights.

In parallel, a political process of negotiations on the status of Transnistria has occurred, consisting of Moldova and Transnistria as well as Russia, Ukraine and the OSCE as mediators. The negotiation mechanism is often referred to as the 'five-sided format'.

Table 1: Conflict settlement mechanisms in Transnistria

1) Five-sided format

- *Composition: Russia, Ukraine and OSCE as mediators; Moldova and Transnistria as parties.*

- *Objective: Negotiate the status of Transnistria.*

- *An eventual solution would have Russia and Ukraine as external guarantors.*

- *Consensual decision-making.*

2) Joint Control Commission (JCC)

- *Composition: Russia, Moldova and Transnistria.*

- *Functions:*

– *Supervise the security situation in the demilitarised zone between Moldova and Transnistria.*

– *Supervise the Peacekeeping troops.*

- *Consensual decision-making.*

3) Peacekeeping Operation

- *Composition: Russian, Transnistrian and Moldovan troops (2:1:1 proportion).*

- *Under the direction of the JCC.*

- *Ukrainian and OSCE Military Observers.*

Both the peacekeeping operation and the 'five-sided' format have come under increasing pressure. They may have been effective in the early 1990s, but in the years that followed the clashes, by 2005, they have become problems rather than solutions. Designed to reflect the geopolitical reality of the early 1990s, these mechanisms are now outdated. Most importantly, they have failed to help settle the conflict for more than a decade, because Transnistria has preferred to consolidate independence rather than agree to a new status within Moldova. These mechanisms have supported rather than challenged the status quo. Indeed, the peacekeeping and negotiating formats have contributed to sustaining Transnistria's *de facto* independence, while providing *de facto* legitimacy to the status quo through the formal pursuit of negotiations, which have done nothing to halt Transnistrian separatism.

3.1 How does Transnistria survive?

The secessionist authorities in Transnistria have managed to build a more or less functioning statelike entity. Transnistria has an organised political leadership, control over a defined territory and seeks international recognition. Any attempt to settle the problem must start with tackling the structures that help sustain the status quo around Transnistria. The pillars of survival of the Transnistrian entity are economic, political and security.

There are deeply entrenched interest groups that benefit from the continuation of the conflict. These groups are not only in Transnistria, but also in Chisinau, Kyiv and Moscow. To a large extent, Transnistria falls within the category of conflicts whose major aims are accumulating resources and suppressing political opposition. Keeping the conflict unsolved assists the achievement of these aims better than peace, which means that *prolonging* the conflict for as long as possible may be a higher priority than *winning* it for significant groups inside and outside Transnistria.[27] Remaining outside the international legal system provides benefits, because Transnistria's status is conducive for illegal activities, which have flourished in the region, with spillover effects in Moldova, Ukraine, Russia and the EU.

Economic factors

Economically, Transnistria has survived by trade – legal at times, but mainly semi-legal and illicit. Transnistria's economic survival has been assured by Russian gas, which is never paid for by Transnistria, and amounts to a significant underwriting of Transnistrian separatism. The region has exported steel and textiles mainly to EU member states and the United States. In fact, the competitiveness of Transnistria's exports is based on lower tariffs for gas and electricity, possible because of Russia's support.[28] By the region's standards, these factors have created a rather solid basis for the separatist leadership to claim that economically Transnistria is a functioning entity.

Controlling a considerable part of Moldova's border with Ukraine, as well as trade routes from Moldova to Russia and Ukraine, coupled with involvement in arms trade and all forms of trafficking – all of these factors have created a strong incentive structure to maintain the status quo.[29] The decision to grant Moldovan customs stamps to Transnistrian authorities in 1996 and the creation of a 'common customs area' meant that Transnistria could export legally with Moldovan stamps any goods that it produced or re-exported without being subject to the control

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[27] David Keen, 'War and Peace: What's the Difference?', in A. Adebajo and C. Lekha Sriram (eds.), *Managing Armed Conflicts in the 21st Century* (London: Frank Cass, 2001), p. 2.

[28] See the Centre for Strategic Studies and Reforms, *Evolution of the Transnistrian Economy: critical appraisal* (Chisinau: October 2001); available at: www.cisr-md.org.

[29] Dov Lynch, *Engaging Eurasia's Separatist States* (Washington: United States Institute of Peace Press, 2004).

of the Moldovan authorities, without paying taxes to the Moldovan government and benefiting from Moldova's Most Favoured Nation status with the US and System of Generalised Preferences with the EU. The customs stamps were granted as part of a package deal in the conflict resolution process; Transnistria did not deliver on its part of the agreement[30] as it effectively blocked the creation of five common spaces – legal, economic, customs, defence and cultural – with Moldova. The granting of the customs stamps to Transnistria has also benefited corrupt officials in Moldova. This was partly halted in September 2001 when Moldova, as a result of its accession to the World Trade Organisation, withdrew the right to use Moldovan customs stamps. However, Moldova's decision could not be enforced because Russia and Ukraine have still been accepting Transnistrian goods as if they were Moldovan while the EU has kept accepting them as 'goods of non-specified origin', which did not benefit from Moldova's trade preferences with the EU, but were nonetheless accepted into the single market.[31]

The region is highly dependent on external trade, particularly with the EU, conducted by a small number of companies. This situation potentially gives external actors significant leverage over the region. Transnistria is dependent on the West more than any other authoritarian entity, recognised or unrecognised, in the former Soviet Union. Transnistria's self-proclaimed president states that 38% of Transnistria's trade flows are with Russia while 'the rest goes to the West'.[32] The main Transnistrian companies, such as Moldavizolit, Moldavkabel, Tighina, Floare, Tirotex, Odema, Moldovan Metal Works (MMZ), and Vestra all have established relations with Western partners. There

are at least eighteen Transnistrian-German joint ventures set up in Transnistria. The Chambers of Commerce and Industry of Tiraspol and Leipzig have direct ties.[33]

So, Transnistrian 'statehood' is more dependent on economic forces than any of the existing secessionist regions in Eurasia. More importantly, the primary concern of the business sector is to ensure that businesses operate smoothly rather than to defend Transnistrian 'statehood' at any price. There is room for manoeuvre here.

Political environment

Politics in Transnistria has been determined by the imperative of its elites to retain power. These elites benefit politically and economically from the status quo. The leadership of Transnistria has suppressed any form of political non-loyalty, let alone opposition to the government. The entity is dominated by an elite that that does not play according to the democratic rules of the game. Nor can it be considered representative of the population of Transnistria, as none of the elections in Transnistria over the last decade have met even minimal standards of fairness and freedom. Igor Smirnov, the president of Transnistria and a Russian citizen, is an authoritarian leader whose regime is based on the suppression of any dissent. Human rights abuses are frequent, and the Russian language is being imposed to the detriment of Moldovan/ Romanian and Ukrainian. Political parties or actors that display even the slightest degree of disloyalty are harassed and even banned. An OSCE report on Transnistria mentioned that 'the situation of the independent media is very difficult, with different methods of pressure

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[30] See *Memorandum on the basis of normalisation of relations between the republic of Moldova and the Trans-Dniester Moldavian Republic*, 8 May 1997, Moscow.

[31] Interview with an EU official, Brussels, 19 April 2005.

[32] Interview with Igor Smirnov, 'We have to assume responsibilities' ('My dolzhny brat na sebja otvetstvennosti'), *Pridnestrovie*, 21 April 2005.

[33] See Anatoly Gudym, Vladislav Kutyrkin, Galina Shelari, *Transnistrian Economy: Initiatives and Risks*, June 2003: available at: http://www.cisr-md.org/reports/cont-transnis.html.

applied on those few journalists who do not follow the official line'.[34] In such a context, it is not surprising to read in the official newspaper of the Transnistrian government that 'if Transnistria was democratic and non-militarised, let alone liberal, it would not exist'.[35]

Civil society is extremely weak and under pressure in the region. The few NGOs that are not dependent on the government try to avoid politically-contentious issues, and are subject to governmental pressure. Openness and the circulation of ideas and people is discouraged. The head of the Transinstrian Ministry of State Security (MGB), Vladimir Antiufeev, stated: 'The West, or more exactly the US, considers it timely to liquidate the Transnistrian statehood. The many NGOs are to be used as an instrument of accomplishing a *coup d'état* (…) Youth are brainwashed (…) For example, students of the Transnistrian State University are invited to international conferences, they receive grants etc … We are following this and we know that 90% of the funds provided by the West for financing agents of influence are being mismanaged. This is good. Otherwise we would have had more troubles'.[36] The separatist government has already sponsored the creation of a 'counter-revolutionary' youth group called 'Proryv' ('Breakthrough'). Its aim is to prevent an 'Orange Revolution' from occurring in Transnistria and to protect Transnistria from the 'orange plague'.[37]

Despite the anti-Western rhetoric prevalent in Transnistria, government-sponsored demonstrations have started to use EU flags and refer to EU norms.[38] Even 'president' Igor Smirnov states that the tensions in the region are not 'a struggle of ideas, and it is not about the fact that Moldova is desperate to join the EU (I am sure Russia would not mind joining the EU either)'.[39] The implication is that the Transnistrian authorities, even if they have the support of Russia, cannot deny or oppose the attractiveness of the EU.

Security factors

Transnistria's survival in security terms has been assured by Russia. Russia maintains military forces in Transnistria. They number some 1,500 people and some 25,000 tons of armaments. Compared to Moldova's geographically dispersed, poorly trained and equipped army of some 7,000 soldiers, the Russian military presence is not a negligible factor affecting Moldova's security. The military presence is maintained despite Russia's own international obligations and despite Moldova's strong objections. Article 11 of Moldova's constitution stipulates that Moldova is a neutral state and foreign troops cannot be stationed on its territory. Officially, Moldova's position is that: 'The presence of Russian troops on the territory of the Republic of Moldova is against the political will of Moldovan constitutional authorities and defies the unanimously recognized international norms and principles, being qualified by Moldovan authorities as a foreign military occupation illegally deployed on the territory of the state'.[40]

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[34] OSCE, *Assessment Visit to the Transdniestrian Region of the Republic of Moldova: Observations and Recommendations*, Representative on Freedom of the Media, Miklós Haraszti, 10 March 2005, available at: http://www.osce.org/documents/rfm/2005/03/14036_en.pdf.

[35] 'Vzgljad is Moskvy,' *Pridnetsrovie*, 20 April 2005.

[36] Vladimir Antiufeev, 'The West decided to liquidate Transnistrian statehood' ('Zapad reshil likvidirovati pridnestovskuju gosuderstvennosti'), *Vremya Novostei* 24 May 2005, available at: http://www.vremya.ru/2005/89/5/125787.html.

[37] See 'Pridnestrovskii "Proryv!! – Molodezh" Pridnestrovya namerena demokratizirovat' Bessarabiju', Olvia-Press, 1 June 2005, available at: http://olvia.idknet.com/ol06-06-05.htm.

[38] See the website of the Transnistrian authorities' news agency website *Olvia Press* depicting two government-inspired demonstrations in which the EU flag is used along with the flags of Russia, Ukraine and Transnistria, on 5 March 2005, available at: http://olvia.idknet.com/ol37-03-05.htm and 1 June 2005: http://olvia.idknet.com/ol06-06-05.htm.

[39] Interview with Igor Smirnov, 'We have to assume responsibilities,' *Pridnestrovie*, 21 April 2005.

[40] Statement by Andrei Stratan, Minister of Foreign Affairs of the Republic of Moldova at the 12th OSCE Ministerial Council Meeting, Sofia, 6-7 December, 2004, MC.DEL/21/04, available at: http://www.mfa.md/En/PressReleases/AStratanStatementOSCE.pdf.

Russian diplomatic support, active lobbying on the international stage and direct material and financial assistance have been critical for Transnistrian consolidation. Before the 1992 war, Transnistrian militias were trained and armed by Russian troops stationed in the region. The Russian peacekeepers halted the civil war in 1992, but while effective in keeping the peace, they have now become more of an obstacle to conflict settlement. Today, the peacekeepers serve more as *de facto* border guards for the Transnistrian self-proclaimed state. The presence of the peacekeeping troops freezes the situation, while failing to address real problems on the ground. In fact, it would seem that Russia's aim is to secure a continued military presence in Moldova rather than address conflict settlement.

Conflict settlement mechanisms

The failure to settle the conflict is also partly the result of an ineffective and unfair 'five-sided' negotiating format. This structure consists of Russia, Ukraine and the OSCE as mediators, and Moldovan and Transnistrian authorities as parties to the conflict. According to its logic, Russia and Ukraine are to be external guarantors of any agreed solution.

The particular format has helped to block conflict settlement. With each party having a veto, and important forces benefiting from the status quo around Transnistria, the format in fact was doomed to fail from the start. The OSCE has always been in a weak position, due to the internal constraints imposed by some member states and its own lack of capabilities. Russia's primary interest has been to either maintain the status quo or secure a settlement agreement that would preserve Russia's decisive influence over a reunified Moldova, and where Russian troops would be maintained, the Russian language would be an official language, and

Russia would stand as the arbiter of possible disagreements between Transnistria and Moldova. The Russian objective here would be to create a 'common state' composed of two equal constituent entities. Such a solution would preserve Transnistria in its current state, with the same leadership and behaviour.

Moldova's assessment of the negotiating format is straightforward. President Vladimir Voronin has argued: 'The five-party negotiations and the existing peacekeeping mechanism proved their ineffectiveness, and are not able to lead to a long-lasting solution. The dragging of the settlement process contributes to the consolidation of the separatist regime, and the promotion of certain mafia-type geopolitical interests, which are foreign to the interests of the population on the two banks of the Dnestr river'.[41]

Moldova's weakness

Moldova's weakness as a state and its lack of attractiveness for ordinary Transnistrians is another touchstone of Transnistria's survival. While the economic situation in Transnistria is poor, it is not significantly or obviously worse than that of Moldova. Thus, while many Transnistrians are not satisfied with their situation, Moldova is not an alternative that would encourage significant parts of the population in Transnistria to actively support reunification. In fact, with many Transnistrians holding Russian or Ukrainian passports, the idea of joining Russia as a second Kaliningrad or Ukraine seems a more attractive option.[42] Worrying aspects of Moldovan democracy and economic development have always been used by the authorities in Tiraspol to justify Transnistrian independence.

Significant actors in the Republic of Moldova have contributed to the strengthening of the Transnistrian entity in its current state.

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[41] Moldovan President Vladimir Voronin, Speech addressed to the North Atlantic Council, Brussels, 7 June 2005.

[42] Igor Smirnov states that 'there are 100, 000 Russian citizens [living in Transnistria], and if there was a Russian consulate [in Tiraspol], there would be more,' See interview for *Politicheskij Zhurnal* reprinted in *Pridnestrovie*, 21 April 2005, available at: http://www.pridnestrovie-daily.net.

The corruption of elites in Moldova as well as incoherent policies towards Transnistria made it possible to strengthen the economic basis of the Transnistrian regime. Transnistrian companies have been exporting goods as Moldovan entities with Moldovan custom stamps, benefiting from Moldovan trade regimes with other countries and using the Moldovan railways. The Tiraspol Airport, through which some of the alleged arms exports have been conducted, has a licence of the Moldovan Aviation Authority that allows it to operate international flights.[43] Significant amounts of goods are smuggled into Moldova (as well as into Ukraine) through Transnistria. All this would not have been possible without the complicity of influential political and economic actors inside Moldova. While since 2001 the situation has been changing and the Moldovan government has been trying to reduce Moldova's implicit support for Transnistria, there remain many loopholes that have not been eliminated by the government of Moldova.

The 'legitimacy' of Transnistria

Transnistria's state building project is a comprehensive endeavour, the main aim of which is to build a 'Transnistrian identity'. Due to the nature of Transnistrian demography, this cannot be based on ethnic or religious lines, which has only increased the importance of invoking, manipulating and inventing historic, political and economic arguments in favour of Transnistria's independence. Because the ideological foundations of Transnistrian independence have always been shaky, the authorities have always been interested in strictly controlling the formulation of political views inside Transnistria. This explains why Transnistria is the least democratic secessionist entity in Europe. Abkhazia, South Ossetia, Nagorno-Karabakh, Northern Cyprus or Kosovo are not functioning democracies, but dissenting views and civil society groups have more space for political and social activity.

Over time, a sophisticated discourse justifying Transnistrian independence has emerged. This discourse seeks to strengthen support for independence in the region and also to convince its population that the economic and political sacrifices they suffer as a result of embarking on a secessionist path are well worth the difficulties.

At the start, Transnistria's separatist project had language issues at its core. The Transnistrian population was mobilised in 1989 as a result of greater assertion by the Moldovans in the Soviet Union of their own language rights, a project that was not shared, and was even opposed by the active, urban and russified parts of the population in Transnistria.[44] The Soviet, and subsequently Russian, authorities also employed Transnistria as a leverage against Moldova's independence in order to keep the 'near abroad' firmly under Russian control. With Moldova's declaration of independence from the Soviet Union on 27 August 1991, the desire to stay within the Soviet Union or Russia, and fear of Moldova's unification with Romania came to join the 'language problem' at the forefront of Transnistria's justifications for independence.

However, with time, these justifications have lost relevance. Moldova did not unite with Romania. Minority rights in Moldova proper are reflecting international standards and practices. History, demography, fears of Romania or discrimination remain part of the official discourse of the Transnistrian authorities, but their credibility, both internally and externally, has significantly reduced since the beginning of the 1990s. This was evident with the coming to power in Moldova of the Communist Party, which shared with the Transnistrian authorities very similar views on history, language issues, the demise of the Soviet Union, the attitude towards Romania etc. As a result, Transnistria's legitimisation discourse has shifted mainly to economic arguments. This decreasing validity of initial justifications also led to increasing

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[43] Interview in Chisinau, November 2004.

[44] For a detailed account of mobilisation for independence from Moldova see Ghenadii Kodreanu, 'Dnestrovskij Razlom: Pridnestrovskii krizis i rozhdenie PMR;' available at: http://olvia.idknet.com.

authoritarianism, centralisation and mobilisation in the separatist region, because economic arguments for independence are not enough and do not correspond to reality. It has become therefore all the more important that they are not challenged inside Transnistria.

Still, economic arguments have been central in building ideological support for Transnistrian independence from Moldova. The economic argument has several dimensions. A first one is that Transnistria is richer than Moldova, and once it is independent it will be even better off. A second is that if Transnistria joins Moldova it will have to participate in the repayment of Moldovan debts to international institutions, such as the IMF and the World Bank. A third point is that Moldova wants Transnistria 'back' in order to privatise Transnistria's industry and benefit from these profits[45] and that Moldova wants Transnistrian companies to pay taxes in Chisinau, from which ordinary Transnistrians would not benefit. Transnistria's self-proclaimed president argues these points bluntly: 'Why do we need Moldova? (...) We have a gross domestic product per capita which is three times higher than in Moldova (...) That is why Moldova is so interested in our property, that is why they always shout about privatisation'.[46] Smirnov again: 'We are entirely self-sufficient (...) Moldova does not have enough potential for a self-sufficient existence'.[47] In fact, Moldova GDP per capita in 2004 was US$760 per capita[48], while that of Transnistria was US$750 per capita.[49] Transnistrian debt per capita is indeed higher than that of Moldova. The Republic of Moldova (without Transnis-

tria) has 3.5 million people and a debt of 1.1 billion (US$1.3 billion), while Transnistria with a population of 550,000 people has a debt of 1 billion (US$1,2 billion), two thirds of which are with Russia.[50] Thus, despite all the claims of the authorities, Transnistria is slightly poorer, not richer than Moldova; and far more indebted.

Transnistria's economic arguments for independence do not reflect reality, but are an instance of 'imagined economy',[51] where the very belief that they live better, or would live better than the state they secede from, and not actual economic facts, mobilises populations in favour of secessionism. In such a context, undermining and disputing the economic arguments in favour of secession is key to reducing support for Transnistrian secessionism and undermining the credibility of the authorities. This, however, is very difficult given Transnistria's authoritarian system. There are two ways to circumvent this: by pressurising Transnistria to democratise and by developing a Moldova that is so visibly stronger than Transnistria that no amount of propaganda and centralisation can hide it, especially as the circulation of populations between the two parts of Moldova is intense.

Challenging authoritarianism

What is more, Transnistrian authoritarianism is increasingly challenged from within. As a result of the Orange revolution, the Ukrainian government has put democratisation of Transnistria at the core of its approach to conflict settlement. Important internal actors in Transnistria have started to discuss the possibility of alternatives

[45] Igor Smirnov states that 'in pushing Transnistria towards a union with economically bankrupt Moldova, one should give us reliable guarantees that our enterprises will not be given away to repay [Moldova's] debts.' Interview with *Kommersant Moldovy*, 21 September 2001; available at: www.zatulin.ru/institute/sbornik/039/10.shtml.

[46] Interview with Igor Smirnov, 'We have to assume responsibilities,' *Pridnestrovie*, 21 April 2005.

[47] Ibid.

[48] US Department of State, Background Note on Moldova, http://www.state.gov/r/pa/ei/bgn/5357.htm.

[49] Igor Smirnov, Press conference dedicated to the 'Independence day' of Transnistria, 31 August 2005, http://olvia.idknet.com/ol97-08-05.htm.

[50] Centre for Strategic Studies and Reforms, *Research Paper on Transnistria* (Chisinau: November 2003), p. 28; available at: http://www.cisr-md.org/pdf/0311%20transn-research.pdf.

[51] See Yoshiko M. Herrera, *Imagined Economies: The Sources of Russian Regionalism* (Cambridge: Cambridge University Press, 2005).

to the current situation. In April-May 2005, a significant group of deputies led by Evgheni Shevchuk, deputy speaker of the Transnistrian Supreme Soviet, launched a series of initiatives to limit the powers of the Smirnov-led executive. These initiatives included a change in the constitution that would enhance the powers of the legislature, introduce the post of Prime Minister (Smirnov being currently both President and Prime Minister), and enhance the independence of the judiciary. The constitutional amendments were approved by 29 out of 43 deputies, with only 3 deputies voting against and the rest abstaining. In parallel to the changes to the constitution, the deputies proposed the creation of a public television service[52] independent of the authorities, and voted a law whereby the leaders of local councils would be elected by secret ballot, in order to reduce control over local councils by the Tiraspol authorities.

One explanation of the constitutional reform is that business groups have recognised that they have much to lose economically from the continuing deterioration of the regional situation and obstruction to the negotiation process as well as from Smirnov's authoritarian excesses and human rights abuses (such as during the 'schools crisis' in 2004)[53] – all of these actions have led to the greater international isolation of Transnistria, and ultimately resulted in greater economic pressure being placed on Transnistrian exports, including through the double-checking mechanism in steel, and the call on Ukraine to strengthen border controls with Moldova. Transnistrian authoritarianism has thus started to hurt real businesses. In these circumstances, these deputies have realised that greater checks and balances were needed to

ensure that the authoritarian domination is reined in.

Another explanation of the constitutional reform is that under international pressure to democratise, the Transnistrian authorities have launched a controlled democratisation process to decrease international pressure while mimicking pluralism.

In any case, Transnistrian politics is moving towards more pluralism. The fact is telling enough. Unlike other authoritarian entities like Belarus, Uzbekistan, Zimbabwe or Cuba, Transnistria's response to international pressure has not been to choose greater isolation and centralisation but measures that mimic democratisation. Put simply, Transnistria cannot afford isolation and lacks external support and internal coherence to survive as a closed dictatorial system. Transnistria is too vulnerable.

And yet, one should not disregard the fact that big businesses still remain the pillars of Transnistrian 'statehood', and their opposition to the Smirnov regime should not be taken for granted. Broadly speaking, they still remain committed to the current authorities, even if this support is less solid than it used to be.

3.2 The regional context of Transnistria's survival

The regional context surrounding Transnistria has also supported the consolidation of its separatism. Transnistria is not geographically or economically isolated from the region around it. Quite the opposite in fact: it is relatively open economically to the outside world. Moldova,

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[52] See 'V Pridnestrovye obsuzhdaetsja proekt sozdanija obschestvennogo televidinija,' *Pridnestrovye*, 26 May 2005; available at: http://www.pridnestroviedaily.net/gazeta/articles/view.aspx?ArticleID=595.

[53] In July 2004 Transnistrian militia attempted to forcibly close down the only five Moldovan schools in the region that were using Latin script. This has affected some 4,200 children who were deprived of their right to study in their mother tongue. The Transnistrian security forces stormed an orphanage in Tighina and a school in Rybnitsa. The OSCE qualified this as 'linguistic cleansing'. These events prompted a serious diplomatic crisis with security and economic implications. Moldova tried to apply economic pressure on Transnistria, a dangerous standoff between Moldovan police and Transnistrian militia took place in Tighina/Bender. Still the conflict was not an expression of ethnic tensions, but rather of an incident of human rights abuse with broad political implications. The crisis ended with Transnistria accepting, under international pressure, the functioning of the schools for another year. For a detailed account of the crisis see Gottfried Hanne and Claus Neukirch, 'Moldovan schools in Transnistria: an uphill battle against "linguistic cleansing"', June 2005, OSCE Magazine. For the EU reactions to the crisis see Chapter 4.

Ukraine, Russia and the OSCE have all played a role in the strengthening of Transnistrian 'statehood'.

Russia-Transnistria

The European Court of Human Rights concluded in July 2004 that the Transnistrian Republic 'remained under the effective authority, or at the very least under the decisive influence, of Russia, and in any event that it survived by virtue of the military, economic, financial and political support that Russia gave it'.[54] Transnistria could not have emerged without Russia, nor could it have survived.

As a patron state, Russia has not only encouraged Transnistrian secessionism, it has also provided Transnistria with the resources to fight, including military assistance and training, as well as economic subsidies.[55] The following example illustrates this. On December 2, 1994, the Russian Federation Government issued a decree No. 1341 according to which the Transnistrian army received from the Russian troops stationed in the region some thirty nine technical units as well as one hundred and sixty tons of material goods. By April 1998, Russian troops stationed in Transnistria had transferred to the separatist authorities one hundred and fifty technical units and some three thousand tons of material goods.[56]

The Russian-led peacekeeping operation has *de facto* guarded the borders of the secessionist entity, freezing a status quo that is favourable to one side. In effect, the peacekeeping format has changed the balance of power in the region in favour of those standing against efforts to settle the conflict. In addition, Russia maintains a military force (Operative Group of Russian Troops) in Transnistria – a *de facto* military base with some 1,500 soldiers, which was to be withdrawn by the end of 2002 according to the OSCE Istanbul summit commitments undertaken by Russia.[57]

The nature of Russian interests is manifold. On the one hand, Russia is locked into supporting Transnistria due to a combination of domestic factors and distorted perceptions about the West. Russia has business interests in Transnistria, and important actors in Russia have benefited from corrupt links with the Smirnov regime. Russian support for Transnistria is the result of a coalition of interested actors inside the Russian Federation. This coalition is neither homogenous nor permanent, however interested groups have emerged in Moscow over the last decade determined to maintain support for Transnistria.

The most vocal supporters of Transnistria have been nationalist and communist deputies in the Russian State Duma[58] as well as nationalist political activists. While not necessarily influential on the Russian executive, they have created a climate in which Transnistria has been encouraged to pursue its secessionist project. The State Duma has also placed public pressure on the government to adopt tougher policies towards Moldova.

Less visible but no less important, elements of Russia's military-industrial complex have cooperative relations with certain Transnistrian factories, which have been crucial in sustaining them. Russia is also the largest investor in Transnistria, heavily subsidising the Transnistrian economy.

Geopolitical calculations also determine Russian views of Transnistria. Close links to Transnistria and keeping troops in the region allows Russia to exert leverage over Moldova. This matters, because many Russian decision-

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[54] European Court of Human Rights, Press release issued by the Registrar, 'Grand Chamber Judgment in the Case of Ilascu and Others v Moldova and Russia', 349, 8 July 2004; available at: http://echr.coe.int.

[55] See Stuart Kaufman, 'Spiralling to Ethnic War: Elites, Masses, and Moscow in Moldova's Civil War,' *International Security*, vol. 21, no. 2, 1996, pp.108-38; and Dov Lynch, *Russian Peacekeeping Strategies in CIS* (London and New York: RIIA and Macmillan, 2000).

[56] Mihai Gribincea, *The Russian Policy on Military Bases: Georgia and Moldova* (Cogito: Oradea, 2001), p. 236.

[57] Istanbul Summit Declaration, article 19, page 49-50; available at: http://www.osce.org/documents/mcs/1999/11/4050_en.pdf.

[58] See *Regional tensions over Transdniestria* (International Crisis Group, no. 157, 17 June 2004), pp. 16-19.

makers view the world through a geopolitical prism in which the balance of power, spheres of influence and geopolitical vacuums are driving forces of international politics.[59] The Russian government perceives many of the changes occurring in Europe as directed against its spheres of interests. Should Russia retreat from Moldova, the vacuum left would be filled by 'unfriendly' forces. The chief of Russia's Federal Security Service (FSB) has argued: 'Our opponents are steadily and persistently trying to weaken Russian influence in the Commonwealth of Independent States and the international arena as a whole (...) The latest events in Georgia, Ukraine and Kyrgyzstan unambiguously confirm this.'[60]The mainstream Council on Foreign and Defence Policy argues similarly: 'The EU is more and more on the offensive in its relations with Russia (...) it acts as a tough adversary and competitor (...) The EU is starting to become a competitor for Moscow already on the Russian territory itself',[61] let alone in the post-Soviet space.

Thus, Russia's view of itself is that of a country under siege. Such views influence Russian decisions to support such authoritarian leaders as Alyaksandr Lukashenka in Belarus, Islam Karimov in Uzbekistan and Igor Smirnov in Transnistria. Geopolitical thinking has also put Russia on the side of Kuchma in Ukraine and Milosevic in Serbia, even if such 'allies' have rarely been fully embraced in Moscow.

Ukraine-Transnistria

Ukraine, along with Russia and the OSCE, is a mediator in the negotiations on the status of Transnistria inside Moldova. It has a number of military observers in Transnistria, and has been invited to send peacekeeping troops, which it can do at any point. Transnistria is situated between Ukraine and Moldova, and the seces-

sionist region controls 452 km of the Moldova-Ukraine border (See Map in Annex 2). This allows it to conduct external trade through Ukraine, and also be a transit point for smuggled goods into Moldova.

Ukraine has traditionally played a rather ambiguous role in Transnistria. It would seem that Ukraine has great interest in settling the conflict. The endurance of the conflict on Ukraine's border does not contribute to regional stability nor to Ukraine's long-term European and Euro-Atlantic aspirations. Ukraine is not interested in having a Kaliningrad-type Transnistria on its border, where Russian troops are stationed.

And yet, Ukraine's record on Transnistria is not straightforward. Transnistria could not survive without Ukraine's implicit support. All of the alleged Transnistrian smuggling, trafficking and export of arms passes mainly through Ukraine: by sea, through the Odessa and Ilichiovsk ports, or by land. Serious interest groups in Ukraine have gained benefits from such activities in Transnistria, especially during the Kuchma era.

The Moldova-Transnistria-Ukraine border has been vital for Transnistrian survival. After the introduction of new Moldovan customs stamps in 2001, Ukraine still accepted exports from Transnistria. Moldova has urged Ukraine to accept only those goods which bear Moldovan stamps, such stamps being granted only to Transnistrian companies registered as legal entities in Chisinau. But Ukraine has long refused to comply with Moldovan requests not to accept Transnistrian goods not covered by documentation according to Moldovan legislation. The Ukrainian argument was that it would not take part in economic pressure on Transnistria, because, as a mediator to the conflict, it had to remain neutral. Kyiv also argued that such measures would affect Ukrainians (ethnic

[59] See Andrei Zagorski, 'Russia and the shared neighbourhood', in 'What Russia sees', *Chaillot Paper* no. 74 (Paris: EU Institute for Security Studies, 2005), p. 71.

[60] Steve Gutterman, 'Security chief: Russia prevents U.S., other foreign spy activity under cover of NGOs,' Associated Press, 12 May 2005.

[61] Russian Council on Foreign and Defence Policy, *Situation Analysis on EU-Russia Relations*, under the direction of Sergei Karaganov, February 2005, Moscow; available at: www.svop.ru.

Ukrainians and Ukrainian citizens) living in Transnistria. Thus, Moldova has requested Ukraine to create joint border posts on the whole Moldovan-Ukrainian border, and especially on the 452 km section controlled by the Transnistrian authorities. However, for a long time Ukraine was resistant to this notion, although now it is increasingly coming around to this point of view.

3.3 A changing Ukraine

The situation is changing, and the Ukrainian dimension of the Transnistria problem is quickly transforming. The following section will explore some of these changes in detail, as they open real opportunities for the EU and the international community to positively influence the conflict settlement process.

The Youshchenko administration had formulated a new approach to Transnistria. Foreign Minister in the Timoshenko government Boris Tarasyuk stated in February 2005, soon after assuming his functions, that Transnistria settlement is 'one of the most important tasks of the Ukraine's national security', that Transnistria is 'Europe's black hole, where very few get fabulously rich while hundreds of thousand eke out a hand-to-mouth existence'. Tarasyuk also stated that 'Transnistrian and other puppet regimes are obstacles to the edification of a united Europe (...) It is high time to acknowledge frankly that authoritarian enclaves persist in Europe, and to finally tackle these problems. The illegitimate, corrupt regimes in these unrecognized republics have nothing in common with the rights of the populations there'.[62] The stage has been set for a new Ukrainian approach.

In April 2005, President Youshchenko put forward a Ukrainian settlement plan, entitled 'Towards a settlement through democracy'. In May 2005, a more extended and modified version of a plan was presented. Its main idea is to have internationally observed free and fair parliamentary elections in Transnistria in December 2005, which would bring to power more representative leaders in Transnistria with whom Chisinau would then negotiate a new status for the region.[63] In addition, a new peacekeeping format, and greater involvement of the United States and the EU, is envisaged in all the aspects of conflict settlement. Ukraine also agreed to invite an EU monitoring mission to its border with Transnistria.

The new Ukrainian government has proposed to organise democratic elections in December 2005 for the Transnistrian Supreme Soviet under international – EU, US and OSCE – monitoring. This was the most controversial point of the Ukrainian initiative, as it opens the path to the international legitimisation of Transnistrian elections and some of its institutions. In itself, this is not problematic. Transnistrian people have the right to be represented by local institutions, including a local parliament. The problem is twofold.

First, in the time span proposed by Ukraine, it is unrealistic to organise democratic elections in Transnistria. Transnistria lacks civil society, independent media, independent political parties and any trace of credible opposition. This cannot change in a few months. Thus, the result of such elections would most likely strengthen the existing ruling elite in Transnistria, with a slightly modified internal power balance. Early elections without democratisation would create a Belarus-type regime in a secessionist entity with internationally recognised leaders.

Second, even if a new parliament (Supreme Soviet) is democratically elected and starts to negotiate with Moldova on Transnistria's status, there is no guarantee that such negotiations

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[62] See Vladimir Socor, 'Kwasniewski, Tarasyuk urge a European Solution in Transnistria,' *Eurasia Daily Monitor*, 18 February 2005; available at: http://www.jamestown.org/edm/article.php?article_id=2369285, and 'New Ukrainian Foreign Minster Speaks on Transnistria,' *Infotag/Moldova Azi*, 14 February 2005, available at: http://www.azi.md/news?ID=33033.

[63] The Ukrainian Plan on the Settlement of the Transnistrian conflict may be found at: http://www.eurojournal.org/more.php?id=186_0_1_0_M.

would not drag on for another decade – and this time, the Transnistrian authorities would be legitimate and internationally recognised as representatives of the population of the region and with a strengthened mandate to ask for independence.

On the other hand, the Ukrainian plan is useful in that it raises the issue of Transnistria's democratisation, as well as the perspective of shifting the balance on negotiations from the authoritarian executive power headed by Smirnov towards a more representative sample of politicians in the Supreme Soviet, many of whom have links with the business community and are more pragmatic and moderate and might see an interest in having the Transnistrian problem settled rather than aggravated.

At the same time, these changes in the Ukrainian position occur against the backdrop of entrenched existing Ukrainian interests in Transnistria. These should be clearly understood, as the Ukrainian position, even that of the new government, remains far from unambiguous.

First, Ukraine has serious investment interests in Transnistria. Even if the structure of Transnistrian companies is very opaque, it is clear that there are strong Ukrainian interests in the region. For example, the most important company in Transnistria, the 'Rybnitsa Steel Mill', which provides more than 50% of the Transnistrian budget, and allegedly changes the formal holders of the company every six months, *de facto* belongs to very important officials from Russia and Ukraine.[64] Ukraine's economic presence inside Transnistria provides it with leverage; leverage which can be used to sustain the status quo or to help settle the conflict.

Second, corrupt officials in Ukraine (as well as in Moldova) benefit from smuggling through Transnistria. The former first deputy chairman of the Ukrainian Customs Service, Nikolay Salagor, appointed already after the Orange revolution, stated in September 2005 that there are 'huge holes' at the Ukrainian border, 'through which enormous uncontrolled contraband flows have been passing (...) President [Youshchenko] has requested that the customs put an end to smuggling from Transnistria. No measures have been taken to solve the problem (...) People having important relations in Tiraspol, have long ago established a network to deliver smuggled goods'.[65]

Third, Ukraine has economically benefited from the fact that practically all of Transnistrian trade goes through Ukrainian customs, territory and seaports. This means revenues not only for corrupt officials but also for the Ukrainian budget. They are not enormous, but they are important for the Odessa region. There are few incentives for Ukraine to undermine this trade without seeing any benefits in return or for the sake of a vaguely stated commitment to regional stability.

Ukrainian officials understand that it is important to change policies on the Transnistria issue. However, it is difficult for them to renounce short-term benefits in the name of a distant prospect of a vague rapprochement with the EU.[66] The perception is still that Ukraine is making unilateral concessions, while what is on offer from the EU falls short of a serious engagement. The EU-Ukraine Action Plan falls far short of Ukrainian aspirations, as do the additional 'Ten points for closer cooperation' put forward in the aftermath of the Orange Revolution.[67]

One of the tests of the long-term credibility of Ukraine's new foreign policy will be the Transnistria conflict settlement process. At the EU-Ukraine summit in Yalta on 11 September 2001, Ukraine declared that in order to 'reflect its for-

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[64] Interviews in Chisinau April 2005, and Brussels, June 2005.

[65] Interview with Nikolay Salagor, Zerkalo Nedeli 35 (563), 10-16 September 2005. Also see OSCE Mission to Moldova News Digest, 12.09.2005.

[66] Interview with OSCE official, Paris, 11 May 2005.

[67] Interview with Ukrainian diplomat, Brussels, April 2005; for the *Ten Points*, see http://europa.eu.int/comm/external_relations/ukraine/intro/

eign policy orientation, Ukraine recalled its unilateral alignment with EU CFSP statements'.[68] A European Ukraine cannot do without a *Europeanised* foreign policy on Transnistria. A key indicator of Ukraine's willingness to ensure the involvement of the EU in conflict settlement will be ensuring that its entire border with Moldova is secure and transparent.

With the Youshchenko government, there has been significant progress on the issue. In May 2005, the Moldovan and Ukrainian Prime Ministers agreed to form joint custom points on the Moldovan-Ukrainian border in order to enhance its transparency. This has been a contentious issue for years, requested by Moldova and supported by the EU. On 2 June 2005, the Moldovan and Ukrainian presidents addressed a joint letter to the EU High Representative for CFSP, Javier Solana, and the Commission President, Jose Manuel Barroso, requesting EU support for an international mission for the 'control and monitoring' of the Transnistrian segment of the Moldova-Ukraine border.[69]

Overall, the Ukrainian position towards conflict resolution in Transnistria has been affected by internal infighting inside the Youshchenko administration. Divergences between Petro Poroshenko, former head of the National Security and Defence Council (NSDC), and former Prime Minister Youlia Timoshenko, have marked domestic politics as well as the Ukrainian approach on Transnistria. The dismissal of the two officials by President Youshchenko in September 2005 raised certain questions about the continuity of the Ukrainian policy towards the conflicts. Youlia Timoshenko's government was an advocate of a tougher approach towards Transnistria than the NSDC, and it is not clear how the increasing rift between Youschneko and Timoshenko will affect Ukrainian policy-making on the Transnistria conflict.

Thus, considering the internal constraints of Ukrainian domestic politics it is crucial to get Ukraine on board to move towards conflict settlement. Thus far, Ukraine's steps on Transnistria have been inspired by concerns about Ukraine's image abroad.[70] Ukraine sees its contribution to conflict resolution in Transnistria through the prism of its rapprochement with the EU. This gives the EU considerable leverage in dealing with Ukraine. However, much depends on the capacity of the EU to alter the way Ukraine perceives its interests in Transnistria as part of broader EU-Ukraine relations.

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[68] Ukraine currently seeks to participate in the drafting of CFSP statements, which would also allow Ukraine to sign CFSP statements along with EU candidate countries. Interview in Brussels, April 2005.

[69] Press office of the President of Ukraine, Victor Yushchenko, 'Ukrainian-Moldovan negotiations, headed by the Presidents of Ukraine and Moldova, ended in the Odessa *oblast*,' 2 June 2005, http://www.prezident.gov.ua/en/news/data/1_827.html.

[70] Interview with Ukrainian official, Chisinau, April 2005.

The EU and Transnistria

The thinking, assessments and policies of the EU towards the conflict in Transnistria have evolved quickly. The turning point towards a more active role occurred in late 2002. Since then, the EU has stepped up its attention and actions. The EU now constantly raises the Transnistria issue in relations with Russia and Ukraine. The Union has also used an array of CFSP instruments to support the conflict resolution process – these have included appointing an EU Special Representative, introducing a travel ban against the Transnistrian leadership, as well as envisaging common actions under its ENP Action Plans with Moldova and Ukraine on conflict resolution in Transnistria.

4.1 Why more EU engagement?

First, because of enlargement. A 2002 Commission paper on EU approaches to Moldova stated: 'Moldova's stability clearly matters to the EU. Within a few years, Moldova will be on the borders of an enlarged EU. It has been destabilised by weak government, armed conflict and secession, near economic collapse, organised crime and emigration (...) The EU needs to help Moldova address these problems'.[71] Indeed, it was enlargement that stimulated the EU to develop a neighbourhood policy.

Second, developments in CFSP and ESDP mean that the EU not only can *look* East, but that it can also potentially *act* in the East. What is more, by 2002, the Balkan region had been set more or less on the path towards stabilisation. Serbia's authoritarian leader Slobodan Milose-

vic was ousted, the FYR of Macedonia had stabilised after the 2001 clashes between the Slavic and Albanian communities and the EU was beginning to pay more attention to its Eastern neighbourhood.

Third, by 2003, after more than a decade of negotiations, the conflict settlement mechanisms had become discredited in the eyes of Moldova and the international community. The five-sided mechanism and the peacekeeping format have not worked and are no longer acceptable as negotiations were stalled, and Moldova did not trust Russia and Ukraine, and the peacekeeping operation was perceived as sustaining the status quo rather than solving the conflict. With every passing year of negotiation, the Transnistrian separatist state consolidated. Steps undertaken under pressure from the mediators as part of the conflict settlement efforts, such as granting Moldovan custom stamps to Transnistria, were only contributing to a more economically independent Transnistria. Instead of altering the incentive structures sustaining the conflict, the negotiation format was, in fact, legitimising them. The UK Government memorandum on the appointment of an EU Special Representative to Moldova is clear: 'After another year without progress on the five-sided settlement talks (...) there is recognition within the EU of the need for greater engagement in Moldova. This has become more pressing following the recent enlargement of the EU, which has put the EU's external border closer to Moldova, and with the prospect of Romania's accession in 2007, which will put Moldova directly on the EU's border'.[72]

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[71] *EU approach on Moldova* (Unpublished, 2002).

[72] Information from the Committee on European Security of the United Kingdom Parliament, House of Common, Eleventh Report of Session 2004-2005, Point 12 'FCO (26397) EU Special Representative for Moldova'.

Fourth, the Transnistrian authorities have driven the EU towards greater involvement in the conflict resolution process. Transnistria opposes any Western involvement in the process, and is profoundly distrustful of Europe. Transnistria obstructionism in negotiations, which were employed by the separatist leaders to prolong the status quo, in fact, discredited the mechanism in the eyes of most observers and gave the Moldovan government credible arguments to insist on greater EU and US involvement in negotiations.

This was reinforced by a series of tensions between Moldova and Transnistria in 2003-2004 that revealed the flaws not only of the negotiation format but also of the peacekeeping mechanism. A brutal attempt to close down the only six Romanian-language schools (one of them an orphanage) using the Latin alphabet in Transnistria in the summer of 2004 prompted a series of EU statements, an extension of the travel ban on more Transnistrian officials, and a visit in early August 2004 by Robert Cooper, Director General for External and Politico-Military Affairs of the EU Council to Transnistria.[73] The crisis led to a direct and dangerous standoff between Moldovan police and Transnistrian militia, in which the peacekeeping forces did not interfere. Nor could the Joint Control Commission, composed of Russia, Transnistria and Moldova and the body supervising the security situation, intervene because of a Transnistrian and Russian veto. This revealed the biases of the structures, which, designed to maintain peace, now entrenched the conflict. Transnistrian actions, therefore, served to undermine the credibility of the Russia-led negotiating and peacekeeping formats and to encourage thinking in

the EU, the US and Moldova on how the situation could be changed.

Fifth, Russian policies towards Moldova encouraged and even accelerated greater EU attention to the issue. Russia's unilateral diplomacy, witnessed with the 'Kozak memorandum' and Russian pressure to weaken the OSCE, has undermined the five-sided format in this conflict. In November 2003, Dmitri Kozak, Putin's special envoy, developed a unilateral settlement plan that would have opened the way to a Russian military presence until 2020 and Transnistria's *de facto* domination of the whole of Moldova. This became known as the 'Kozak memorandum'.[74] In addition, Russia failed to withdraw its troops and armaments before the end of 2002 in accordance with its OSCE Istanbul commitments. Russia has not ceased supporting Transnistrian separatism even after an initially pro-Russian communist government took power in Moldova. So assertive was Russian policy towards Moldova that even Moldova's communists turned away from Russia as the main 'strategic' partner. In 2004-2005, Russia also tried to undermine a common EU policy on Transnistria and sideline EU institutions while at the same time intensifying bilateral discussions on Transnistria with some EU member states to show that it consults with European partners.[75]

Sixth, the EU-Russia dialogue on security issues, especially the launch of a road map for a common external security space in May 2005, has started to create a proper basis for cooperation on the conflicts in the former Soviet Union. A key objective of the common space is to 'strengthen EU-Russia dialogue on matters of practical co-operation on crisis management in

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[73] See 'Javier Solana, EU High Representative for the CFSP, writes to Russian Foreign Minister Sergey Lavrov on deteriorating situation in Transnistria,' Brussels, 30 July 2004, S0208/04; 'Javier Solana, EU High Representative for the CFSP, sends diplomatic mission to Moldova,' Brussels, 9 August 2004 S0210/04; 'Declaration by the Presidency of the European Union on the denial of access to Transnistria of the OSCE Mission in Moldova,' 19 August 2004; 'Declaration by the Presidency on behalf of the European Union on the continuing deterioration of the situation in Moldova,' 26 August 2004. All these documents can be found on: www.eurojournal.org.

[74] The text of the *Russian Draft Memorandum on the basic principles of the state structure of a united state in Moldova* (Kozak Memorandum) can be found at: http://eurojournal.org/comments.php?id=P107_0_1_0_C; for relevant commentaries see Michael Emerson, 'Should the Transnistrian tail wag the Bessarabian dog?' *CEPS Commentary*, 11 January 2004, available at: http://www.ceps.be/Article.php?article_id=133&; and John Lowenhardt, 'The OSCE, Moldova and Russian Diplomacy in 2003,' *Eurojournal.org*, 16 April 2004, http://eurojournal.org/more.php?id=139_0_1_6_M5.

[75] Interview with EU official, Brussels, April 2005.

order to prepare the ground for joint initiatives (...) in the settlement of regional conflicts, *inter alia* in regions adjacent to EU and Russian borders'.[76] This document clears ground in which the EU could increase its contribution to conflict resolution in Transnistria, which, after all, is an adjacent region only to the EU and not Russia.

Seventh, the Orange Revolution and changes in Ukrainian policy have made greater EU contribution to conflict resolution more welcome; these changes also increased the EU's potential to act in stronger cooperation with Ukraine.

Taken together, these factors led member states and the EU to recognise that the status quo had to and could be changed. A new push was required. With the OSCE in crisis, NATO looking beyond Europe towards global responsibilities, and the United States deeply involved in the Middle East, the obvious candidate to drive the conflict resolution process is the EU.

4.2 EU thinking and policy

Most importantly, EU thinking about Moldova has changed. The Moldovan conflict remains far from the most salient problem the EU faces, but since 2003 the conflict in Transnistria has given the EU a great deal of food for thought. In addition, the EU has used a wide array of CFSP instruments to support the settlement of the conflict. It is worth reviewing these actions before considering new ideas for EU engagement.

Diplomatic actions

The EU has moved relatively quickly to become a diplomatic actor in the Transnistrian conflict resolution process. During 2003-2004, the EU became an *ad hoc* diplomatic actor in Moldova, periodically sending diplomatic missions to Moldova, raising the Transnistria problem with Russia and Ukraine and expressing opinions on the conflict resolution process. The most dramatic instance of such diplomatic activism was Javier Solana's declared lack of EU support for the 'Kozak Memorandum' in November 2003, which weighed in Moldova's decision to reject the Russian plan. In early 2005, a decision was made to increase the profile and to streamline EU diplomacy and in March the EU appointed an EU Special Representative (EUSR) for Moldova. A senior Dutch diplomat, Adriaan Jacobovits de Szeged, who served as the special envoy of the OSCE Dutch Chairman-in-Office in 2003 on the Transnistria problem, was appointed. His mandate is to 'strengthen the EU contribution to the resolution of the Transnistria conflict (...); assist in the preparation (...) of EU contributions to the implementation of an eventual conflict settlement'.[77] In this way, the EU sent a message that its interest in the Transnistria problem is serious, and that the EUSR would be the main EU interlocutor with whom the problem should be discussed.[78] The EUSR appointment was designed to provide for greater EU internal coherence and external visibility. However, the fact that the EUSR is based in The Hague has reduced his visibility on the ground.

Trade-related actions

In September 2004, the EU introduced a double-checking system for the steel exported from Moldova without imposing any quantitative limitations.[79] In fact, this was a measure to enhance the transparency of steel exports from Transnistria to the European Union. Such

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[76] *EU-Russia Road Map for the Common Space of External Security*, p. 43.

[77] Council Joint Action 2005/265/CFSP of 23 March 2005 appointing a Special Representative of the European Union for Moldova, Official Journal L 081 , 30/03/2005 P. 0050 – 0052.

[78] Interview with EU official, Brussels, April 2005.

[79] *Council Decision concerning the conclusion of an Agreement in the form of an Exchange of Letters between the European Community and the Republic of Moldova establishing a double-checking system without quantitative limits in respect of the export of certain steel products from the Republic of Moldova to the European Community*, Brussels, 7 September 2004, 11511/04, SID 28, COEST 126.

exports could no longer happen without Moldovan certificates confirming the origin of the steel. This meant in effect that the Transnistrian steel factory in Rybnitsa would not be able to export steel without Moldovan custom stamps or supervision by Moldovan authorities. The impact has been felt in Transnistria, which has had to redirect exports towards the East and China, in particular.

Participation in negotiations

The EU has been involved in the negotiations also. During the Dutch chairmanship of the OSCE in 2003, the EU was present in the Joint Constitutional Commission, composed of Moldovan and Transnistrian deputies, to draft a new constitution for a reunified Moldova. The Commission ultimately failed in its task, but it marked a symbolic change in the conflict resolution mechanisms with the EU being involved for the first time in negotiations on the status of Transnistria.

The EU is not formally included in any of the formally institutionalised conflict management formats in Transnistria. It is not part of the five-sided negotiation format, the joint control commission, or the peacekeeping mechanism. The EU rather than seeking to join these mostly discredited and deadlocked formats, has been building new frameworks of cooperation in which it could bring an added value to the conflict resolution process. This included active diplomacy by the EUSR for Moldova and the launch of the EU Border Assistance Mission. In fact, the main thrust of conflict settlement efforts in Transnistria has shifted away from the five-sided format towards direct dialogue between the EU and other concerned actors and efforts to increase the transparency of the Moldova-Ukraine border.

Since September 2003, Moldova has constantly called for the EU (and the US) to become a full mediator in the conflict. The proposition is supported by Ukraine, and Transnistria has even decreased its objections to the idea in 2005. It is increasingly likely that the EU, as well as the US, will become involved in the negotiating process at some point. As the failure of the 'Kozak memorandum' showed, no solution to the conflict is likely without EU support. All of this highlights the importance of the EU role in the negotiations, even if it is not formally a mediator yet.

Political dialogue with Ukraine and Moldova

Starting in March 2003 at the initiative of the European Commission, a series of trilateral consultations between Ukraine, Moldova and the EU were held in Brussels on the issue of joint border controls on the Moldovan-Ukrainian border, including its Transnistrian segment. The ENP Country Report on Moldova from May 2005 mentions that 'a key element in any effort to achieve a settlement relates to ensuring Moldova's control over its entire customs territory'. The Report states also that 'without effective customs control on the goods crossing Transnistria, smuggling is flourishing with serious consequences on the government budget and the rule of law'. The EU, thus, supported Moldova's proposals for the creation of a joint border control on the Ukrainian territory to ensure control over all of Moldova's external borders. The EU also pledged funds to support the development of border infrastructure between Moldova and Ukraine. On 7 June 2005, the European Commission announced that this assistance would increase to 22 million euro primarily for strengthening border controls between Moldova and Ukraine.

In February 2005, the EU and Moldova signed their ENP Action Plan for increased cooperation. The Action Plan is a set of measures to advance economic and political relations between Moldova and the EU. Besides economic and technical issues, the Action Plan has a separate section on Transnistria. The document underlines the 'continuing strong EU commitment to support the settlement of the Transnistria conflict, drawing on the instruments at the EU's disposal,' and states that 'the EU is ready to consider ways to strengthen further its engagement'. One should note also that the EU will open a Commission delegation in Chisinau in September 2005.

Transnistria has been prominent in the bilateral EU-Ukraine dialogue. The EU-Ukraine Action Plan also states the necessity of enhancing cooperation in 'working towards a viable solution to the Transnistria conflict in Moldova, including addressing border issues'. In addition, the Transnistria issue is raised permanently in the EU-Ukraine dialogue, and Transnistria is often perceived as one of the tests of post-Kuchma Ukraine.

Border monitoring

In response to the Moldovan and Ukrainian invitation to monitor the border between the two countries, in August 2005, the EU presented a memorandum on the creation of an EU Border Assistance Mission that would monitor customs and border controls on the whole frontier between Moldova and Ukraine, including its Transnistrian sector. It is expected that the mission will start its activity in November 2005 and would last for two years with the possibility of extension for another year. It would be a European Commission led mission (not an ESDP operation), dealing with both border and customs monitoring, without any executive functions. The EU monitoring mission will be able to operate at all border crossing points but will not be permanently located at these points.

Sanctions

In February 2003, the EU and the US introduced targeted restrictions in the form of a travel ban against representatives of the Transnistrian leadership. The joint statement said: 'The leadership of the secessionist Transnistrian region has continually demonstrated obstructionism and unwillingness to change the status quo,

thereby impeding meaningful negotiations'.[80] The EU statement noted also: 'The EU reserves the right to consider additional targeted restrictive measures at a later date. The EU will review its position in the light of further developments, in particular steps taken by the Transnistrian leadership to make substantial progress in negotiations'.[81] In August 2004, indeed, the travel ban was extended to an additional ten officials from Transnistria who were responsible for the attempt to close down the Latin-script schools, which was considered a human rights violation.[82] However, the effectiveness of sanctions is diminished by a number of factors. Firstly, Ukraine has not associated itself with the travel ban. The Ukrainian authorities claim that as a neutral mediator in the conflict resolution process they cannot exert pressure on one of the conflict parties. This makes it possible for Transnistrian officials to travel easily in Ukraine and Russia, thus reducing the negative impact of sanctions. Second, the sanctions are too limited in scope to impose a serious burden on the leadership and make it reverse its policies. They target a limited number of officials, but not key supporters of the regime such as senior executives of the most important industries or business groups that provide crucial support to the regime.[83] Third, the objective of the sanctions is somewhat vague, and there is no clear request for some concrete steps towards compliance on the part of the Transnistrian authorities.

Crisis management

In the summer of 2003, the EU discussed the possibility of contributing to a peace-support operation in Transnistria. The idea was first raised officially in an OSCE food-for-thought

[80] 'Moldova: Council adopts restrictive measures against the Transnistrian leadership,' Brussels, 27 February 2003, 6679/03 (Presse 56), Annex 1 'Joint Statement of the European Union and the United States on Sanctions against the Transnistrian leadership.'

[81] 'Moldova: Council adopts restrictive measures against the Transnistrian leadership,' Brussels, 6679/03 (Presse 56).

[82] 'Declaration by the Presidency on behalf of the European Union on the continuing deterioration of the situation in Moldova,' 26 August 2004.

[83] On the effectiveness of 'smart' sanctions, see Anthonius W. de Vries, 'European Union Sanctions against the Federal Republic of Yougoslavia from 1998 to 2000: A Special Exercise in Targeting', and 'Introduction' in David Cortright and George A. Lopez, *Smart Sanctions: Targeting Economic Statecraft* (Lanham, MD: Rowman and Littlefield, 2002).

paper[84] and discussed in the EU Political and Security Committee and in the EU Military staff.[85] In the end, the proposal was put aside because of Russian opposition, EU-Russia disagreements over the 'Kozak memorandum' and because of a lack of clarity in the prospects for a settlement in Transnistria. However, the idea of the need for a different type of peace support operation in Moldova is not off the agenda, and the EU will resume such discussions in the future.

This discussion has highlighted instances of increased EU engagement in the Transnistria problem. In a context where the conflict resolution mechanisms are discredited and ineffective, Transnistria's *de facto* independence is strengthening, the OSCE lies in deep crisis, and where Ukraine is moving closer to the EU while Russia wants closer cooperation on security matters with the Union, the EU becomes a central focus of international efforts to address the Transnistrian conflict.

The question now is: what should the EU do? How and where should the EU seek greater engagement? The EU has made significant progress in thinking about the Transnistria problem. Now, it is time for actions to catch up with thoughts.

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[84] *Food-for-Thought-Paper: Peace Consolidation Mission Moldova* (Unpublished, July 2003).

[85] Interview, Ministry of Defence of the United Kingdom, London, October 2003.

Transnistria: from deadlock to sustainable settlement

Moldova is not attractive for Transnistrians, but they are also disappointed about the performance of their own region and its rulers. Apathy and absenteeism in the March 2005 local elections in the separatist region were an indication of this sentiment. Attempts at constitutional reform by a majority of deputies in the Transnistrian parliament in April and May 2005 are another indicator. The key objective now must be to shatter the status quo in this conflict by building an attractive and Europeanised Moldova that would present a serious option for reunification. How should the EU pursue this objective?

The answer lies in a combination of EU actions aimed at supporting a politically and economically attractive Moldova, and supporting pluralism inside Transnistria to allow a new structure of economic and political interests to emerge. The EU must act at three levels: the regional level, Moldova and Transnistria.

5.1 Altering the regional context

The main objective of EU actions at the regional level must be to break the structures of interests that help sustain the *status quo* around Transnistria. Altering the external conditions that sustain Transnistria will require actions at the European level, continued EU dialogue with the United States and a coherent EU policy on Russia and Ukraine, particularly on the border question, as well as on the existing conflict resolution mechanisms and the withdrawal of Russian troops.

The European level

With the failure of the Constitutional Treaty ratification, the EU needs a stronger CFSP in its neighbourhood, especially for countries like Moldova and Ukraine whose EU membership aspirations are not likely to be satisfied in the short to medium term. Internal problems in the EU should be compensated with a more active pursuit of the EU's commitment to stability in its neighbourhood.

Developments in the EU's eastern neighbourhood are paving the way for the EU to play a decisive role in the region. The Black Sea region is emerging as a more coherent entity and is more present on the EU agenda. Important developments here are Romanian and Bulgarian EU accession in 2007/2008, the revolutionary changes in Ukraine and Georgia, and Turkey's continued Europeanisation. The borders of the EU will extend to the Black Sea, and it will be expected by its partners in the region to play a more active role. A Black Sea dimension of EU policies is likely to emerge.

Certainly, Romania's future EU accession, coupled with the reinvigorated Romania-Moldova partnership after a change in government in Romania in December 2004, can significantly strengthen the EU's capacity to support conflict resolution in Transnistria and also support wider ENP objectives in Moldova.

At the European level, it is important to work for greater coordination on Transnistria on the part of EU member states. Politically, such coordination is already present and relatively effective. However, more can be done. The EU is one of the biggest trading partners of Transnistria, which gives it significant leverage over the conflict resolution process. This potential must be activated by greater coordination between EU member states.

Transatlantic cooperation

Transnistria has been an issue of almost exemplary transatlantic cooperation, as both the EU

and US share the objective of solving the conflict. Romania's integration into NATO in 2004, and the prospect of its future integration into the EU, has made the two institutions more interested in stability in their new neighbourhood. The effects of the Transnistrian conflict on Moldova's capacity to emerge as a viable and democratic state, as well as arms proliferation dangers from Transnistria, have worried the EU and US. Thus the EU, together with the US, has introduced sanctions in the form of a travel ban against the Transnistrian leaders. Both the EU and US presented a united diplomatic front when they called on the Moldovan president to reject the 'Kozak Memorandum' in November 2003. EU member states and the US have pledged not to ratify the Adapted Conventional Forces in Europe Treaty until Russia fulfils its obligations on military withdrawal from Moldova and Georgia. Moldova also invited both the US and the EU to become part of the negotiating format, as both are indispensable partners for achieving a sustainable solution to the conflict.

Thus, transatlantic cooperation has been very positive and useful. This cooperation has reinforced the EU position in efforts to settle the conflict. Further transatlantic cooperation will remain crucial for EU efforts to support a settlement of the conflict, as well as in the EU dialogue with Russia and Ukraine.

The EU-Russia dialogue

EU policy towards Russia should pursue EU interests as they are stated in the ENP. As a European Commission report in 2004 on relations with Russia stresses 'The EU should make full use of its influence with Russia to promote and defend EU interests and to ensure a balanced relationship. This means bringing together issues in which Russia is anxious to see progress with our own goals'.[86] The Communication also states that 'the EU should demonstrate its readiness to engage with the NIS on the basis of its

own strategic objectives, cooperating with Russia whenever possible'. The EU's primary interest in Transnistria is to settle the conflict. Working with Russia on the creation of a common space for external security provides the framework where a cooperative approach can be crafted on this conflict. The EU-Russia Road Map on a Common Space for External Security adopted in May 2005 explicitly mentions among its objectives the need for 'practical cooperation on crisis management in order to prepare the ground for joint initiatives (...) in the settlement of regional conflicts, *inter alia* in regions adjacent to EU and Russian borders'. Eliminating Transnistria as an irritant from EU-Russia relations is in the interest of both partners. Two issues are key in this dialogue – the withdrawal of Russian troops and the reform of the current peacekeeping mechanism.

First, maintaining the withdrawal issue high on the agenda is crucial. The Russian troops are a security pillar for the Transnistrian regime (willingly or not). Breaking the status quo is unimaginable without a full withdrawal. Russian peacekeeping forces may remain, of course, for conflict settlement purposes if under international mandate and in a new multilateral framework. However, maintaining a military base – the OGRT – in Moldova creates an obstacle to conflict settlement, which throws doubts over Russia's status as a neutral mediator.

Second, a discussion with Russia on the peacekeeping mechanisms in Transnistria would be useful. The current peacekeeping operation cannot address many of the non-military issues that arise around this conflict. They did not prevent the deployment of Transnistrian militias in the supposedly demilitarised Security Zone. They did not prevent clashes between Transnistrian military and police forces and residents of villages in the region under the authority of Chisinau. In fact, the military nature of the peacekeeping operation tends only to further militarise the region while failing to address serious questions that arise on the ground.

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[86] *Communication from the Commission to the Council and the European Parliament on relations with Russia*, COM(2004) 106, Brussels, 9 February 2004.

One way to alleviate these problems would be to strengthen the civilian dimension of the peacekeeping operation by increasing the number of international civilian observers and even gendarmerie-type forces, which could in time replace the current peacekeeping forces. Taking into consideration the fact that several EU member states are working on the development of a European gendarmerie force (EUGENFOR), a EU-Russia-Ukraine gendarmerie-led peace support mission should be considered to replace the current operation. A mission of civilian observers or a gendarmerie-led operation would also provide reassurances to Russia that once its troops withdrew, no other foreign military forces would be deployed. One should also note that Russia is less prickly with regard to *civilian* crisis management operations, which opens the way for the EU to act in an area where it can be useful, and where it can provide clear value added.

The EU-Ukraine dialogue

The EU dialogue with Ukraine on the Transnistria problem should have two pillars. One is to enhance EU-Ukraine cooperation on CFSP and ESDP matters and the second is to monitor the Ukraine-Moldova border with EU support.

First, in the context of Ukraine's efforts to associate itself with the CFSP, greater realignment of Ukraine with the EU policy on Transnistria should be sought, including with regard to the sanctions and the travel ban against the Transnistrian leadership. This would be a difficult step for Ukraine, but it would help drive the Europeanisation of Ukraine's foreign policy. CFSP coordination with Ukraine is an essential part of breaking the deadlock.

Second, EU support for solving the border problem around Transnistria is crucial. Controlling the border would eliminate some of the security challenges that arise from the separatist region. It would also weaken the vitality of the authoritarian and corrupt regime in Tiraspol. Without effective control of this border, Moldova will face serious constraints on its ability to benefit from more openness in trade with the EU under autonomous trade preferences (asymmetric trade regime), because it would not be able to enforce a clear control of the origin of goods, which is a precondition for increased trade with the EU. Thus, indirectly, the wider success of the ENP project with Moldova depends to a large extent on the border issue.

There are two aspects to ensuring transparency on the Transnistrian segment of the Moldovan-Ukrainian border. The first step of launching an EU border monitoring mission has been taken. The next step is to have joint Moldova-Ukraine border posts on the whole border between the countries. On the Transnistrian segment, these joint posts would be situated on Ukrainian territory, thus allowing Moldovan authorities to monitor exports and imports into Transnistria with their Ukrainian counterparts. Combining these two levels – EU border monitoring and Moldo-Ukrainian joint border posts – would ensure transparency and reliability of the border, which is a problem that concerns the EU, and not only Moldova and Ukraine.

5.2 Policies towards Moldova

The main objective of EU policy should be helping to make Moldova attractive for all of its citizens by strengthening its institutions.

How? In the person of the EUSR, the EU has a channel for undertaking coherent and sustained initiatives on the conflict resolution process. The EUSR is, thus, the EU's principal actor in the conflict itself. In addition, the EU is present with a Commission delegation that is responsible for the implementation of the Action Plan and the management of ENPI programmes. The question is how to make the existing EU actors – the EUSR Moldova and the Commission delegation – work together towards a sustainable resolution of the conflict?

Making the Action Plan work

Moldova's current lack of attractiveness is a key element sustaining the status quo. Pursuing economic reform, designing a good business climate and ensuring deeper and faster democrati-

sation of Moldova are central conflict-resolution tools with regard to Transnistria. The EU-Moldova Action Plan is important for the transformation of Moldova along these lines, but wider EU support is crucial for creating an attractive Moldova.

The Action Plan is too 'thick' on Moldova's commitments and too 'thin' on EU responsibilities. The balance should be redressed by offering more EU and member states' support for Moldova for the implementation of the AP. The AP should not be just a technical exercise for the Moldovan government, and its wider political and security aims should be well understood and supported.

More openness from the EU in allowing for the circulation of Moldovan citizens, particularly students, businessmen and civil society activists, would be important. As would greater openness of markets. All of these measures have an impact on the conflict resolution process in Transnistria. A European perspective for Moldova is likely to have effects on Transnistria as well. Such measures would not provoke a flood of Transnistrians willing to rejoin Moldova, but they would build an understanding of the benefits of *rapprochement* with Moldova for the most important and active groups of Transnistrian society. Of course, EU support in making Moldova attractive will not bear fruit without a clear commitment from Moldova to democracy, decentralisation and economic reform.

Negotiating the status of Transnistria

Negotiations on solving the conflict are important. The Republic of Moldova needs a better image in the Transnistrian region, and needs to talk to potential forces inside Transnistria, principally within business circles, that would favour a settlement of the conflict. The conflict cannot be settled by unilaterally designing a law on Transnistrian autonomy inside Moldova – an approach favoured by many in Chisinau. While there are indeed significant questions about the legitimacy of Transnistria's leaders, the strength of the separatist entity should not be underestimated. Even if the current leadership in Tiraspol

led by Igor Smirnov collapses (not an unlikely scenario), many of the ideas and structures of interests sustaining the separatist entities will remain in place. These will need to be addressed by Moldova and the international community even if the Smirnov regime collapses.

However, negotiations, particularly in the five-sided format, should not be the main focus of international efforts to support conflict resolution in Transnistria. The main issue is to alter the structures of conflict – making Transnistria untenable and Moldova attractive, rather than seeking an early agreement on the status of Transnistria. Thus, the main priority of the international community should be to alter the conflict environment. No power-sharing agreement between Moldova and Transnistria will fix the problem, if its provisions are not based on the positive interests of citizens in Moldova and the Transnistrian region. And these will take time and international efforts to build.

More ESDP for Moldova

It is not enough to alter the status quo, this change must be sustained. This will require actions that strengthen the institutional capacity of Moldova to ensure control over its borders and the effectiveness of Moldovan law-enforcement agencies in general. The use of ESDP civilian capabilities in Moldova under the guidance of the EUSR would be crucial in this respect.

At the invitation of Moldova and Ukraine, the EU is working on the deployment of a border-monitoring mission on the Transnistrian segment of the border. However useful, this is not a long-term solution. In parallel, the EU should strengthen Moldova's capacity to undertake this monitoring and control on its own. At the same time as ensuring that the border will be monitored by the international community in the initial stages, the EU should launch a police mission inside Moldova. This mission should have two objectives – building an integrated border management system and strengthening the capacity of Moldovan law-enforcement agencies. Both are priorities noted in the AP, which mentions the necessity for Moldova to trans-

form the 'Border Guards into a law enforcement agency' and declares the need to 'enhance the Moldovan law enforcement authorities (police, border guards, customs) through the provision of modern equipment, facilities and training in order to increase in particular the effectiveness of border crossing checkpoints'.[87]

An EU police mission to Moldova would enhance Moldova's capability to deal with security problems through the reinforcement of law-enforcement agencies. More importantly, this mission would be a conflict resolution mechanism. The EU has experience of this kind of operation already. For example, the mandate of the EU Police Mission PROXIMA in the FYR of Macedonia has objectives that are applicable to Moldova, namely that 'the mission will support the development of an efficient and professional police service and promote European standards of policing (...) EU police experts will monitor, mentor and advise the country's police, thus helping to fight organised crime more effectively and consolidate public confidence in policing'.[88] In Moldova, as in FYROM, the border issue is directly relevant for the stabilisation of the country. The positive EU experience acquired in FYROM is relevant for Moldova, where there is a direct link between conflict resolution and strengthening the institutional capacity of the state, better border management and more effective law-enforcement agencies.

Deploying a EU police mission in a pre-settlement environment would be innovative, and its aim would be to help create conditions for the settlement of the conflict. The EU should not wait until Transnistria decides to reunite with Moldova. This will not happen without additional measures that induce it to reconsider some of its positions, including an EU Police Mission. The police mission should be undertaken in parallel with the international border monitoring mission, and would be designed to prepare the Moldovan agencies to replace the international monitoring of the border in two or three years. A possible date for the launch of the police mission will be March 2006 when the mandate of the EUSR is to be renewed and extended.

5.3 Policies on Transnistria

The main objectives of EU policy should be to make the situation unattractive for those who benefit from the current situation and to promote the greater openness of Transnistria. These aims may be contradictory at times, as they can bring into conflict the need for greater sanctions against parts of the Transnistrian elites with the need to engage in dialogue with segments of the same elite. A fine balancing act will be needed. But such balance is not out of the reach of the EU. With Ukraine willing to come closer to the EU, Transnistria cannot afford greater isolation and centralisation as it lacks resources for self-sustainability and its fundamental source of legitimacy is economic and not ethnic. Thus, Transnistria's response to international pressure to democratise is unlikely to be greater centralisation and self-isolation, as is the case in Belarus and Uzbekistan.

Supporting pluralism

Transnistrian authoritarianism should not be tolerated. There is no cultural, historical, geographical or other excuse for Transnistrian authorities not to comply with universal human rights. Supporting pluralism will mean supporting capacity building for NGOs in the region because Transnistria will be a clear situation where in the aftermath of a dictatorial regime 'local NGOs are unlikely to have the capacity to apply for funding from Brussels'.[89]

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[87] *EU-Moldova Action Plan*, pp. 21-22.

[88] General Affairs and External Relations Council Conclusions, Brussels, 29 September 2003.

[89] Communication from the Commission to the Council and the European Parliament, *The European Union's Role in Promoting Human Rights and Democratisation in Third Countries*, Brussels, 8 May 2001, COM(2001) 252 final, p. 16.

Considering Transnistria's dependence on external trade and Ukraine, the Tiraspol authorities are in no position to seriously clamp down on civil society under current conditions. Ways of engaging Ukrainian NGOs in the efforts to support pluralism and democracy in Transnistria might be considered.

The measures proposed to support civil society would require limited dialogue with the Transnistrian authorities. This is happening already. The United Kingdom's Department for International Development (DFID) is financing projects in Transnistria.[90] On similar lines, the EU itself is already engaged in South Ossetia and Abkhazia in Georgia. EU and member states should follow a similar path of strengthening civil society in Transnistria and engaging with moderate elements in the Transnistrian authorities and business groups. With pressure on Transnistria growing, the region's elites are diverging more and more on what path Transnistria should take. International actions should seek to strengthen moderates. Business groups already see the effects of Transnistria's isolation, and some, despite pressures from the executive, might consider a diversification of their options rather than supporting the existing regime.

Investing in the future

European Initiative for Democracy and Human Rights (EIDHR) funds should be made available for programmes in Transnistria. In this respect, greater EU visibility in Transnistria is important. The EU should consider opening a *European Information Centre* in Bender/Tighina.[91] Such a measure would facilitate direct engagement and support for civil society in Transnistria, under the conditions when the Transnistrian authorities are increasingly try-

ing to limit civil society dialogue across the river Nistru and access of Transnistrian NGOs to foreign funding.

EU assistance to developing frameworks of dialogue between civil society, mass media and professional associations in Moldova and Transnistria should be expanded.

Support for education in Transnistria could have a positive impact. Priority areas would be English-language teaching[92] and developing greater knowledge about the EU across the region. The lack of language skills in Transnistria at all levels – official, civil society and university– is a major obstacle to efforts to transform Transnistria.

Supporting the development of courses on the EU, its history, institutions and policies in Transnistrian universities, the same way as in Moldova (with TACIS funding) would be an inexpensive and effective long-term investment. In addition, Transnistrian students should have guaranteed access as Moldovan citizens to EU-Moldova student and academic exchange programmes envisaged in the Action Plan such as *Erasmus*, and *Tempus Mundus* and *Intas*.

Sanctions

Transnistria is very vulnerable to economic sanctions. The most credible pillar of its ideology is the economy, and it is also a very open economy with a high degree of trade with the EU and the US.

Targeted sanctions against certain individuals and companies could be expanded to maintain the momentum of international pressure on Transnistria to democratise. Consideration might be given to freezing the accounts of companies involved in illicit trading, particularly with regards to weapons. Such measures as freezing bank accounts held in the West by Transnistrian leaders, key supporters of the

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[90] See the website http://www.peacebuilding.md/

[91] 'Bender' is the Russian and 'Tighina' is the Romanian name of the same city situated on the right bank of the river Nistru, but under the control of the secessionist authorities in Tiraspol.

[92] This can be done through international volunteer organisations, such as 'Learning Enterprises', which have been engaged in teaching English language and computer skills all over the world. Another model is not-for-profit English-language teaching by organisations like Prep2Go working in East Asia.

regime and the 'state' institutions of the region, should also be considered. The travel ban has to be extended to some representatives of business circles that form the 'inner circle' of the regime. Economic elites in Transnistria should be convinced that supporting the current regime is too costly.

Incentives

Sanctions are necessary to break the deadlock and make the status quo unattractive and untenable. At the same time, incentives are necessary to build the basis for a sustainable solution. Once settlement is achieved, the main incentive would be trade opportunities with the EU for Transnistrian companies that have legalised their status with the Moldovan authorities and cease to support the secessionist authorities. Promising greater business opportunities after a settlement is achieved will make business groups interested in supporting a settlement.

The Transnistrian pro-independence economic arguments should be countered. Moldova should state clearly that Transnistria will not participate in the repayment of Moldova's international debts once reunification happens. A dialogue with the current international investors in Transnistria on the prospects of conflict resolution should be launched. This is a delicate issue, but efforts should be made to ensure that these are not stakeholders in the separatist project.

Europeanising Transnistria

Ways of integrating Transnistria into the ENP framework and associating Transnistria with the implementation of the EU-Moldova Action Plan should be explored. The idea of implementing the Action Plan in Transnistria could be put forward by Moldovan and Ukrainian authorities as part of the conflict settlement process. Such a measure would serve the two central objectives: democratising Transnistria and reuniting Moldova.

Efforts to make implementation of the ENP AP in Transnistria one of the elements of the conflict resolution process could have a number of positive effects. Firstly, it will set clear benchmarks for the democratisation of Transnistria in line with widely accepted standards in the EU neighbourhood. Moreover, it will not be easy for Transnistrians to dismiss such pressure on political reform as if it were a case of Moldova imposing democracy on Transnistria. Secondly, progress in this direction would also prepare the ground for greater convergence between the Moldovan and Transnistrian political, economic and legal systems and support the effort to reunite the two parts of a divided country on the basis of European norms.

While the Transnistrian executive is likely to be opposed to such measures, open partners can be found in the region's parliament (Supreme Soviet). In fact, the Supreme Soviet could adopt some of the legislation required in accordance with the Action Plan; this would be in line also with the Transnistrian parliament's own initiatives on the reform of the political system.

Conclusions and recommendations

A key objective of the European Union is to have a stable, secure, prosperous and democratic neighbourhood. Failing the possibility of offering accession to close neighbours in the medium term, the EU should and can offer stronger CFSP engagement in the region. Contributing to conflict resolution in its neighbourhood is key to the achievement of EU objectives. However, the conflict resolution dimension of the ENP is underdeveloped. It is time for the EU to really focus on the conflicts in its immediate neighbourhood.

Promoting the security aspect of ENP can start with the Transnistrian conflict in Moldova. This conflict is the closest geographically to the EU; at the same time, it is the most 'solvable.' The conflict features high on the agenda of EU-Russia and EU-Ukraine relations. A settlement of the conflict in Transnistria would attenuate the soft security challenges the EU faces on its Eastern border. Settlement would also assuage an irritant in EU-Russia relations, and set a positive precedent in building the EU-Russia common space for external security. It would also be an example of positive cooperation with Ukraine under ENP.

Settling the conflict requires an international effort. The focus of EU policy should be to alter the context in which the conflict is situated and sustained, rather than hoping for an early agreement on the status of Transnistria. The primary objective should be to increase Moldova's 'attractiveness' while decreasing the benefits of maintaining the current status quo. The Transnistrian separatist project is very much based on false economic arguments for independence. Undermining these claims will be central to efforts to reunify the country.

In order to achieve a sustainable settlement of the conflict, the EU should consider actions at a number of levels.

The European level

◗ Launch an EU Police Mission to Moldova under the political guidance of the EUSR with a mandate to construct an integrated border management system;
◗ Set up the EUSR headquarters in Chisinau, Moldova;
◗ Continue transatlantic cooperation on all issues related to Transnistria, including the withdrawal of Russian troops;
◗ Develop joint benchmarks and standards for EU companies that have dealings with Transnistria.

EU-Russia

◗ Discuss the demilitarisation of the current peacekeeping operation;
◗ Maintain the Russian troops withdrawal issue high on the agenda;
◗ Explore ways for greater cooperation on Transnistria under the Road Map of a Common Space for External Security.

EU-Ukraine

◗ Secure greater alignment between Ukraine and the EU on CFSP joint statements and actions, including sanctions against the Transnistrian leadership;
◗ Deploy an EU Border Monitoring Mission to the Moldova-Ukraine border that would be present at all border crossing points;
◗ Support the creation of joint Moldovan-Ukrainian border posts on the whole perimeter of the border;
◗ Involve Ukrainian NGOs in the efforts to support democracy in Transnistria.

EU-Moldova

◗ Increase Moldova's attractiveness through trade liberalisation and facilitation of the visa regime for certain categories of citizens in line with areas of flexibility in the Schengen acquis;

◗ Increase EU and member states' support for the implementation of the ENP Action Plan.

EU-Transnistria

◗ Seek possibilities to start implementing some of the provisions of the EU-Moldova Action Plan in Transnistria as well, with a particular focus on political and democracy-related issues;

◗ Support capacity building of the civil sector in Transnistria; support dialogue between Moldovan and Transnistrian civil societies;

◗ Facilitate access of Transnistrian NGOs to EU funds under EIDHR and ENPI by providing more information about existing EU programmes;

◗ Expand targeted sanctions to key supporters of the regime from the business community, as well as against individuals and companies involved in criminal activities and human rights abuses in the region;

◗ Revise the objectives of sanctions. The EU should request democratisation in Transnistria with clearly set benchmarks, rather than link the travel ban to the continuation of negotiations on conflict settlement;

◗ Open a European Information Centre in Bender/Tighina;

◗ Support English-language training in Transnistria and greater access to the internet;

◗ Fund development of EU-related courses in Transnistrian universities;

◗ Involve Transnistrian students and academics in EU-Moldova exchange programmes.

Annexes

Abbreviations

AP	Action Plan
CFSP	Common Foreign and Security Policy
DFID	Department for International Development, United Kingdom
DDR	Disarmament, Demobilisation and Reintegration
EIDHR	European Initiative for Democracy and Human Rights
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ESDP	European Security and Defence Policy
EU	European Union
EUSR	European Union Special Representative
FSB	*Federalnaja Sluzhba Bezopasnosti* (Russian Federal Security Service)
FYROM	Former Yugoslav Republic of Macedonia
GDP	Gross Domestic Product
IMF	International Monetary Fund
JCC	Joint Control Commission
MGB	*Ministerstvo Gosudarstvennoy Bezopasnosti* (Ministry of State Security of Transnistria)
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
NSDC	National Security and Defence Council of Ukraine
OGRT	Operative Group of Russian Troops
OSCE	Organisation for Security and Co-operation in Europe
PCA	Partnership and Co-operation Agreement
RRM	Rapid Reaction Mechanism
SSR	Security Sector Reform
TACIS	Technical Assistance for Commonwealth of Independent States
UK	United Kingdom
UN	United Nations
US	United States

Map of Moldova including Transnistria

Source: CIA World Factbook, October 2005

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