Chaillot Paper

February 2006

n°86

Why Georgia matters

Dov Lynch

Institute for Security Studies
Institut d'études de Sécurité
European Union
Union européenne

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ISSN 1017-7566
ISBN 92-9198-085-4
Published by the EU Institute for Security Studies and printed in Condé-sur-Noireau (France) by Corlet Imprimeur. Graphic design by Claire Mabille (Paris).

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Nicole Gnesotto

Dans quelle mesure un tout petit pays de 3 millions d'habitants, enclavé dans les montagnes du Sud Caucase, tout juste sorti de l'orbite et des pratiques soviétiques, peut-il constituer pour l'Union européenne un enjeu de politique étrangère qui aille au-delà des pratiques habituelles d'aide au développement et à la bonne gouvernance que l'Union met en œuvre sur l'ensemble de la planète ? Telle est la question posée par la Géorgie, que la révolution des roses, en novembre 2003, a placée brusquement sur l'ensemble des radars européens.

Et tel est l'objet de ce Cahier de Chaillot, *rédigé par Dov Lynch, responsable des études eurasiennes à l'Institut et sans doute l'un des meilleurs experts européens des pays issus de l'ex-Union soviétique. Pourquoi la Géorgie compte-t-elle ? Est-ce parce que l'Union a une obligation morale autant que politique de soutenir généreusement toutes les révolutions démocratiques du continent européen ? Est-ce parce que la Géorgie constitue un maillon central dans l'approvisionnement énergétique en provenance de la Caspienne ? Est-ce pour stabiliser simplement le voisinage géographique de l'Union, en réduisant les trafics illicites et autres sources de déstabilisation à sa frontière sud-est ? Est-ce au nom de la lutte anti-terroriste et de la solidarité avec la politique américaine ? Aucune de ces raisons n'est sans doute exclusive l'une de l'autre. Aucune ne touche non plus à des intérêts vitaux tels qu'ils obligeraient l'Union à placer la Géorgie au premier rang de ses priorités : les Balkans, le Moyen-Orient, la Méditerranée, l'Ukraine occupent déjà largement cette position. Mais l'ensemble de ces arguments concourt néanmoins à faire de la Géorgie un enjeu de moins en moins négligeable pour la mise en œuvre de la stratégie de sécurité de l'Union.*

Je retiendrais surtout les deux aspects suivants. Le premier concerne l'avenir de l'Union elle-même. De façon beaucoup plus nette que dans le cas de l'Ukraine ou du Belarus, la démocratisation progressive de la Géorgie oblige en effet à réfléchir sur les frontières et l'identité de l'Union européenne. Il y a dix ans, imaginer les républiques du Sud Caucase en candidates éventuelles à l'Union aurait pu passer pour une absurdité. Dans dix ans, c'est imaginer que ces pays ne seront jamais candidats à l'intégration européenne qui deviendra peut-être incongru. Même s'il est

illusoire de prétendre fixer l'avenir une fois pour toutes, il n'est sans doute pas trop tôt, après notamment les référendums français et néerlandais sur la Constitution européenne, pour poser correctement les options : l'Union européenne est-elle le point d'arrivée automatique de tous les pays européens en transition vers la démocratie, une sorte de port d'accueil dont les critères de Copenhague représentent le seul et unique sésame ? Ou l'Union est-elle porteuse d'un projet politique spécifique dont la mise en œuvre suppose d'autres critères que ceux de la normalisation démocratique et économique des pays européens ? Est-elle, en d'autres termes, un espace ou un projet, une récompense finale ou le début d'une ambition propre ? Dans le premier cas, la frontière ultime de l'Union devrait à terme coïncider avec celle du continent européen, alors que dans le second, l'appartenance à l'Europe et à l'Union resteraient des réalités différentes.

La deuxième réflexion concerne les relations entre l'Union et la Russie. En quelques années, ce sont au moins trois pays frontaliers de la Russie, l'Ukraine, la Moldavie, la Géorgie, qui ont amorcé leur transition spécifique vers un horizon démocratique, fût-il encore chaotique et lointain. Rien n'interdit d'ailleurs de penser que le Belarus suivra un jour une voie similaire. Même si chacun de ces pays doit être traité selon ses mérites et ses spécificités propres, il est difficile pour l'Union de ne pas prendre en compte globalement le facteur russe inhérent à l'ensemble de la zone. Et telle est bien la difficulté majeure pour la politique européenne : articuler une politique de soutien actif aux nouvelles démocraties est-orientales et la construction d'un partenariat stratégique fructueux avec la Russie. Etant donné la sensibilité de Moscou à l'égard de tout ce qui touche ce qu'elle définit comme son « étranger proche », cet objectif relève souvent de la quadrature du cercle. Mais prétendre stabiliser et démocratiser le voisinage immédiat de l'Union en ignorant la politique de la Russie dans cette zone relèverait à l'inverse de l'illusion.

Paris, février 2006

Introduction

Does Georgia matter for the European Union?

Georgia is not on the EU's immediate external borders. It is a country ridden with conflict, in which two regions have declared themselves separatist 'states' and there has been little progress towards conflict settlement. The Georgian government does not have access to its external borders in these self-declared 'states' and has but weak control over other sections of its borders with the Russian Federation.[1] Corruption remains a problem in the public and private spheres, and poverty levels are desperately high. Since the 'Rose Revolution' of November 2003, the country has been run by a President who seems more inspired by the rhetoric of American neo-conservative thinking than mainstream European discourse. The region around Georgia is divided by war and blockades, with increasing instability in the North Caucasus and unresolved tensions between Armenia and Azerbaijan. The South Caucasus seems to have become a zone of geopolitical contest between a Russia intent on retaining forward positions of influence and a US government led by the new imperatives of the global war on terrorism. At first glance, EU stakes in Georgia would seem to be neither clear nor pressing.

With more urgent issues on the EU agenda in 2006 – the future of Kosovo and stability in the Western Balkans – the South Caucasus pales into comparative insignificance. And Georgia is crowded with other international players. The United Nations (UN) and the Organisation for Security and Cooperation in Europe (OSCE) have been deeply involved in Georgia since the early 1990s. In 2004, Georgia developed an Individual Partnership Action Plan (IPAP) with the aim of joining the North Atlantic Treaty Organisation (NATO) by 2008. Georgia seems distant, dangerous and crowded.

While much of this is true, first glances are misleading. The EU has important interests in Georgia and a stake in its stable development. This *Chaillot Paper* will clarify why Georgia matters for the

1. The self-declared 'states' are the Republic of Abkhazia and the Republic of South Ossetia. Qualifying them as 'states' does not imply their recognition; it simply draws attention to the central problem obstructing conflict settlement in these two regions that consists of the rise of two self-proclaimed 'states' inside Georgia's borders despite their non-recognition by the international community.

EU, and explore how the Union may bring its policy in line with these interests. The aim is to understand more clearly developments in Georgia and what they signify for the region and Europe. A better understanding will allow for a more targeted policy from the EU. The call here is not to paint Georgia 'gold and blue' in harmony with the European flag, nor for Georgia to become the first item on the agenda of the Common Foreign and Security Policy (CFSP), but to ensure that EU policy is in tune with what is at stake. Georgia raises questions that the EU cannot ignore.

The Georgian challenge

EU interests will be explored later in this *Chaillot Paper*. For now, we will briefly explore Georgia's fundamental relevance for the EU. Certainly, at a moment when energy security is rising to the forefront of EU security thinking, Georgia matters because of its importance as a transit route for energy goods from the Caspian Sea region. This point will be explored later. At a wider level, Georgia matters for the Union because it embodies the challenges – both positive and negative – that the EU faces as a security actor at the start of the 21st century. To grasp this point, it is worth stepping back from Georgia itself to consider the security challenges facing the EU and EU thinking in response.

In December 2003, EU member states agreed to a European Security Strategy (ESS), entitled *A Secure Europe in a Better World*.[2] The starting premise of the Security Strategy is that of security inter-dependence – not only between member states, this being a given, but also between the EU and developments outside its borders. In the words of the Strategy, 'The post Cold War environment is one of increasingly open borders in which the internal and external aspects of security are indissolubly linked.'[3] In response, EU member states agreed that the Union had to act both globally and locally: 'Our traditional concept of self-defence – up to and including the Cold War – was based on the threat of invasion. With the new threats, the first line of defence will often be abroad.' Security inter-dependence means that EU security starts beyond its borders.

The Security Strategy sets out three objectives. First, the EU should tackle the threats that it faces through coordinated measures in the sphere of counter-terrorism, actions against organised

2. *A Secure Europe in a Better World* (European Security Strategy: Brussels, 12 December 2003).

3. This and the following citations are from the European Security Strategy.

crime, fostering good governance and in pursuing conflict prevention in difficult regions. Second, the EU should support the maintenance of a rule-based international order, founded on the concept of effective multilateralism. In this view, effective multilateralism relies on the foundations of international law, underpinned by the UN system, and well-functioning international organisations, regimes and treaties. Finally, the Security Strategy affirms the European interest in building a secure neighbourhood around the Union: 'Our task is to promote a ring of well-governed countries to the East of the European Union and on the borders of the Mediterranean with whom we can enjoy close and cooperative relations.' The point is straightforward: 'Neighbours who are engaged in violent conflict, weak states where organised crime flourishes, dysfunctional societies or exploding population growth on its borders all pose problems for the EU.'

Promoting strong, rule-based governance in countries, regions and the international system lies at the heart of the EU Security Strategy. International society depends on the quality of the governments that compose it. Supporting well-governed, democratic states is vital because 'spreading good governance, supporting social and political reform, dealing with corruption and the abuse of power, establishing the rule of law and protecting human rights are the best means of strengthening the international order.' The local and global, therefore, are linked geographically but also functionally; healthy local governance promotes a more secure international society.

Georgia embodies the security challenges facing the EU. The enlargement of the EU to Romania and Bulgaria will bring the Union into direct proximity with Georgia, which resides on the eastern shores of the Black Sea (see the maps in the annex). At an objective level, the EU has an interest in the stability and prosperity of this neighbour. And especially a neighbour such as Georgia, which suffers from two unresolved conflicts on its territory, deep state weakness, worrying levels of corruption and organised crime, and that has unwillingly hosted international terrorists on its territory in the past. Georgia is the setting for a unique combination of security risks and threats – and it lies on the EU's border.

More importantly, Georgia is a democracy in the making. The Rose Revolution of November 2003, which saw thousands of Georgians protest against massive fraud in parliamentary elections and led to the resignation of then President Eduard

Shevardnadze, heightens Georgia's significance precisely because a democratic breakthrough occurred in such a contested state.[4] If the EU is to follow through on its pledge to promote democratic good-governance in a difficult world, then Georgia must be a priority.

Since November 2003, Georgia has launched itself into the process of democracy and state building, led by an energetic and determined leadership, which has the support of the majority of the population. The Georgian project is important because it reflects the core challenge of crafting democracy in a dysfunctional state embedded in a conflict-ridden region. The country is walking on a knife-edge. The Rose Revolution could fail, democracy and the rule of law may not take root, and the country could slip back into the vicious circle of state failure, posing a threat to its own citizens and to Europe. As discussed later, elements of illiberal democracy have appeared in the new Georgia. The EU has a stake in helping the new Georgian project to succeed.

What is more, the cherished EU goal of effective multilateralism is not working in Georgia. The UN and the OSCE did not succeed in promoting conflict settlement in Abkhazia and South Ossetia in the 1990s. The conflict between the central authorities in Tbilisi and the South Ossetian separatist forces escalated in the summer of 2004, with casualties on both sides. The conflict zones in South Ossetia and Abkhazia remain heavily militarised. Little progress has occurred towards resolving the future status of these regions inside Georgia. The seemingly stable status quo that emerged in the 1990s seems on the verge of collapsing. The new Georgian government has called into question the negotiating formats in these conflicts and advocated wider international participation, including that of the EU. Tbilisi has also criticised the Russian-led peacekeeping operations in both conflicts for not halting the militarisation of the conflict zones and for acting as *de facto* 'border troops' for the separatist authorities. The Georgian government wants peace support operations that will be more active in promoting security in the conflict areas. Tbilisi no longer accepts the status quo.

All of this has occurred in the context of an increasing US presence in Georgian security affairs and of Russia's challenge to the utility of the OSCE as a European security organisation. In early 2005, the Russian government blocked agreement on the budget for the OSCE, pending its reform to eliminate what Moscow con-

4. Ivan Krastev developed this point at a conference in Tbilisi, celebrating the second anniversary of the Rose Revolution, 22-23 November 2005.

siders 'double standards' and geographical disbalances. Russia vetoed the extension of the mandate for the OSCE's Border Monitoring Mission (BMO) that had monitored the Georgian-Russian border since the start of the second Chechen War in 1999. Yet, at the same time, the Russian government has highlighted the threat that Georgia poses to Russian security as a transit zone for international terrorists into the North Caucasus, and invoked its right to launch pre-emptive strikes in self-defence. Russia acted on this threat in 2002. So, precedents for the use of force in international law are being set in Georgia.

Georgia matters, therefore, because it embodies a key challenge facing the EU in the coming century – to support state building in a contested state on Europe's borders, and in a state that has made a democratic choice but faces multiple challenges. No easy task.

The EU as a foreign policy actor

How can the Union promote democracy and stability in this weak state? What role should the EU play relative to other security organisations? The EU and Russia declared a strategic partnership in 1999; how can this partnership be forged in practical cooperation in the shared neighbourhood between the enlarged Union and the Russian Federation?

These questions gain salience because they arise at a time when the EU must reinvent itself as a foreign policy actor that must advance its interests abroad *without* using the policy of enlargement. In the 1990s, enlargement became a surrogate for genuine EU foreign policy, wherein the Union advanced its interest with states on its borders by transforming them into mirror images of the Union. As a foreign policy tool, enlargement was luxurious because it relied on the full cooperation of the candidate state and placed the EU in a deeply asymmetrical relationship. With enlargement, European values and interests were advanced at the one and same time with neighbouring states, with no need to find a balance between them. The EU did not have to distinguish between strategic and tactical interests; they were the same thing. Nor did the EU have to untangle the order of priorities for its interests with a neighbour, as these were set forth uniformly in the thirty-odd chapters of the *acquis communitaire* that each candidate had to close.

Genuine foreign policy is something different. It operates in a world that is the opposite of luxurious, defined first of all by constraint – constrained resources, constrained ambitions, and a constrained ability to control a foreign partner. In foreign policy, your foreign partner rarely wants to become like you and only sometimes wants the same thing as you. In the current climate in Europe, there can be no talk for now of enlarging beyond the pledges already made. In Georgia, therefore, EU faces the challenge of developing genuine foreign policy – without the luxurious conditions offered by the policy of enlargement.

The EU has started the process. The European Neighbourhood Policy (ENP), launched in 2003 as the Wider Europe project, reflects the birth of the EU as a post-enlargement foreign policy actor.[5] With enlargement in 2004, the shape of the EU changed quite dramatically. The Union has new member states, which have different interests than the older members. It also has new borders, on Belarus, Ukraine, and Russia, and eventually on Moldova and the South Caucasus. In response, the EU has started to think about new policies towards states on its borders that go beyond the question of membership/non-membership. With ENP, the EU is moving beyond the straitjacket of enlargement thinking to seek to advance its interests *without* offering accession, and by acting with means that are *more* than technical assistance but *less* than accession. Only the first steps have been taken. All the hard work of crafting a post-enlargement foreign policy lies ahead.

EU policy in 2006

Between 1992-2004, the EU provided 420 million euros in assistance to Georgia.[6] This aid has included technical assistance, humanitarian aid, food support and rehabilitation efforts in the conflict zones.[7] In 1999, a Partnership and Cooperation Agreement (PCA) entered into force between the EU and Georgia as the contractual agreement defining priorities for cooperation. In July 2003, the EU Council designated a EU Special Representative (EUSR), mandated to increase the Union's political profile in the region and to support international efforts to secure regional cooperation and the settlement of the region's conflicts.[8] A senior Finnish diplomat, Heiki Talvitie, was appointed to this position

5. *Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours* (Commission Communication COM(2003), 104 final: Brussels, 11.3.2003). On the genesis of the project, see Judy Batt et al (eds.) 'Partners and Neighbours: a CFSP for a Wider Europe', *Chaillot Paper* no. 64 (Paris: EU Institute for Security Studies, September 2003).

6. See *ENP Country Report Georgia* (Commission Staff Working Paper COM (2005), 72 final, Brussels, SEC(2005)288/3).

7. For more details, see the European Commission website on relations with Georgia: http://europa.eu.int/comm/external_relations/georgia/intro/index.htm.

8. Council Joint Action 2003/496/CFSP of 7 July 2003 (Official Journal of the EU, L169/74, 8/7/2003).

and has since played an important role for the EU across the South Caucasus, with particular focus on Georgia after the Rose Revolution.

The year 2006 offers two opportunities for the EU to strengthen its profile in Georgia. First, 2006 will see agreement on an ENP Action Plan with Georgia. In late 2005, after much delay, the European Commission started negotiations with the Georgian government on the Action Plan. Once agreed, this Plan will be a jointly drafted, political document defining the main priorities for cooperation between the EU and Georgia for the next three years.[9] It will not replace the PCA, which remains the basic contractual framework but will focus on key areas.[10] The plan will include distinct chapters on political dialogue, trade measures for gradually obtaining a stake in the EU's Internal Market, cooperation in Justice and Home Affairs, priorities for cooperation in energy, transport, as well as the environment, research and innovation, and enhanced people-to-people contacts. Getting the Action Plan with Georgia right, especially in terms of the political dialogue, is important for the EU.

Second, the mandate of the EUSR was renewed in early 2006 and a new Special Representative appointed in February. The Council agreed to a reinforced mandate in late January, providing for a wider role for the EUSR in the conflicts. The revised mandate placed stress on the EUSR role in helping to create the conditions for progress in the settlement process. This new start presents an opportunity for enhancing the profile of the EU across the region and especially in Georgia. Support to the settlement of Georgia's conflicts is an area where a EUSR with a stronger mandate can help prepare the ground for a return to normalcy, if not peace.

It is worth restating that the EU does not have to knock on closed doors in Georgia. This fledgling democracy is intent on joining Europe, if not the EU, in one way or another. Mikheil Saakashvili has argued that the Georgian revolution launched Europe's 'third wave' of liberation – the first wave occurring after the demise of Nazi Germany, and the second wave taking place with the 'velvet revolutions' in eastern and central Europe.[11] In his words, 'We Georgians believe we are Europeans because our values and culture are deeply European – so too are those of Ukrainians and other post-Soviet citizens. There is no reason why Poles, Germans and Estonians should be free while other Europeans are not.'

9. For examples of the ten first Actions Plans, agreed in December 2004, see the European Commission, European Neighbourhood Policy website: http://europa.eu.int/comm/world/enp/document_en.htm.

10. For the text of the Partnership and Cooperation Agreement, see: http://europa.eu.int/comm/external_relations/ceeca/pca/pca_georgia.pdf.

11. M. Saakashvili, 'Europe's Third Wave of Liberation,' *Financial Times*, 20 December 2004.

During her tenure as Foreign Minister after the revolution, Salome Zourabishvili, the former senior French diplomat, argued that Georgia had no desire for the time being to propose its candidacy for EU membership now – while making clear that membership was the long-term objective. In 2004, Zourabishvili declared: 'Nous sommes convaincus que les barrières qui apparaissent très strictes aujourd'hui sur ce qui peut être la carte future de l'Union européenne pourront sembler tout à fait dépassées dans quelques années. Le monde change très vite ; ainsi, ce qui peut sembler impossible aujourd'hui est tout à fait susceptible d'apparaître très naturel demain.'[12]

This rhetoric should be taken for what it is – as a symbol only of the aspiration behind the new Georgian project. However, such a ceaselessly reaffirmed European vocation is significant for EU-Georgian relations because it frames relations in a manner that provides leverage to the EU. Brussels does not have to persuade the Georgian government of the importance of shared values; the Georgian government constantly affirms these values in its public discourse. The challenge for the EU is to help translate this rhetoric into policy without using the tool of enlargement.

Georgia's European rhetoric carries a danger also – that of disappointment. Since January 2004, Georgia has issued the EU with a barrage of requests for greater engagement in its affairs. In February 2005, Salome Zourabishvili made Georgia's expectations clear: 'L'Union a devant elle une occasion formidable de jouer dans cette région troublée un rôle constructif et novateur. Bruxelles doit trouver le moyen de proposer, dans le cadre de sa politique de voisinage, des solutions qui permettront à ces pays d'être de bons voisins.'[13]

A high point of Georgian hopes occurred in early 2005 when the Russian government vetoed an extension of the OSCE Border Monitoring Operation. In the words of a senior official in the Georgian government, 'Georgia was literally begging for the EU to take over from the OSCE.'[14] The refusal of the EU to assume responsibility for a follow-on mission led to 'deep, deep disappointment' in Tbilisi.[15] Disappointment, because the EU was seen as failing to follow through on the shared values supposed to underpin its foreign policy; disappointment also, because the EU was viewed as flinching before Russian pressure at the expense of Georgia's and Europe's security.

12. See her interview with the *Forum Franco-Allemand* in 2004: http://www.leforum.de/artman/publish/article_188.shtml.

13. Interview in *Le Temps*, 17 February 2005.

14. Anonymous interview with senior government official, Tbilisi, 3 October 2005.

15. Ibid.

By 2005, a disconnect had emerged in EU-Georgian relations, producing frustrations on both sides. In some respects, this disconnect should be expected. The EU and Georgia are very different actors. Georgia is a weak country in the early stages of building a functional state and democracy. It is deeply defensive of its sovereignty. The EU is an association of strong and mature states where elements of sovereignty are pooled. The fact that Georgia is convinced of its central importance for Europe, while the EU is preoccupied with other pressing questions, has not helped. In Georgian eyes, the EU fares poorly in a comparison with the United States. For Tbilisi, the US is a *real* actor: it provides real support to the development of the Georgian Armed Forces, real assistance to the search for conflict settlement, and real money to support Georgia's development goals.[16] By contrast, the EU is seen as being more expert at providing 'technical assistance,' launching 'capacity building' projects, and reading sermons of good behaviour than really acting in Georgia's favour.[17] The obvious point of how different the EU and the US are as foreign actors is being missed.

This disconnect in EU-Georgian relations has become worrying. Part of the remedy lies in the EU developing a more concerted public diplomacy profile in Georgia that highlights what the EU has done and plans to undertake. Certainly, the Georgian government must develop realistic expectations about EU engagement. 'EU bashing' and seeking to play Brussels off Washington are not helpful or productive for Tbilisi. Even if the EU does not act like the US, Tbilisi must recognise that the Union has been deeply engaged in Georgian affairs since 1992 – despite all the problems this engagement has posed and the few results achieved. The EU has invested in Georgia for a long time. It is not about to give up.

The year 2006 presents an opportune moment for the EU to consider its interests in Georgia more clearly. The EU has been led by events since the Rose Revolution without having had time for thought. It is time to take a step back and appraise the current situation.

16. For one example, in the Georgian view, of 'real' US money, consider Georgia's inclusion into the US government Millennium Challenge project, with which the Georgian government signed an account in September 2005 providing it with 295.3 million USD over the next five years. See the official website of the Millennium Challenge Corporation: www.mca.gov.

17. These views of the EU are garnered from interviews with officials in the Georgian government throughout 2005.

Outline of this *Chaillot Paper*

Following this introduction, the second chapter of this *Chaillot Paper* examines the legacy that Eduard Shevardnadze bequeathed to the new government after the Rose Revolution. The third chapter discusses developments in Georgia since the Rose Revolution, in order to note achievements and shortcomings. The fourth chapter is a brief examination of Georgian policy towards the conflicts in South Ossetia and Abkhazia. The fifth chapter explores the policies of major players in and around Georgia, including Russia and the US, as well as EU member and candidate states, such as Romania and Turkey. A sixth chapter examines the main lines of EU policy until 2006, before assessing current European interests. The final chapter highlights the questions facing the EU in Georgia and proposes three ideas to bring policy into harmony with the stakes for Europe.

1

The legacy of Shevardnadze

What was Georgia like before November 2003?

A state that was hardly a state at all. To cite *The Economist* at the time, 'it is not so much a country as a loose association of fiefs.'[18] This image of pre-revolutionary Georgia as a medieval place arises frequently. In 2001, the then Head of the Parliamentary Anti-Corruption Committee and now prominent opposition leader, David Usupashvili, stated: 'There are two ways to survive here: to become financially strong yourself or to place yourself under the protection of someone who is strong. But there is no way to be a citizen, there is only this kind of feudalism in politics, government and business.'[19] In 2004, the new government inherited a failing state that hardly existed in the Weberian sense as a unified unit with control over its territory and a monopoly on the use of force, able to extract resources from society and redistribute these for the public good.

At the most basic level, the Georgian state under Shevardnadze did not control its external borders. Large swathes of the country fell only nominally under its jurisdiction. A local strong man, Aslan Abashidze, the self-proclaimed descendant of a medieval princely dynasty, ran the western region of Ajara, which has lucrative access to the Black Sea port of Batumi and the border with Turkey. After the start of the second Chechen war in 1999, the area around the Pankisi Gorge, near the Georgian-Chechen border, where large numbers of Kist Chechens lived, also fell beyond Tbilisi's control. Several thousand Chechens fled across the northern border after 1999, and credible reports noted the presence of international terrorists in the Gorge.

Most importantly, the Georgian government had no say over the breakaway regions of Abkhazia and South Ossetia. The roots of these conflicts differ, but in both regions, the Abkhaz and Ossetians rose up against rule from Tbilisi at the time of the Soviet collapse.[20]

18. 'A moment of Truth — The Caucasus,' *The Economist*, 29 November-5 December 2003.

19. Cited by Anatol Lieven, 'Georgia – A Failing State?', *Eurasianet Magazine* (Eurasianet.org, January 30, 2001).

20. See fuller discussion in Dov Lynch, *Engaging Eurasia's Separatist States* (Washington: USIP, 2004).

The conflicts with Abkhazia and South Ossetia

The Georgian-Abkhaz conflict has a distinctly ethnic character.[21] Its roots lie partly in the Soviet period.[22] After 1917, the region of Abkhazia maintained a relationship of treaty association with Georgia, until it was incorporated as an autonomous republic within the Georgian Soviet Socialist Republic in 1931. The problem for the Abkhaz was that, by 1989, they represented only 17.8 percent of the autonomous republic's population. As Georgian nationalism flourished in the late 1980s, the Abkhaz population, and especially local elites, became restive, fearing their possible cultural and ethnic disappearance within an independent Georgia. In March 1989 several thousand Abkhaz signed the so-called 'Lykhny Declaration,' organised by the People's Forum of Abkhazia, which called for the creation of a Soviet Socialist Republic of Abkhazia, separate from the Georgian Republic. Armed clashes broke out in July 1989, after the Georgian attempt to create a branch of Tbilisi University in the Abkhaz regional capital of Sukhumi. As Soviet central power waned, Abkhaz leaders became fearful of the growing strength of Georgian nationalism and Tbilisi's political power. In response, Abkhaz leaders maintained a pro-USSR stance in favour of Moscow and against Georgian moves toward independence. Following the collapse of the USSR, this stance shifted toward one of independence from Georgia.

War erupted in August 1992, when Georgian forces entered Abkhazia in an attempt to restore Georgia's territorial integrity in a short war. The war turned out differently. At first, Georgian forces – really a ragged mix of government troops and militias – repulsed the Abkhaz authorities from Sukhumi and even landed on the northern coast of Abkhazia. The Abkhaz regrouped in the autumn of 1992 in the town of Gudauta and, with the support of volunteers from the North Caucasus and Russian arms, the Georgian bridgehead in the north was forced back. Russia, indeed, was an important source of support to the Abkhaz troops. This support included the provision of arms and equipment, as well as participation in combat.[23] A surprise Abkhaz offensive occurred in September 1993, which expelled all Georgian forces from the Abkhaz region. The Georgian population living in Abkhazia was also forced out, totalling some 280,000 internally displaced persons (IDPs). Over the course of the thirteen-month war, several thousand people were killed.

21. On the sources of this conflict, see the special issue of *Accord* on the conflict, published by Conciliation Resources in London in September 1999; http://www.c-r.org/accord/index.htm?accser/series.htm and also Suzanne Goldenberg, *Pride of Small Nations* (London: Zed Books, 1994), pp. 81-115; Elizabeth Fuller, 'Abkhazia on the Brink of Civil War?', RFE/RL Research Reports (4 September 1992), pp. 1-4; John Colarusso, 'Abkhazia', *Central Asian Survey*, 14 January 1995, p. 76; and also 'The United Nations and Georgia' (Reference Paper, April 1995).

22. See discussion in Bruno Coppieters, David Darchiashvili, and Natella Achaba (eds.), *Federal Practice: Exploring Alternatives for Georgia and Abkhazia* (Brussels: VUB Press, 2001); and Bruno Coppieters, *Federalism and Conflict Resolution: Perspectives for the South Caucasus* (London: Chatham House Discussion Paper, December, 2001) and Bruno Coppieters (ed.), *Contested Borders in the Caucasus* (Paul and Co. Pub: 1996).

23. See Evgenny M. Kozhokin, 'Georgia-Abkhazia,' in Jeremy Azrael and Emil Paid (eds.), *US and Russian Policy-Making with Respect to the Use of Force* (RAND Corporation: Santa Monica, 1996); and also discussion in Dov Lynch, The Conflict in Abkhazia: Russian Peacekeeping Dilemmas (London: Chatham House Discussion Paper no. 77, 1998).

The front line has not changed since 1994. Following a ceasefire agreement in May, Russian peacekeeping forces under mandate from the Commonwealth of Independent States (CIS) were deployed in June 1994 along the Enguri River separating Abkhazia from Georgia proper. On the ground, these forces did little to halt constant low-level skirmishes in the border zone of the Gali District, where thousands of Georgian IDPs trickled back. Many of these IDPs were swept out again in May 1998 by an Abkhaz offensive to clean out Gali of Georgian paramilitary forces.

The United Nations (UN) deployed a mission in 1994 to observe and monitor the activities of the CIS peacekeeping forces and developments in and around the Security Zone. In addition, the UN-led negotiations between the two parties since 1994 (known as the Geneva process) but progress has been formal: no settlement on the status of Abkhazia has been reached, the IDPs have not returned securely to their homes, tensions remain in and around the Security Zone, and Abkhazia lives under trade restriction from Georgia and the CIS. The Abkhaz authorities have proclaimed independence from Georgia and set out to develop all of the institutions of statehood, despite non-recognition.

The course of the conflict in South Ossetia is similar but less significant in scale. The South Ossetian Autonomous Region had been included in the Georgian Republic in 1922, dividing it from the Autonomous Republic of North Ossetia within the borders of the Russian Republic. In November 1989, the Supreme Soviet of the South Ossetian region voted to upgrade its status to the level above that of a region – as an Autonomous Republic – still within the Georgian Republic. Occurring at a moment of heightened Georgian nationalism, Tbilisi's reaction was swift and the Ossetian decision was revoked. Following a year of tension, the new Georgian parliament then annulled South Ossetia's status as an Autonomous Region, a downgrading that launched an armed conflict between Georgian forces and militias in the small region. South Ossetia consisted of four districts with a capital town of Tskhinvali, and a population in 1989 of some 100,000 (66 percent of whom were Ossetian, 29 percent Georgians, the remainder being a mixture of Russians, Armenians and Greeks). Fighting lasted until June 1992, when a ceasefire was agreed and a trilateral peacekeeping operation deployed, led by Russian forces.

The war caused significant physical damage and forced the displacement of an estimated 60,000 people, mainly Ossetians, who

crossed to North Ossetia. Throughout the 1990s, the ceasefire regime held quite firmly, and relations between the Georgian and Ossetian communities did normalise, with contacts and transportation links restored. The OSCE sponsored a number of confidence-building programmes but with little effect on the settlement of the question of South Ossetia's status. Despite economic weakness, deep criminalisation (from smuggling across the Russian border) and political instability, South Ossetia declared its independence and has formally built all of the structures of statehood. Presidential elections in the self-declared republic in November 2001 elected Eduard Kokoity, who has pursued an unwavering course of independence.

After the failure to achieve the restoration of territorial control by force in the early 1990s, the Georgian leadership under Shevardnadze developed what should be called a *non-policy* towards these conflicts. This non-policy had several dimensions. First, President Shevardnadze was never willing to grasp the nettle of defeat suffered on the battlefield nor to entertain the possibility of serious compromise with Abkhazia or South Ossetia. In addition, Shevardnadze was fixated on the notion of an external *deus ex machina* to solve the conflicts in Georgia's favour. The external saviour of choice varied over the 1990s. In 1994, facing very limited options, Shevardnadze favoured Russia – the Georgian president approved the deployment of a Russian peacekeeping operation and allowed Russia to retain four military bases in 1994 with the implicit understanding that Russia would stop providing support to the Abkhaz and help Tbilisi restore control over its lost territory.[24] Russia, of course, did not see things this way. Later in the 1990s, Shevardnadze's hopes fixed on military assistance by the US and other members of NATO. His fixation on an external saviour dampened any urgency in Tbilisi to accept compromise in order to settle the conflicts.

At the same time, Shevardnadze sought to isolate the separatist states, and especially Abkhazia, through the 1996 trade restrictions imposed by the CIS, and to pressure the separatist authorities through tacit support to the activities of Georgian paramilitary groups (*White legion* and *Forest Brothers*). The Georgian President's objective was to gain time until Georgia was strong enough to restore control by force or until it had secured an external source of support willing to do so.

24. On the misunderstood bargain between Moscow and Tbilisi, see the author's *The Conflict in Abkhazia: Dilemmas in Russian 'Peacekeeping' Policy* (Chatham House Discussion Paper no. 77: London, 1998).

Nor did the government under Shevardnadze have a monopoly on the use of force in Georgia. The separatist states had their own armed forces and security services, which were several thousand strong. In western Georgia, paramilitary groups remained active in political and criminal activities around the internal border with Abkhazia. In Tbilisi, Shevardnadze created a proliferation of so-called 'power ministries' to ensure none would ever pose a threat to his power. These agencies included the armed forces, the Border Guard service, the interior troops of the Ministry of the Interior as well as this Ministry's special purpose forces, forces under the Ministry of Security, the State Intelligence Department, and the State Safety Service.

A failing state

Shevardnadze left these agencies to fend for themselves. No significant reform occurred during his rule. The Ministry of Interior and the Ministry of State Security, especially, went untouched. Changes did occur in the Ministry of Defence and the Border Guards service, but mainly at the insistence of foreign states. These 'power ministries' were consistently under-financed. Endemic corruption was a predictable result of these circumstances, as security bodies developed survival tactics to offset pittance salaries that were never paid on time. At the higher level, however, corruption symbolised the cooptation of powerful elites into a regime that was itself segmented and corrupt.

By 2003, Georgia's security sector was unreformed. The description by Saakashvili's new Minister of the Interior, Giorgi Baramidze, of what he inherited is telling: 'The system was 100 percent built on corruption. Every single relationship inside this ministry and all relations between the ministry and the public were based on corruption. This ministry was involved in the drug business, weapons smuggling, extortion, and kidnapping.'[25] Georgia's security agencies had become a threat to society.

More widely, Georgia's public administration was dysfunctional. According to a report drafted for the US government, 'weak, ineffective and corrupt state institutions have led to a lack of confidence in the political system, cynicism about the rule of law and a tendency to resolve conflict in extra-legal ways (...)

25. Interview with Baramidze by Ken Stier, Eurasia Insight (19 December 2003) on www.eurasianet.org

public administration is, in fact, so saturated by venality in Georgia that it cannot respond to direction.'[26]

The economic situation by late 2003 was even worse. The analysis of David L. Phillips for the Council on Foreign Relations was telling: 'The country is riddled with corruption. Its economy is stagnant, unemployment is widespread and there are acute energy shortages, especially during the cold winter months.'[27] Tax collection stood at only 14 percent of GDP, crippling state revenues. In 2002, the national economy had only 38 percent of adjusted purchasing power of 1989. Georgia's external debt represented some 1.7 billion US dollars (USD) to the Paris Club. Twenty four percent of the labour force were officially unemployed, while over fifty percent of the population lived under the poverty line. Since the last census of 1989, the Georgian population had lost close to a million people to labour migration, mostly to Russia, representing a drain of Georgia's most skilled and able. Agriculture remained the largest source of employment in the economy, but the sector was barely surviving.

By 2003, the international community started to draw harsh conclusions. The United States, long Shevardnadze's strongest supporter, was increasingly disenchanted, and announced a reduction of its assistance to Georgia in September 2003. Shevardnadze's increasingly close relations with Russian energy companies in 2003 was another source of US concern, as it seemed to highlight a degree of unhealthy ambivalence in the Georgian President's foreign policy. In August 2003, international financial institutions decided to suspend Georgia's access to credits and grants. In September 2003, the European Commission issued a revised Country Strategy Paper for Georgia, arguing that 'more than ten years of significant levels of EU assistance to Georgia have not yet led to the expected results (...) the Georgian government has not yet shown the level of commitment to realise the policy objectives linked to assistance which the EU may legitimately expect.'[28] The Commission declared that henceforth assistance would be provided only 'if and insofar' as the Georgian government undertook credible reform measures.

So, in January 2004, Saakashvili inherited a bankrupt, enfeebled and deeply corrupt state, with no control over large parts of its territory and declining international support. Prospects were bleak.

26. See *Georgia Conflict Assessment*, produced by Aral Consulting for USAID (23 January 2002).

27. David L. Phillips, *Stability, Security and Sovereignty in the Republic of Georgia* (Center for Preventive Action, Council on Foreign Relations: New York, 15 January 2004). The following data also come from this report.

28. *Georgia Country Strategy Paper, 2003-2006* (European Commission: Brussels, 23 September 2003).

The Rose Revolution and after

2

In November 2003, after flawed parliamentary elections where massive fraud was reported, tens of thousands of Georgian citizens took to the streets of Tbilisi in a protest that lasted twenty days before ending peacefully with the resignation of President Eduard Shevardnadze and the organisation of new presidential and parliamentary elections in early 2004. These elections brought Mikheil Saakashvili to power in an overwhelming sweep of national support, and gave birth to a parliament dominated by the alliance of parties tied to him.

In the analysis of one participant, four factors drove events: first, the activities of the youth movement *Kmara*; second, the radical positions staked out by opposition parties, especially Saakashvili's National Movement and the coordination between the three opposition leaders (Mikheil Saakashvili, Nino Burdjanadze and Zurab Zhvanya); third, the critical line adopted by elements of the national media, especially the television channel Rustavi-2; and finally, the watchdog roles of a host of Georgian non-governmental organisations (NGOs), such as the Georgian Young Lawyers Association, and the International Society for Fair Elections and Democracy.[29] Their actions combined with the critical mass of people demonstrating peacefully in the streets led to the collapse of support for the Shevardnadze regime and his resignation.

That much is clear. But was it a *revolution*?

What kind of revolution?

For the current leadership in Tbilisi, there is no debate. A government document in 2004 declared: 'In November 2003, the people of Georgia rose up to protest massive electoral fraud and continued economic decline, leading to the resignation of the former president, Eduard Shevardnadze, now known as the Rose Revolution.

29. See the unpublished paper by the Georgian activist and scholar, Georgi Kandelaki, 'The Rose Revolution: A Participant's Story,' 2005.

Subsequent presidential elections gave a broad mandate to the new president, Mikheil Saakashvili, who received 97% of the popular vote.'[30] The EU and its member states, and the United States have accepted this view.

Russia takes the opposite view. A personal witness to the 'events' in Tbilisi, the then Russian Foreign Minister, Igor Ivanov, argued in the days that followed: 'Various definitions are now being given to the events that have occurred. Some call this is democratic bloodless revolution, others a "velvet revolution". It seems to me that neither this nor that description is suitable here. Actually what happened – I assert this as a witness – was the forced removal of the current lawful President from office.'[31] In the Russian view, the 'Rose Revolution' was an anti-constitutional coup that was well prepared in advance by foreign forces. Ivanov mentioned in particular the US Ambassador in Tbilisi and the Soros Foundation. One year later, Igor Ivanov, as Secretary of the Russian Security Council, argued, 'Do you think that a change of authorities through the street in Georgia is democracy? Do you think that this way of changing government is in line with the values and principles enshrined in the documents of the Council of Europe and the OSCE?'[32] Russia certainly does not.

For Moscow, the Orange Revolution in Ukraine confirmed this interpretation. At the Russia-EU summit of 25 November, 2004, where the EU declared that it would not accept the fraudulent election results in Ukraine, Vladimir Putin replied: 'We have no moral right to push a major European country into disorder. We have no right to interfere in the election process of a third country.'[33] On 27 November, Putin's advisor on EU affairs, Sergei Yastrzhembsky, declared, 'There was Belgrade, there was Tbilisi; we can see the same hand, probably the same resources, the same puppet masters and the scenarios are very similar.'[34] So, the Rose Revolution was no revolution at all, but foreign intervention, violating Georgia's constitutional order and international norms.

At their most frustrated, some Georgian opposition figures, critical of the current government's shortcomings, have also argued that November 2003 was not a revolution. The respected political commentator, Paata Zakareishvili, stated in a pique in 2005: 'Everyone knows that no real revolution took place in Georgia; the face of the political elite merely changed through revolutionary methods. The current government is ruling the country in the same way as Shevardnadze. This is to say that the authorities

30. *Georgia's Strategic Vision and Urgent Financing Priorities, 2004-2006*, presented to the Donor's Conference, Brussels, 16-17 June 2004.

31. Interview given to *Komsomolskaya Pravda*, 4-6 December 2003.

32. Igor Ivanov cited by the respected online magazine, *Civil Georgia Report*, 24 February 2005 (www.civil.ge).

33. Cited by *Agence Europe* (Brussels: 25 November 2004).

34. Interview on RTR, Russia TV, Moscow, 27 November 2004.

are concerned only with strengthening the power of their own class.'[35] From a more scholarly perspective, the Georgian thinker, Ghia Nodia, has argued that November 2003 was in fact 'a revolt in defence of the constitution,' in which the Georgian people rose up to protest against Shevardnadze's violation of Georgia's constitutional order.[36]

The debate may seem dry, but it does carry political implications for Russian-Georgian relations, European-Russian relations, as well as for deteriorating relations inside Georgia between the government and opposition figures. Clearly, the events of November 2003 were revolutionary in three critical aspects. First, contrary to the Russian view, events were not controlled from abroad. Some Georgian civil society activists had received training and support in Europe and the US, but, on the whole, European countries and the US were caught unprepared for the events that occurred. In Giorgi Kandelaki's view, during the revolution, outside actors were in fact more 'detrimental' than supportive.[37] The Rose Revolution was largely a spontaneous and well-improvised political event, where little was determined in advance and whose course could have ended differently.

Second, the revolution occurred because tens of thousands of Georgians (reaching over one hundred thousand) went into the streets to protest the violation of Georgian law and to reclaim their rights for twenty days in a row. In a small country like Georgia, with a population of over three million, such sustained and massive popular protests testified to deep national mobilisation for change.

Finally, the system collapsed. By 2003, Eduard Shevardnadze was President of a dysfunctional state, riddled from the inside out with corruption, institutionally feeble and unable to take direction. To his credit, under the pressure of massive protests and opposition unity, Gorbachev's former Foreign Minister resigned, without resorting to the use of force.

Achievements

Given the state of affairs they inherited, the new Georgian leadership has achieved a tremendous amount since January 2004. On the day of his inauguration, Saakashvili declared from the grave of King David (known historically as David the Builder, who united

35. Cited in 'The West is Losing Faith in the Rose Revolution,' *The Messenger* (Tbilisi), 24 August 2005.

36. Ghia Nodia, 'Georgia: Dimensions of Insecurity,' in *Statehood and Security: Georgia after the Rose Revolution*, Bruno Coppieters and Robert Legvold (eds.) (Massachusetts: American Academy of Arts and Sciences, The MIT Press, 2005), p. 70.

37. Op cit., 'The Rose Revolution: A Participant's Story.'

Georgian lands), 'We must all say: Georgia will be united and strong, that Georgia will restore its wholeness and become a united strong state.'[38] Since January 2004, the new government has sought above all to strengthen the Georgian state, and to put an end to its 'medieval' nature. In practice, this has translated into a focus on five areas: establishing the rule of law; conducting political and institutional reforms; restoring central power across the country; launching economic reforms; and reforming the security sector (policy towards the conflicts will be considered in the next chapter). Drawing on the image of the middle ages once again, Saakashvili declared, 'We are not in the 16th century; we will lead Georgia into the 21st century.'[39]

The first priority of Georgia's new leaders has been to establish the rule of law and stamp out the pervasive sense of impunity that characterised the conduct of public affairs. The process was launched with drama in a sweeping wave of arrests of public and private figures for allegations of corruption and non-tax payment. The arrests ranged widely, including a former Minister of Fuel and Energy and a former Minister for Transport and Communications, the former chairman of the chamber of control, the head of the Georgian Football Association, a former Minister of Internal Affairs, the head of the MAGTI mobile telephone company (and Shevardnadze's son-in-law), the head of the customs department, the former head of Georgian Railways, a deputy head of the tax administration and a number of regional officials and business figures. In most cases, these persons were released after agreeing to repay financial compensation to the Georgian state and/or to hand over economic assets.[40] Conducted with great fanfare, these public arrests signalled symbolically that impunity would no longer be tolerated.

The reform of Georgia's traffic police was a key aspect of restoring the primacy of the rule of law. Notoriously underpaid, overstaffed and corrupt, the traffic police symbolised the Shevardnadze government at its worst, with a detested state agency preying on Georgian society. In August 2004, Saakashvili fired all of Georgia's traffic police overnight and rebuilt the agency on a new recruitment policy of reduced staff, better training and equipment, and higher salaries. New patrol cars and smart uniforms have drawn a clear contrast with the past for Georgian society.

The second focus after the revolution has been political and institutional reform. In the first instance, the Georgian constitu-

38. Cited by Giorgi Sepashvili, 'Saakashvili vows Improvements with Drastic Measures,' *Civil Georgia Report* (25 January 2004: www.civil.ge)

39. Cited by Giga Chikhladze, 'Saakashvili Cheered, Opponents Disgruntled by the Parliamentary Results,' *EurasiaNet Report* (29 March 2004: www.eurasianet.org).

40. See discussion in Jonathan Wheatley, *Georgia from the National Awakening to the Rose Revolution* (Ashgate: Aldershot, 2005), p. 203.

tion was amended to fit the needs of the coalition of political forces that led the revolution. In February 2004, the post of Prime Minister was created, assumed by Zurab Zhvanya, and the position of the government was reinforced.[41] As a result of these early constitutional amendments, the central role of the President in the political system was firmly strengthened. In the process, Nino Burdjanadze resumed her position as Speaker of a now weakened Georgian parliament.

In addition, there was a heavy turnover of personnel at the top layers of the government and political establishment. In the image of the young new President, Georgia's government became led by dynamic thirty-somethings, many of whom speak English, having spent time abroad for training and education. Of twenty ministers and state ministers in 2004, eight had worked for NGOs.[42] The appointment of the senior French diplomat and former Ambassador to Georgia, Salome Zourabishvili, as Georgia's new Foreign Minister in April 2004 marked a fresh start for Georgian diplomacy. Zourabishvili was instrumental during her tenure in securing a number of strategic advances for Georgia, most notably the May 2005 agreement with Russia to withdraw its bases from Georgian soil. Zourabishvili was important in leading Georgian policy towards the OSCE and the EU, seeking a more active role from both organisations in Georgia's conflicts.

Significant turnover also occurred at the higher levels of the central bureaucracy, and changes were introduced into the State Chancellery. Staff cuts were carried out across the board. In the regions outside Tbilisi, however, the government was forced to rely mostly on officials who had already been in place before the revolution. In an attempt to ensure greater control, Saakashvili has often parachuted figures to leadership positions in the regions on the basis of loyalty to the President rather than experience or local popularity.

Third, Tbilisi has sought to restore the writ of Georgian sovereignty across all of its territory. This has included plans for strengthening the infrastructure network linking distant border regions to Tbilisi. Policy towards South Ossetia and Abkhazia is discussed in the next chapter. Most dramatically, the rebellious region of Ajara was brought back into the Georgian fold in May 2004. In a carefully managed (and lucky) strategy of pressure, Saakashvili and Zhvanya forced the Ajaran leader into escalating the conflict unacceptably, a process that eventually led to his

41. See 'New Constitution Boosts Presidential Powers,' *Civil Georgia Report* (7 February 2004: www.civil.ge).

42. Ibid., p. 200.

flight from Georgia's Black Sea coast to Moscow. Central pressure included calls for Ajara's paramilitary forces to disarm, investigations into shadowy business groups based in Ajara, pressure on the Batumi port and unrelenting public pressure on Aslan Abashidze himself. The government instituted a blockade against the region in the run-up to the March 2004 parliamentary elections, and called for free elections and the disarming of Abashidze's forces. In May, Saakashvili renewed the ultimatum with the threat of dissolving Ajara's leadership.

Abashidze panicked and bombed the bridges leading into Ajara – this escalation marked the end of his rule. In early May, he fled to Moscow and new elections were held locally. In July 2004, the Georgian parliament passed a new law on the status of Ajara. Restoring control over Ajara provided a much-needed boost to government revenues, as the region's contribution to GDP is estimated at around ten percent.[43] It also eliminated Ajara's nefarious influence on Georgian national politics. Indeed, Abashidze's party had carved out an important role for itself in the national parliament throughout the 1990s. More importantly, success in Ajara signalled to all observers, both inside and outside the country, that a new power existed in the land that demanded respect: the Georgian state. And, most importantly, the crisis had been resolved peacefully.

The dose of confidence these events injected into the new government cannot be overestimated. In Saakashvili's words, 'this is the first case in the post-Soviet world of the eradication of separatism through peaceful means. And we are not going to stop at this!'[44]

The fourth focus has been economic reform. In mid-2004, Saakashvili appointed the Georgian businessman, previously based in Russia, Kakha Bendukidze to lead a large-scale privatisation programme. Apparently, some 1,800 enterprises have been selected for privatisation. By July 2005, the government reported that ten percent had been sold off, consisting of the most attractive concerns and representing a boost to government revenues of some 314 million USD.[45] In addition, a new tax code was passed that simplified and decreased the number of taxes. In the process, income and social taxes have been cut drastically. New licensing laws have been introduced to ease entrepreneurship and the climate for business investment.

43. See discussion in Nino Khutsidze, 'Ajara Boosts Government's Financial Hopes,' *Civil Georgia Report* (8 May 2004: www.civil.ge).

44. Cited by Giorgi Sepashvili, 'Abkhaz, Georgian Sides discus Security Issues,' *Civil Georgia Report* (20 May 2004: www.civil.ge).

45. Reported by Molly Corso, 'Privatisation in Georgia: Solving the Sensitive Issues,' *EurasiaNet Report* (19 July 2005: www.eurasianet.org).

These policies have fortified the Georgian budget, which has been multiplied several times as a result. Tax collection has increased dramatically. From inheriting an almost empty treasury, the new government has been able to pay off all salary arrears accrued under Shevardnadze's rule and to maintain strong ongoing payment rates. Previously a fierce critic of the Georgian government under Shevardnadze, the International Monetary Fund (IMF) issued a release in June 2005 praising the new government for its economic reforms.

Finally, security sector reform has been a priority. The new government considers reforming Georgia's 'power ministries' as an essential part of the state-building project. Effective armed forces are also seen as a way for Georgia to contribute to international peace support operations and to counter its image as a 'security problem' for the international community. The Georgian government has participated in the NATO-led operation in Afghanistan and, in 2005, provided close to 900 troops in support to US operations in Iraq (the largest coalition contribution per capita). Also, Tbilisi considers strong armed forces as a vital part of the conflict settlement process with South Ossetia and Abkhazia, which have significant paramilitary forces themselves. The option of using force to restore control over the breakaway areas has never formally been rejected. More saliently, Tbilisi perceives effective armed forces as strengthening its position in settlement negotiations. The then Defence Minister, Goga Bezhuashvili, stated in February 2004: 'We do not threaten anyone, but in order to hold successful peace talks, we will need an effective and professional army.'[46]

Steps have been taken to rationalise the security sector.[47] The Border Guards service was brought under the jurisdiction of the Ministry of Interior, and the Ministry of Security has been merged with a reformed Ministry of Interior and brought into a new Ministry for Police and Public Safety.[48] The heavily equipped combat units of the Ministry of Interior Troops have been transferred to the Ministry of Defence. There are also plans for the reorganisation of the Coast Guard forces of the Border Guard Service and the Defence Ministry's naval forces.

The Ministry of Defence has received most attention. The Individual Partnership Action Plan (IPAP) with NATO is the master document leading this area of reform. Georgian plans are to

46. Cited in 'Government's Structural Reforms Launched,' *Civil Georgia Report* (13 February 2004: www.civil.ge).

47. Many of these reforms follow the recommendations of the International Security Assistance Board, set up in the late 1990s with international experts to provide guidance to Georgian security reform, but never implemented by President Shevardnadze.

48. See discussion by Georgia's most prominent civilian expert in military affairs, David Darchiashvili, in 'Georgian Defence Policy and Military Reform,' in *Statehood and Security: Georgia after the Rose Revolution*, Bruno Coppieters and Robert Legvold (eds.) (Massachusetts: American Academy of Arts and Sciences, The MIT Press, 2005).

reform the ministry on the basis of four brigades and a reserve force. Steps have also been taken to restructure the organisation of the ministry itself, in terms of the definition of civilian and military functions. Most dramatically, defence has been given pride of place in government spending. Bolstered with privatisation revenue, the defence budget increased to 79 million Georgian lari in 2004 and shot up to 317 million Georgian lari in 2005 (approximately 132 million euros). Reportedly, budgetary increases have allowed the Georgian government to purchase helicopters and self-propelled artillery as well as T-72 tanks.

In addition, the new government drafted two documents that Shevardnadze had always avoided finalising. In May 2005, a draft was produced of a *National Security Concept*.[49] In late 2005, the government revealed its *National Military Strategy*. Shevardnadze had avoided approving such documents, because he had little interest in serious security sector reform. The former president also avoided clarifying definitively Georgia's foreign policy orientation in order not to create external threats that would challenge his hold on political power. As a result, Shevardnadze never engaged Georgia either in a fully pro-Western direction, as did the Baltic states, or in a fully pro-Russian direction, as Armenia has taken.

By contrast, the two new documents are unequivocal: Georgia's future lies in Europe and with integration into Euro-Atlantic structures. The main threats to Georgian security are defined as those challenging Georgia's territorial integrity and sovereignty, and include the threat of conflict spillover from the north, organised crime, international terrorist activities, foreign military intervention and the presence of Russian military bases on Georgian territory. In other words, Georgia's northern neighbour, its activities in the separatist regions and Chechnya, represent a threat to Georgian security.

The foreign policy orientation announced in the *National Security Concept* and the *Military Strategy* carry significant foreign policy implications. The newfound clarity in Georgia's Euro-Atlantic orientation has bolstered support from partner countries in Europe and the United States. All the more so, as Saakashvili has not missed an opportunity to bolster ties with the new Ukrainian leadership that came to power in Kyiv after the Orange Revolution as well as with the increasingly anti-Russian Moldovan government. These three countries have issued multiple declarations in

49. See the *Civil Georgia Report*, 'National Security Concept Finalised' (15 May 2005: www.civil.ge).

2005 on their solidarity against external threats and separatism and their vocation to integrate with the EU and NATO. Georgian foreign policy has never been so clear.

Shortcomings

Despite such a wide-ranging start, the new government has shown shortcomings. First, government action has been imbued with a revolutionary ethos that has led to poorly prepared and hasty decisions. One year after the revolution, the Georgian Member of Parliament, Levan Berdzhenishvili, declared in frustration: 'The time has come to stop the revolution, to finish it.'[50] A report by the Parliamentary Assembly of the Council of Europe (PACE) in December 2004 made a similar point: 'A year later, it is time to normalise the situation and bring the political process firmly back to the country's institutions. The post-revolutionary syndrome should not become an alibi for hasty decisions and neglect for democracy and human rights standards.'[51]

Criticism of the government's 'revolutionary syndrome' has been explicit from prominent figures in Georgian civil society and its NGO sector.[52] The government has been criticised for its intolerance towards any form of opposition and its refusal to enter into a dialogue with members of the Opposition. Communication has broken down within Georgia's political elite. A 'revolutionary syndrome' has been evident also in the constant reshuffling of government positions, especially in the security sector. Elements of unaccountability have also been noted in government policy. For example, the procurement policy of the Ministry of Defence has been criticised for its lack of transparency.

The constitutional reforms have been problematic. The amendments of February 2004 strengthened the executive branch over a weakened parliament, while extensive reform of the judiciary has not started. In the opinion of legal expert and prominent civil society activist, Tinatin Khidasheli, 'We have a president with huge authority and almost without responsibilities.'[53] The overwhelming victory of Saakashvili's National Movement in the elections to parliament in early 2004 exacerbated concerns that pluralism was weakening in Georgia. The PACE Report was damning: 'Today, Georgia has a semi-presidential system with very strong powers to the President, basically no parliamentary opposition, a

50. See the *Caucasus Services Report* of the Institute for War and Peace Reporting (IWPR), 'The Rose Revolution loses Key Backers,' (no. 260, 4 November 2004).

51. *Report of the Honouring of Obligations and Commitments by Georgia*, Council of Europe (DOC.10383, 21 December 2004).

52. See the report on a letter signed by fourteen prominent civil society activists by the *Caucasus Services Report* of the Institute for War and Peace Reporting (IWPR), 'The Rose Revolution loses Key Backers,' (No. 260, 4 November, 2004) and the article by Ghia Nodia, 'Is Georgia Heading for a New Revolution?' *Caucasus Report* (vol. 8, no. 31, 10 September, 2005: Radio Free Europe/Radio Liberty).

53. Khidasheli played a prominent role in the Rose Revolution as leader of the Georgian Young Lawyers Association and has since joined the main opposition party. See the *Civil Georgia Report*, 'New Constitution Boosts Presidential Powers' (7 February 2004: www.civil.ge).

weaker civil society, a judicial system that is not yet sufficiently independent and functioning, undeveloped or non-existing local democracy, a self-censored media and an inadequate model of autonomy in Ajaria.'[54] The government's reluctance to heed expert advice has been frustrating to European organisations, such as PACE and the Venice Commission, which have drawn attention to the dangers of Georgia's constitutional changes.[55]

The changes to Ajara's status of autonomy were most worrying given the precedent they may set for the future status of Abkhazia and South Ossetia inside Georgia. In essence, the law of 30 July 2004 reduces the autonomous powers of the region of Ajara.[56] The Georgian president may now appoint the local executive chairman, and the powers of local government have been reduced relative to central prerogatives. In the analysis of the *Crisis Group*, the law has provided Ajara with little more than 'symbolic powers.'[57] The fact that Saakashvili's bloc took twenty-eight of thirty seats in the local elections in 2004 made a bad situation seem worse.

The Georgian government has argued that the Ajaran case does not set a precedent for South Ossetia and Abkhazia because of differences between them. The argument is difficult to sustain from the perspective of the authorities in the separatist regions, which, following the Ajaran crisis, now read 'autonomy' as 'control from Tbilisi.' Tbilisi missed an important opportunity in Ajara to create a positive precedent for Georgia's other and more entrenched conflicts.

The Ajara precedent combines with a worrying note in Saakashvili's discourse on the future of the Georgian state. More than anything else, Saakashvili is driven by a vision of unifying Georgia: 'I will do my best to strengthen our country and restore its territorial integrity. This is the supreme goal of my life. The Georgian nation deserves a better future.'[58] Given the collapsed state that he inherited, Saakashvili's emphasis is eminently reasonable. However, the conflation of the *state* of Georgia with the Georgian *nation* is worrying. In the traditional sense, Georgia is a multi-national country, with a number of important national minorities, including Armenians and Azerbaijanis, some of whom, such as the Abkhaz and the Ossetians, have declared independence from Tbilisi. Most often, Saakashvili has been careful to

54. Ibid., *Report of the Honouring of Obligations and Commitments by Georgia* (2004). NB: Ajara is sometimes written as Ajaria. This text uses the term of Ajara.

55. See, for example, the Venice Commission Opinions on the changes to the status of Ajara (18-19 June 2004) and on the constitutional changes in February 2004.

56. This is the analysis of the PACE also; see *Report of the Honouring of Obligations and Commitments by Georgia* (2004).

57. 'Saakashvili's Ajara Success: Replicable elsewhere in Georgia?' *Europe Briefing* (International Crisis Group, 18 August 2004).

58. Cited in 'New Leader Vows to hold next Inauguration in Abkhazia,' *Civil Georgia* (24 January 2004), www.civil.ge

underline the multi-national character of Georgia as a state. The Georgian president has also sought to extirpate virulent nationalism from the Georgian political scene. Yet, slips of the tongue, such as that noted above, have not been uncommon. An insistence on the Georgian nation as the defining attribute of the Georgian state was one of the causes of the conflicts that ravaged Georgia in the early 1990s.

In addition, Georgia remains a very weak state economically, despite progress achieved. Critics have argued that Tbilisi seems to have no other economic policy than privatisation. While praising Georgian policy, the IMF noted in June 2005 the challenges the government faces: 'Putting Georgia's economy on a sound footing will require perseverance and a broad social consensus in the coming years.'[59] The IMF noted the priorities of energy sector reform, civil service reform, and managing macroeconomic stability and ensuring entrepreneurial freedom. Clearly, most of the difficult work in economic reform lies ahead, especially in terms of building a business climate to attract foreign direct investment (beyond the energy sector). In the last two years, corruption has not been stamped out in the public and private spheres, and an important part of the national economy remains undeclared. Most worrying, despite macro-economic progress, trends at the micro-economic level remain very troubling. Pensions are now paid, but their level remains meagre. Georgia's agriculture sector remains in a parlous state, and deep poverty is still widespread. Georgia's economic situation remains very worrying.

Finally, external observers have continued to note problems in Georgia's detention and prison system.[60] According to reports, Georgia's human rights record remains problematic, especially in the arrest and detention system, where the use of torture has not been eradicated. The conditions of detention in Georgia's prison system remain 'degrading.' In the opinion of the PACE, the 'culture of violence' has not been fully uprooted from Georgia's criminal justice system. There is the danger of standstill in the overall reform process. As noted by Salome Zourabishvili after her dismissal in late 2005, 'In this situation, the stakes are high – not advancing is equivalent to taking a step backwards.'[61]

59. See 'Statement by IMF Managing Director Rodrigo de Roto' (Press release 05/140, 13 June 2005: www.imf.org).

60. See, for example, 'Georgia and the European Neighbourhood Policy,' *Human Rights Watch Briefing Paper* (15 June 2005), the US Department of State *Country Report on Human Rights Protection 2004* (28 February 2005), as well as the PACE *Report of the Honouring of Obligations and Commitments by Georgia* (2004).

61. See the interview by Celia Chauffour in *Caucaz Europenews* (27 November 2005): http://www.caucaz.com/home_eng/breve_contenu.php?id=211

First-order reforms

In order to understand the scale of change, it is important to place developments in Georgia since 2003 in the right context. This is not as simple a matter as weighing up the balance between progress and shortcomings. Worrying elements of illiberal democracy have appeared in the aftermath of the revolution. However, overall trends in Georgia should be understood in the right light.

Put simply, Georgia in 2005 is not Poland in 1992.[62] Where Poland inherited an established state, with existing institutions, a sense of national identity, and a clear European orientation, Georgia is starting almost from scratch. Georgia is not a clearly defined country with control over its territory and full sovereignty. It has institutions that are extremely weak, and it has suffered a decade of impoverishment, deindustrialisation, endemic corruption and unresolved conflict. The challenge facing the Georgian leadership since the Rose Revolution has been to undertake what are first order reforms to set the Georgian state on its feet, to restore Georgian sovereignty and to provide a sense of direction to political and social life. State building and democracy building have to be conducted simultaneously. In first order reforms, state sovereignty must be established over territory and the use of force as well as borders, while at the same time the democratic legitimacy of public power has to be restored. These are not easy tasks to confront at the same time.

The record of the Saakashvili government has not been perfect since 2004. Worrying illiberal trends have appeared in several domains inside the country, problems inherited from the past remain deeply entrenched. However, given the first-order challenges it faces, the new leadership seems broadly to be on the right path. A Georgian state is being built, and a new democracy crafted.

62. This point was developed by Bruce Jackson at a conference in Tbilisi, celebrating the second anniversary of the Rose Revolution, 22-23 November 2005.

Georgian policy towards the conflicts

3

This chapter examines the policies undertaken by the Georgian government since the Rose Revolution towards the conflicts in South Ossetia and Abkhazia. Given the importance of this question for Georgia and the international community, it is worth considering it distinctly from the previous discussion. The argument here is divided into three parts. A first part discusses the legacy that Tbilisi inherited of two separatist 'states' residing on its sovereign territory. The second section examines new approaches taken by Tbilisi after the Rose Revolution. A final part highlights enduring problems with regard to these conflicts.

Inheritance

In 2004, the new Georgian leadership inherited what were commonly referred to as 'frozen conflicts' in South Ossetia and Abkhazia. The image conjured up by this term is false, however. These conflicts may appear 'frozen,' in that little progress has been achieved in negotiations and the conflicts remain fixed on ceasefire lines established in the 1990s. In reality, they are far from 'frozen.' Quite the contrary, in fact. The conflicts developed dynamically over the course of the 1990s. However uncomfortable, a new reality has emerged in the two conflict areas.[63]

The new Georgian leadership inherited in 2004 two state-like entities in the conflict zones. These 'states' have no judicial status in the international arena, but they claim an empirically defined form of statehood. Self-declared Abkhazia and South Ossetia have the physical attributes of statehood without its legal substance. In this sense, it may be useful to refer to them as *de facto* states. This term does not imply recognition of their existence, but draws attention to the basic problem obstructing conflict settlement – the rise of two weak, and heavily militarised self-declared 'states.' Their existence is the greatest problem inherited after the Rose

63. See Dov Lynch, *Engaging Eurasia's Separatist States* (USIP: 2004).

Revolution. It is worth examining the exact nature of these 'states' and how they survive.

First, one should note that the 'independence' of Abkhazia and South Ossetia depends heavily on Russia. The following chapter will examine Russian policy in some detail. For here, it is enough to say that Russian intervention played a key role in the conflicts in the early 1990s and has been instrumental in consolidating the status quo since then – a status quo that has been vital for the survival of the separatist 'states.' The Russian role in these conflicts has been complex, combining peacekeeping operations with various forms of support to the separatist regions.

In addition to this external factor, both 'states' have developed political institutions, with presidents, parliaments, local political parties, and all the formal structures of government. Current population sizes are difficult to ascertain, but estimates put the number of Abkhaz at close to hundred thousand and the Ossetians at around thirty five thousand. Both have dedicated most of their meagre 'state' revenues to developing security forces and armed forces. Fear of a new Georgian attack is built into all aspects of life in the *de facto* states and colours most separatist political discourse. Fear was the factor that gave rise to the conflicts at the outset, and insecurity has remained a defining condition since then.

For the moment, Abkhazia and South Ossetia have won on the battlefield. However, victory has left them bewildered. On the one hand, victory has become the most certain source of legitimacy itself for these weak regimes. As a result, the separatist authorities have been determined to retain the fruits of victory at almost any cost. At the same time, the separatist authorities distrust victory, well aware that they have won a battle and not the war. The example of renewed conflict in Chechnya since 1999 has been edifying for them. Distrust of their victory on the battlefield has led these 'states' to elevate self-defence over all other policy areas. Neither of them can properly be called a military 'state.' However, both are devoted to their military and security forces.

Economically, both separatist 'states' are failing. They have the institutional fixtures of statehood, but have been barely able to provide for its substance. The wars of the early 1990s devastated their economies and exacerbated the difficulties resulting from the Soviet collapse. Since the ceasefires, little progress has occurred. The enduring threat of war combined with economic mismanagement has resulted in hyperinflation, demonetised

economies, the collapse of the social services, and the extensive criminalisation of economic activities. On the whole, the populations in these areas live deeply impoverished lives.

These problems are exacerbated by the legal limbo in which Abkhazia and South Ossetia exist as non-recognised strips of no-man's land. As a result, subsistence syndromes have emerged, based on a combination of firm political determination, deep economic weakness and extensive criminalisation, which have allowed these areas to survive more than ten years of isolation and external pressure. Essentially political projects, they have not altered their determination for independence despite blockades and extreme economic difficulties.

The amalgam of territory, population and government – however weak and formal – in these separatist 'states' has produced something that is greater than the sum of these parts: a belief in their own sovereignty. In their view of history, the Abkhaz and Ossetian authorities claim that they represent today only the latest phase in a long historical tradition of statehood. The Abkhaz 'foreign minister,' Sergei Shamba, declared in 2000: 'Abkhazia has a thousand year history of statehood since the formation in the 8th century of the Kingdom of Abkhazia.'[64]

The *de facto* states have survived since the Soviet collapse, and they seem entrenched to last. Their claim to statehood carries a logic that is difficult to overcome once it has been launched. As the anthropologist Ana Maria Alonso noted: 'Baptised with a name, space becomes national property, a sovereign patrimony fusing place, property and heritage, whose perpetuation is secured by the state.'[65] For them, the attributes of statehood, internal sovereignty and empirical statehood, are no longer negotiable. From their perspective, the status quo plays in their favour. Non-recognition and isolation are prices that they are willing to pay. The Abkhaz 'Defence Minister' admitted in July 2000: 'How long will we have to wait? *(for recognition)*. Ten, twenty, thirty years? Let it be, we will wait.'[66]

What does all of this mean for Georgia? Nothing good.

Most peace proposals that have been developed over the last decade have been based on notion of federal power sharing between Tbilisi and the breakaway regions. The assumption is that the declared 'independence' of the separatist 'states' is their maximal and *negotiable* aim, and that their minimal and *non-negotiable*

64. Interview with the author, 31 July 2000.

65. Ana Maria Alonso, 'The Politics of Space, Time and Substance: State Formation, Nationalism and Ethnicity,' *Annual Review of Anthropology* (vol. 23, 1994), pp. 379-405.

66. Interview with the author, 31 July, 2000.

objective resides at some lower form of 'autonomy.' In fact, the declaration of sovereignty is seen by them as being non-negotiable. At most, Abkhazia and South Ossetia have declared a willingness to negotiate a new relationship with Georgia that would follow confederal lines, where relations would be much looser than in a federation.

Moreover, the separatist authorities have little faith in the rule of law as a means of guaranteeing their security. As a result, it is all the more difficult for them to accept federalism as the framework for a solution, because, in a federation, ties between federal subjects and the federal centre are based on the transformation of fundamental *political* questions into *legal* questions. In current conditions in Georgia, such a transformation is difficult to imagine. Settlement of these conflicts must consider the requirements of deterrence in order for the separatist areas to compromise the victories they have already achieved on the battlefields.

In 2004, therefore, the new Georgian leadership inherited two state-like entities on its territory that were impoverished, militarised, and isolated, but still driven towards independence. A decade of talks on the status of the breakaway regions, framed by the OSCE in South Ossetia and the UN in Abkhazia, had produced no results. The Russian-led peacekeeping operations had not provided stability in the conflict zones or their demilitarisation. In a word, the new Georgian leadership inherited something of a nightmare.

New approaches

Georgian approaches to these conflicts since the Rose Revolution has been based on one premise and four policy lines. The underlying premise is that the status quo will no longer be accepted. In July 2004, Saakashvili declared that if Shevardnadze had signed any agreements that 'forbid us [Georgia] to raise the national flag, I am ready to withdraw from them and to denounce them.'[67] The peacekeeping operations, the negotiating mechanisms, the international dimension of Georgian policy, the coordination of Georgia's domestic actors towards the conflicts – all of these have been reviewed by the new Georgian leaders.

Four new policy lines have flowed from this starting premise. First, President Saakashvili sought to ensure greater coordination

67. Cited by Jaba Devdariani, *Civil Georgia Report* (20 July 2004: www.civil.ge).

of policy in Tbilisi. In practice, this has meant the presidentialisation of Georgian policy, with Saakashvili himself assuming a visible personal role, especially at the international level. Before his death in early 2005, Prime Minister Zurab Zhvanya had developed a prominent profile in policy to South Ossetia. His successor, Zurab Noghaideli, has become more visible with time, but the President leads policy.

In addition, Saakashvili created a new ministerial position for conflict resolution, to which Giorgi Khaindrava was appointed. The new government also reined in the paramilitary groups that had been active in the Gali District of Abkhazia (*Forest Brothers* and *White Legion*) and implicated in criminal activities across the ceasefire line. In mid-2005, the Ministry of Defence closed the so-called Monadire unit, active in the high Kodori gorge, for the same reasons. The deeply corrupt 'Abkhaz government-in-exile,' based in Tbilisi since the end of the war and composed of IDPs from Abkhazia, has been reformed. Saakashvili appointed a new, energetic leader, Irakli Alasania, to lead this deeply corrupt organisation. So, Tbilisi has gained greater control over policy towards the conflicts.

The second line has consisted in strengthening the military component of Georgian policy, which had been left to waste by Shevardnadze. Georgia's first national independence day (May 26, 2004) after the Rose Revolution featured the largest military parade ever witnessed in Tbilisi and a speech by Mikheil Saakashvili, where he spoke in the Ossetian and Abkhaz languages and extended the 'hand of friendship' to these peoples. Strong armed forces are seen to strengthen Georgia's ability to entertain effective peace talks with the separatist authorities. On one level, the option of an operation on the lines of the Croatian *Operation Storm* in August 1995 that swept the separatist 'state' of Serbian Krajina from the map has never been rejected. In addition, powerful armed forces are seen as vital for restoring the rule of law around the conflict zones.

Third, the new government has sought to distinguish the separatist authorities from the populations living in these areas. For Tbilisi, these populations must be treated as Georgian citizens. A week after his election in 2004, Saakashvili stated: 'I am sure that if the Abkhaz and South Ossetian sides will see that the economy is growing in Georgia they will come to us. We should attract them with economic opportunities.'[68] In practice, this has meant, the

68. Cited by Giorgi Sepashvili, 'Experts suggest to Focus on Economic Projects in Conflict Resolution,' *Civil Georgia Report* (13 January 2004: www.civil.ge).

launch of a 'peace offensive' to normalise relations with the populations in the separatist areas and to create a better image of Georgia proper.

Finally, the new government has sought to stimulate the international dimension of policy towards these conflicts. In Tbilisi's view, previous governments had allowed the Russian Federation too much leeway in controlling the settlement mechanisms. Georgia's new leaders have also sought to shake its partners in the Euro-Atlantic community out of the complacency into which they had fallen during the 1990s. This has meant insistent demands from Georgia for more international, especially European, engagement. The Georgian government has also widened the so-called 'group of friends' of Georgia to secure more diverse sources of external support. In the former Soviet Union, close ties have been built with post-revolutionary Ukraine and Moldova, which shares a similar conflict in the Transnistrian region. Across the Black Sea, Georgia has developed relations with Romania and Bulgaria, and further north, strong contacts have emerged with the Baltic states.

The strategy of the new Georgian leadership has privileged the settlement of the conflict in South Ossetia over that of Abkhazia. For Tbilisi, Abkhazia represents the big prize for a number of reasons, including its strategic importance on the Black Sea coast, the economic interest in restoring central power over this region, the difficulty of resolving this conflict, the high numbers of IDPs still affected by its non-settlement, and the stakes it raises in relations with Russia. However, in Georgian thinking, settlement of this conflict is considered possible only *after* settlement of the South Ossetian problem. As the influential Member of Parliament, Giga Bokeria, stated in July 2004: 'The situation in Abkhazia is much more difficult than in South Ossetia. The region is more isolated from the Georgian state (...) Resolution of the Abkhaz conflict will take much more time.'[69]

Since 2004, Georgian policy has sought to create a holding pattern on Abkhazia while taking more active measures towards South Ossetia. Presidential elections in Abkhazia reinforced this strategy. The government in Tbilisi held off from greater activity while the separatist authorities in Sukhumi underwent a difficult transition of power from their first 'President,' Vladislav Ardzinba. In advance of the elections that occurred in late 2004, the Georgian government declared its hope that a new separatist leader would be more amenable to accommodation.[70] The crisis

69. Interview with G. Bokeria, *Civil Georgia Report* (26 July 2004: www.civil.ge).

70. In May 2004, Giorgi Khaindrava noted Tbilisi's hope that more 'pragmatic forces' would take power in Sukhumi; see Giorgi Sepashvili, 'Saakashvili Speaks of Peace amid Show of Force,' *Civil Georgia Report* (26 May 2004: www.civil.ge).

that arose after the Abkhaz elections between the incumbent Abkhaz 'Prime Minister,' Raul Khajimba, who claimed victory, and the main opposition leader, Sergei Bagapsh, who declared the results fraudulent, strengthened Tbilisi's resolve to wait while the political situation clarified. A second round of voting in January 2005 led to a compromise result that divided power in the Abkhaz government between Bagapsh as President and Khajimba as Vice-President. Tbilisi has shied away from major initiatives while the Abkhaz authorities were divided.

Nonetheless, there were policy changes. In particular, the paramilitaries in western Georgia were reined in, and the Abkhaz 'government-in-exile' has been cleaned up. The Georgian government participated in the UN-led Geneva process with Abkhazia, seeking a normalisation of relations in and around the Security Zone and in the Gali District. Saakashvili has also sought to strengthen the trade sanctions against Abkhazia, cracking down on Georgian criminal groups involved in smuggling in Gali and enforcing stricter control of trade by sea. At the regional level, Tbilisi has called on its CIS partners to abide by the 1996 decision to refrain from ties with the separatist region. For example, Georgia's Central Bank requested its CIS counterparts to close down Abkhaz accounts that had been opened in their offices.

At the same time, the Georgian government welcomed greater economic involvement by the international community in Abkhazia. As discussed later (in Chapter 6), the EU has developed an especially strong profile in this area since 2004. On the central question of political status, however, Georgia's President has only repeated Shevardnadze's previous offer of the 'broadest possible autonomy' – an offer that the Abkhaz have consistently rejected.

South Ossetia has been the focus of Georgian policy. At first, Tbilisi saw the conflict as one that could be settled in a manner similar to Ajara: that is, by better policy coordination, without using force and quickly. Ties between Georgia proper and South Ossetia were normalised under Shevardnadze's rule, and there was little ethnic hostility as such between Georgians and Ossetians. The population of Ossetians living in the region was very small, standing at an estimated 35,000. More importantly, a significant number of ethnic Georgians still lived in the region.

Tbilisi turned to South Ossetia immediately after the resolution of the Ajaran crisis, armed with its lessons. The key lesson was that a strategy of pressure and political escalation could force an

adversary to make mistakes that could then be exploited to catalyse the settlement of a problem. In July 2004, Saakashvili declared: 'We are not in a hurry; South Ossetia will be reintegrated into Georgia within a year, maximum, without a shot being fired.'[71] Confidence abounded.

The first step was to redefine the conflict with South Ossetia. Immediately after his election, Georgia's new president presented South Ossetia as a *criminal* problem, which could be resolved through law enforcement methods. Starting in May 2004, Tbilisi launched an anti-smuggling operation in and around South Ossetia, with interior ministry forces deployed in Georgian villages, blockades placed on roads leading into the region, and closure of the region's largest market at Ergneti. The logic was simple: South Ossetia separatism survived thanks to smuggling; thus, in the words of Giga Bokeria, 'the *de facto* authorities will find it rather difficult to preserve their income and their regime after the Georgian authorities restrain smuggling.'[72]

In addition, the Georgian government sought to address the concerns of the population living in South Ossetia. Concurrent with the anti-smuggling campaign, Tbilisi launched a 'peace offensive,' which included high-level visits to the region by Georgian ministers (and the First Lady), offers to provide fertilizers to farmers, to establish a free ambulance service, to launch broadcasting in the South Ossetian language on state television channels, to resume payment of pensions to pensioners in the region and to restore railway links with Georgia proper. Saakashvili's position was straightforward: 'The people living in South Ossetia are Georgian citizens.'[73]

The situation quickly turned sour. In contrast to Ajara, the combination of carrots and sticks towards South Ossetia proved mutually undermining. Cutting off smuggling routes left the population living in South Ossetia devoid of sources of income and increasingly reliant on Russian support. Georgian pressure served only to strengthen the resolve of the separatist authorities for independence and their view of Georgia as a threat. Importantly, the Russian government responded very differently than it had in Ajara, where Moscow secured Aslan Abashidze's flight. In August 2004, armed conflict resumed in South Ossetia. The minister of the interior, Irakli Okhruashvili, later admitted: 'We were forced to repel and respond with fire; frankly speaking, we even bombed Tskhinvali (the regional capital).'[74] Officially, seventeen

71. See *Civil Georgia Report*, 'Saakashvili: South Ossetia will be Reintegrated Gradually' (11 July 2004: www.civil.ge).

72. Interview with G. Bokeria, *Civil Georgia Report* (26 July 2004: www.civil.ge).

73. Cited by Giorgi Sepashvili, 'Saakashvili sends Reconciliatory Signs to South Ossetia,' *Civil Georgia Report* (1 June 2004: www.civil.ge).

74. See Nino Khutsidze, 'Government comes under Fire,' *Civil Georgia Report* (17 September 2004: www.civil.ge).

Georgian soldiers died. It was a disaster.

In September 2004, Georgia stepped back from this initial approach to challenge the status quo through safer means. Tbilisi's first task has been to alleviate the negative consequences of their earlier policy, which resulted in the heavy militarisation of the conflict zone. The Georgian government has also sought to restore normal political relations with the South Ossetian leadership. In 2005, Eduard Kokoity refused numerous Georgian requests for a meeting with the Georgian Prime Minister. As a result of the escalation in the summer of 2004, the South Ossetian authorities have retreated to an extremist discourse that paints Georgia as an aggressor state driven by 'fascist' policies. Never since the early 1990s has the region been so defensive and militarised.

After this chastening experience, the Georgian government sought to secure international support for its rejection of the status quo. At first, Tbilisi tried to bolster the role of the OSCE as a framework for settling the conflict. In July 2004, Salome Zourabishvili called for an international conference to be convened under the aegis of the OSCE to strengthen the role of the international community. Tbilisi also called for widening the mandate of the OSCE mission to include a more expansive monitoring role throughout the separatist region as opposed to only defined areas of the 'conflict zone.' These proposals were rejected by the Russian Federation.

To regain momentum, the Georgian government elaborated a peace plan for settling the conflict, first presented by Saakashvili before the Council of Europe in January 2005 and developed further in 2005 by the Prime Minister.[75] The Georgian proposal is to move towards settlement in three phases. The first phase would consist of the normalisation of relations with the separatist authorities and the demilitarisation of the region. A second phase would consist of economic development and rehabilitation in and around the conflict zone, as well as a range of confidence-building measures at the level of business relations, civil society dialogue and education. Only in the final phase would the question of South Ossetia's status be addressed. In making this proposal, the Georgian government has argued for a change of the format in which the negotiations are held with wider international participation, particularly from the US and the EU. Tbilisi has also called for rethinking the Russian-led peacekeeping operation.

75. The 'Initiative for the Peaceful Resolution of the South Ossetian Conflict' was presented before PACE on 26 January 2005. Subsequently, the Georgian Prime Minister presented a renewed proposal before the OSCE in Vienna and in other international fora in late 2005.

The Georgian government has received support from partners in the international community for this settlement proposal. However, the South Ossetian leadership failed to respond quickly to the initiative. In October 2005, an increasingly frustrated Georgian parliament passed a resolution setting a deadline for a review of the peacekeeping operations in both Abkhazia and South Ossetia. Failing progress by February 10, 2006 in the case of South Ossetia and by July 1, 2006 for Abkhazia, the parliament pledged to review Georgia's consent to both operations. The threat is that the parliament will withdraw agreement to these operations and raise the question of their withdrawal.

Concerns

By early 2006, the situation was worrying. For all its efforts, no progress had been achieved in either Abkhazia and South Ossetia. In fact, the positions of both separatist 'governments' had hardened as a result of events since the Rose Revolution. Proposals of 'autonomy' within Georgia have been rejected outright in Tskhinvali and Sukhumi. Both separatist entities have adopted positions of permanent military readiness in case of renewed conflict.[76] Over the last two years, the dependence of both separatist 'states' on Russia has increased. As discussed in the following chapter, the position of the Russian government has also hardened to Georgia's detriment. Moscow has refused to consider any change to the negotiation formats or the peacekeeping operations, and has strengthened its presence in both separatist entities.

For its part, the Georgian leadership displayed increasing frustration with the lack of progress in achieving its most important priority – to restore the territorial integrity and sovereignty of the Georgian state. In this unhealthy climate, the coordination of Georgian policy-making has showed serious strains, with differences arising inside the government. What is more, with all the attention given to the conflicts, one positive trend developed under Shevardnadze – fostering second track diplomacy – has fallen by the wayside.

By early 2006, therefore, the situation appeared gloomy, with separatist recalcitrance deepening and Georgian frustration mounting.

76. See, for example, the comments by the South Ossetian 'Defence Minister' in the *Civil Georgia Report*, 'South Ossetian Defence Chief Speaks of Priorities' (28 July 2005: www.civil.ge).

Major players in and around Georgia

4

This chapter will examine the policies of major players towards Georgia. The focus is limited to the Russian Federation, the United States, and the policies of EU member states and candidate countries. The aim here is not to present an exhaustive review of international engagement.

Tbilisi is a town of rumours and whispers. External engagement in Georgia occurs in a poor setting. There is very little clear or open information about the policies of foreign states, which lends power to exaggerations about their intentions and actions. External actors have not coordinated their policies between themselves well, even in areas where interests are overlapping, which has meant duplication and wasted effort in some cases. The situation has been made worse by the fact that Georgia evokes both traditional interests/threats, such as energy security and conflict settlement, and new interests/threats, as defined after the September 11th terrorist attacks. The pace of events since the Rose Revolution has not made it easier for considered policy-making. As a result, distrust has arisen between external actors, despite the fact that many have overlapping interests.

Russia

Russian policy towards Georgia since the Rose Revolution has sought to maintain the *status quo ante*. At best, the Russian government has striven to retain the positions it acquired in the 1990s; at worst, it has sought to relinquish these at high cost while setting positive precedents for other interests. In Russian strategic thinking, Georgia has been perceived as a state that is not 'friendly' to Russian interests. At the widest level, therefore, the Russian government has had little interest in the 'success' of the revolution. As a result, policy has hardened significantly towards Georgia. In

addition, Moscow has sought jealously to pose limitations on greater international engagement in its southern neighbour.

The stakes for Russia in Georgia reside at three levels. First, Russia has stakes that are specific to Georgia itself. These include ensuring the protection of Russian investments and ensuring access to future opportunities. Russian energy suppliers provide for most of Georgia's energy needs. In 2005, the Russian company Gazprom declared its intention to increase the price of natural gas to Georgia to world market prices, well above the heavily subsidised price from which Georgia had long benefited.

At the Istanbul OSCE summit in 1999, Russia agreed to withdraw from its four bases deployed in Georgia. After the Rose Revolution, Moscow tried to ensure that this withdrawal occurs in the right conditions – not too quickly in order to prepare the return of these troops and equipment to Russia itself and to avoid any perception of Russia being 'humiliated' by Georgian pressure. Moscow also sought assurance that its withdrawal would not be followed by the deployment of other foreign forces in Georgia. President Vladimir Putin declared in May 2005: 'I would not like foreign troops or the contingents of other countries to appear in Georgia after our pull-out.'[77]

In the end, on 30 May, 2005, Russia agreed to a withdrawal timetable for its two remaining bases in Georgia only under intense Georgian and international pressure. According to this agreement, the Russian military are to leave Georgia by 31 December, 2007 – without a Georgian pledge against other foreign deployments on its territory.

In addition, with ongoing tensions in Chechnya and the North Caucasus, Russia has a stake in ensuring that Georgia does not become a conduit for support to Chechen rebels or for the transit of international terrorists. According to official statements, Georgia has consistently posed a threat to Russian security in this area. The Defence Minister, Sergei Ivanov, declared during the Munich Conference on Security Policy in February 2005: 'We have killed so many foreigners in Chechnya carrying passports with a Georgian visa in their pockets (...) you cannot deny they are penetrating our territory through the territory of Georgia.'[78] Such pressing needs have led the Russian government to rethink the role of force in international affairs.

77. Cited in the *Civil Georgia Report*, 'Putin: Military Presence in Georgia not important for Russia' (23 May 2005: www.civil.ge).

78. See the *Civil Georgia Report*, 'Russia Accuses Georgia of Harbouring Terrorists' (13 February 2005: www.civil.ge).

In October 2003, Sergei Ivanov revealed the landmark document, entitled the 'Urgent Tasks of the Development of the Armed Forces of the Russian Federation,' which declared that 'Russia has been compelled to adjust its vision of the role and place of military policy and military instruments (...) it is becoming impossible to guarantee Russian Federation security using only political capabilities.'[79] Military force is once again seen as vital for ensuring Russian security: 'The presence of modern and effective armed forces in Russia is becoming one of the conditions of its successful and healthy integration into the system of international relations being formed.'

Moreover, with Georgia in mind, Moscow declared its right to launch pre-emptive strikes against terrorist groups outside its borders. In Putin's words, 'if, in the practice of international life, the principle of the preventive use of force is going to be asserted, then Russia reserves the right to act similarly to defend its national interests.'[80] These statements mark a shift away from previous thinking about the utility of force in Moscow. Mikhail Gorbachev's 'new political thinking' – that political tools would be sufficient to defend the Soviet Union – has been abandoned. Military power is back.

In August 2002, Russian military aircraft bombed several villages in the Pankisi Gorge inside Georgia. This region, near the Georgian-Russian border with Chechnya, provided sanctuary for several thousand refugees after the start of the second Chechen war in 1999. According to Russian intelligence and American, the Pankisi Gorge also served as a transit zone for international terrorists into the North Caucasus. Under intense international pressure, Shevardnadze was forced to restore Georgian control over this region. Saakashvili's government has also been keen to ensure central power over the region. Nonetheless, the threat of Russian pre-emptive strikes still hangs over Georgia.

Russia has a vital interest in the proper defence of the Russian-Georgian border. Paradoxically, it is for this reason that Moscow vetoed the extension of the OSCE Border Monitoring Mission (BMO) in December 2004. In the Russian view, the BMO was not effectively monitoring the border with the North Caucasus, as militants wishing to pass the frontier could easily do so without being noticed. For this reason, the Russian government also

79. 'Urgent Tasks for the Development of the Armed Forces of the Russian Federation,' 3 October, 2003, *RIA Novosti* (available at: www.rian.ru).

80. Putin interview to Italian media, 3 November, 2003, reported by the Russian Ministry of Foreign Affairs, Information and Press Department (IPD) (3 November, 2003: www.mid.ru).

argued against a new monitoring mission to replace the OSCE operation: 'The replacement of one monitoring mission by another is unlikely to be productive.'[81] Instead, Moscow pressured Tbilisi to accept bilateral arrangements with Russia to monitor the shared border and undertake joint counter-terrorist actions.

The withdrawal of the BMO left Georgia facing Russia alone on its northern border without the transparency that the OSCE had provided. The danger is real. In 2004, the BMO reported some 800 illegal crossings of the border, most of which were non-threatening but an estimated ten percent of which were by armed men. In this situation, the possibility of Russian pre-emptive strikes has increased.

Moscow has also been keen to protect Russian citizens living on Georgian territory and especially in separatist South Ossetia and Abkhazia. Since 1999, the Russian government has pursued an active 'passportisation' policy towards the populations living in these regions. By 2006, an overwhelming majority of their populations had Russian passports. This situation has provided Moscow with an additional lever in the conflicts. Indeed, at times of tension in the conflict zones, the Russian government has often notified the Georgian government of its intention to protect the safety and interests of Russian citizens. The implicit threat is of intervention to protect its citizens.

This policy must be understood as part of a wider policy of support to the separatist authorities. Many officials holding positions in the 'power ministries' in South Ossetia are retired Russian military or security officers. Russian energy companies provide subsidised energy to both regions. Russian investment has rebuilt many of Abkhazia's resort complexes, and economic ties are very strong with Russia's North Caucasus. During the presidential elections in Abkhazia, the Russian government provided extensive support to the incumbent Prime Minister, Raul Khajimba, to become the new Abkhaz 'President.' The Abkhaz electorate voted differently, but Russia still ensured that Khajimba was 'elected' as vice president to his opponent Sergei Bagapsh. Despite the damaging role played by Russia in the electoral process, Abkhazia's dependence on Russia has grown. Most of Abkhaz tax revenues are raised from trade across the Psou border with Russia. Moscow has started paying for the pensions of some 30,000 people in Abkhazia (newly registered Russian citizens) – as a result, the pensions

81. See statement reported by IPD, March 3, 2005 (410-03-03-2005: www.mid.ru).

received have been increased from 2 US dollars/month to 20 US dollars.[82]

What is more, Russian tourists bring an estimated 50 million US dollars to Abkhazia during the high season every year. On occasions when Georgia has sought to enforce the trade sanctions regime against Abkhazia, the Russian government has declared its intention to defend the safety of Russian tourists sojourning in the breakaway region. Moscow has rejected Georgia's interpretation of the 1996 CIS agreement to impose trade sanctions against Abkhazia. In Putin's words, 'we think that an economic blockade, not to mention military pressure, does not result in resolving problems.'[83] The Russian president also defended Russian *private* investment as not violating the 1996 CIS decision, which only concerned *public* contacts with the separatist authorities. As such, the opening of a passenger railway line between the separatist capital of Sukhumi and the southern Russian town of Sochi in September 2004 was presented as perfectly legal.

The second level of Russian stakes in Georgia has concerned the former Soviet Union. The Rose and Orange Revolutions confirmed for Moscow that the region was in flux. At the least, the post-Soviet order of the late 1990s, characterised by corrupt politicians, weak institutions, widespread poverty and societal apathy, was changing.

With this, the 'former Soviet Union' was collapsing as a concept and reality. From the Russian point of view, this collapse challenges Russia's position and the future of the CIS. In July 2004, Putin stated: 'We are facing an alternative – either we will achieve a qualitative strengthening of the CIS and create on its basis an effectively functioning and influential regional organisation, or else we will see inevitably the erosion of this geopolitical space.'[84] For Moscow, these developments threaten one of the foundation pillars of Russian foreign policy since 1992, which has been based on the assumption of Russian hegemony in the former Soviet Union. These trends raise difficult questions: What is *Russia* if it does not 'control' the former Soviet Union? What do these trends say about the potential for revolution inside Russia itself? Especially after Ukrainian events, much ink has been spilled in Moscow on the question of what will happen before and during Russia's 2008 presidential elections. Moscow is worried.

82. Data from a research visit to Abkhazia, February 2005.

83. Giorgi Sepashvili, 'CIS Summit Reveals Rift in Russian/Georgian Relations,' *Civil Georgia Report* (17 September, 2004: www.civil.ge).

84. Cited by Ilan Berman, 'The New Battleground: the Caucasus and Central Asia,' *The Washington Quarterly* (Winter 2004-2005), pp. 55-66.

Finally, Russian stakes in Georgia are tied to wider trends in Euro-Atlantic relations and European security. Already in 1998, Stanislav Cherniavski, from the Russian Ministry of Foreign Affairs, noted with concern that 'the Transcaucasus is turning into a US sphere of strategic interests.'[85] The deeper military engagement of the US in Georgia that followed the 11 September attacks has been watched with concern in Moscow. In Russian strategic thinking, the North and South Caucasus are integral parts of the *same* security system. Developments, whether positive or negative, in one area are seen to impact automatically on the other. Thus, the strengthening US presence in the South Caucasus is seen to mean weakening Russian control over the North Caucasus.[86] Fears of foreign encroachment in the North Caucasus were raised at the highest Russian level after the hostage-taking crisis in Beslan in September 2004. The British journalist, Jonathan Steele, cites Vladimir Putin after the crisis: 'There are certain people who want us to be focused on our internal problems and they pull strings here so that we don't raise our head internationally.'[87] The Russian President was more evocative on September 24, 2004: 'Imagine a lion that falls into a trap and jackals run around and bark maybe from fear, or maybe from joy.'[88]

Russia's Georgian policy also plays into its wider European policy. The Russian veto against extending the BMO was part of a wider campaign to reform the OSCE and rid it of what Moscow has called 'disbalances' and 'double standards.' Once highly valued by Moscow, the OSCE has become its *bête noire*, as Russia now views the organisation as a tool used against its interests in the former Soviet Union. Russian criticism of the OSCE has focused on the standards used by its Office for Democratic Institutions and Human Rights, responsible for election monitoring, the focus of OSCE activities on the Balkans and the CIS region, the lack of control by Participating States over the activities of OSCE missions, and the Organisation's focus on the Human Dimension over other areas of OSCE prerogative. Linked with the debate about the future of the OSCE as a whole, Moscow has sought to curtail its activities in Georgia.

The Russian government is also well aware of deepening Georgian relations with NATO and the EU since the Rose Revolution. Should the Georgian government implement effectively its IPAP, it is likely to be offered an open-ended Membership Action Plan, which will set it on the path to NATO membership. After swallow-

85. Stanislav Cherniavski, 'The South Caucasus in NATO Plans,' *International Affairs* (Moscow: vol. 44, no. 6, December 1998 – January 1999).

86. See, for example, 'Georgia as a Bridgehead for a US Offensive against the Russian Caucasus,' *Pravda*, 4 June, 2005 (www.pravda.ru).

87. Jonathan Steele, *The Guardian*, 8 September, 2004.

88. Putin speaking to the World Congress of News Agencies, 24 September, 2004: www.kremlin.ru.

ing Baltic membership, Moscow has rejected outright Georgian and Ukrainian membership of the Alliance. It is clear for Moscow that Georgia falls increasingly firmly within the Euro-Atlantic security space. The stakes are high.

At the very least, Russia has two objectives with regard to Georgia: first, to ensure that Russia continues to have a voice in Georgian developments and is not excluded; and, second, to avoid anti-Russian developments in Georgia. For Moscow, it is vital that the *correct precedent* be set in Georgia for wider European trends – this would have the OSCE reformed in the direction sought by Russia, it would ensure that NATO and the EU respect Russian interests with due weight and that Russia and the US find accommodation across the former Soviet Union.

The United States

By contrast, the United States has positioned itself as a revisionist actor in Georgia, seeking to ensure that the Rose Revolution 'succeeds.' Speaking in Freedom Square in Tbilisi on 10 May, 2005, President George W. Bush declared: 'Georgia is today sovereign and free, and a beacon of liberty in the region and the world (...) Before there was the Purple Revolution in Iraq or the Orange Revolution in Ukraine, or the Cedar Revolution in Lebanon, there was the Rose Revolution in Georgia.' For the American president, the message of the Georgian revolution 'echoes across the world – freedom will be the future of every nation and every people on earth.' The current US government stands firmly behind Georgia.

In strategic terms, America's military interests in Georgia had increased before the Rose Revolution following the September 11th attacks. Since 2001, the United States has been led by three interests: first, to support the development of Georgia's counter-terrorist capabilities; second, to ensure that Georgia and the region do not become a host to international terrorist activities; third, to ensure the development and transportation of Caspian Sea hydrocarbon resources to world markets. The Rose Revolution added a fourth – to strengthen the Georgian democratic state. As such, settling the conflicts has risen as a top priority for the United States in Georgia.

Georgia matters for US strategic thinking. In a hearing before the Senate Armed Forces Committee in March 2005, General

James L. Jones, Commander of US Europe Command, declared: 'Our 21st century center of gravity reflects the continuing importance of the Greater Middle East, the Caucasus, the Levant and the ungoverned regions of north and west Africa.'[89] General Jones highlighted Georgia as a vital air corridor for US objectives in Afghanistan and Iraq and a key transit state for Caspian energy reserves. The democracy agenda was not missing from the General's statement. In his words, Georgia was also a 'geographical pivot point in the spread of democracy and free markets to the states of Central and South West Asia.' The US government has keenly welcomed Georgia's participation in the NATO-led operation in Afghanistan (fifty troops in 2004 under German command) and its contribution of some 900 soldiers to military operations in Iraq. Georgia's contribution in Iraq has been the largest in *per capita* terms.

According to a number of influential American thinkers, Georgia has become a key US ally in the Black Sea region. Vlad Socor argued before Senate Foreign Relations Committee in March 2005 that 'the Black Sea region forms the hub of an evolving geostrategic and geo-economic system that extends from NATO Europe to Central Asia and Afghanistan, and as such is crucial to US anti-terrorism efforts.'[90] In the evocative words of Bruce Jackson and Ron Asmus, the Black Sea region is the Euro-Atlantic community's new Fulda Gap: 'The Black Sea region is at the epicentre in the grand strategic challenge of trying to project stability into the wide European space and beyond into the Greater Middle East.'[91] At the 'epicentre' of the 'epicentre' stands Georgia.

These statements of strategic interest have translated at five levels in practice. First, the US military has become deeply involved in supporting the reform of Georgia's armed forces. In 2002, the US launched the *Georgia Train and Equip Program* (GTEP) designed to train over twenty-four months some 1,200 Georgian troops in counter-insurgency tactics.[92] In 2005, the US launched the *Sustainment and Stability Operation Program* (SSOP), where another 60 million USD has been allocated for preparing two Georgian infantry battalions for peace support operations in Iraq.[93] In addition, the US will help train and support a logistics battalion, the staffs for two brigades and elements from signal and reconnaissance companies. The US plans also to support the reform of the Land Forces Command, to set up the Operational Cell within the Joint Staff of the armed forces and to upgrade the National Train-

89. Statement of General James L. Jones (USMC), Commander US Europe Command before the Senate Armed Forces Committee (1 March, 2005).

90. Vladimir Socor, 'Advancing Euro-Atlantic Security and Democracy in the Black Sea Region,' Testimony before the Senate Foreign Relations Committee, Sub-committee on European Affairs (8 March, 2005).

91. Ron Asmus and Bruce Jackson, 'The Black Sea and the Frontiers of Freedom,' *Policy Review* (June-July 2004).

92. See the 'Fact Sheet' on GTEP produced by the US Department of Defence Europe Command, available at: http://www.eucom.mil

93. See the Statement of General James L. Jones (USMC), Commander US Europe Command before the Senate Armed Forces Committee (1 March, 2005).

ing Centre. Moreover, Georgia will continue to receive assistance from the US State Department within the Georgia Border Security and Law Enforcement Program (GBSLE), launched in 1997.

Second, the US has supported Georgia's deepening relations with NATO. The Alliance became increasingly present in the South Caucasus after the mid-1990s, when Georgia and Azerbaijan joined the Partnership for Peace programme (PfP).[94] The 2002 Prague Summit launched new relations with partners in this region, founded around the Individual Partnership Action Plan (IPAP) and the Partnership Action Plan on Terrorism.[95] The North Atlantic Council endorsed Georgia's IPAP in late October 2004. The Georgian government seeks a Membership Action Plan along with Ukraine in late 2006, with a view for accession by 2008. In the meantime, ties have deepened quickly. In March 2005, NATO and Georgia reached agreement on the Alliance's right to transit Georgian air, sea and land space with troops and equipment.

Third, the US government has supported Georgia's position on South Ossetia. Washington has accepted with Tbilisi that the status quo cannot be allowed to continue. In his statement to the Senate Foreign Relations Committee, Ambassador-designate to Georgia, John Tefft, said as much: 'A peaceful solution is the only answer to South Ossetia and Abkhazia but the status quo should not remain.'[96] In September 2005, Tefft called for a new diplomatic approach to the conflicts, arguing that 'freezing (the conflicts) in time, keeping them in the current status quo, does not seem to be an option.'[97]

Challenging the status quo has meant different things at different times. In mid 2004, the US government called for expanding the mandate of the OSCE in South Ossetia and supported Georgia's idea for convening an international conference. In 2005, the US government backed Georgia's proposal for settling the conflict in South Ossetia, and the new Secretary of State has consistently raised the issue with her Russian counterparts. Given the range of issues crowding the US-Russian agenda, the presence of South Ossetia as an item testifies to the importance of Georgia for current US interests.

Fourth, Georgia has become a recipient of the US government's Millennium Challenge project.[98] The Millennium Challenge Account, signed in September 2005, provides Georgia with access to 295.3 million USD over the next five years with a focus on

94. For more details on these ties, see http://www.nato.int/pfp/eapc-cnt.htm.

95. See 'The Prague Summit Declaration,' 21 November, 2002 (http://www.nato.int/docu/pr/2002/p02-127e.htm)

96. Statement of John Tefft, Ambassador-Designate to Georgia, to the Senate Foreign Relations Committee (24 May, 2005).

97. Cited by Mark David Simakovsky, 'US Diplomacy Strives to Keep South Ossetian Conflict in Check,' *EurasiaNet Report* (30 September, 2005): www.eurasianet.org.

98. See the official website of the Millennium Challenge Corporation: www.mca.gov.

regional infrastructure rehabilitation and enterprise development. This targeted project comes in addition to the yearly US aid programmes in Georgia. In the financial year 2005, US aid reached 138.9 million USD, consisting of support to democracy projects, economic and social reforms, humanitarian assistance, strengthening the law enforcement agencies and various cross-sectoral initiatives.[99] The US has also fielded some sixty Peace Corps volunteers in Georgia.

Finally, US policy has included pressure on Tbilisi to ensure that the momentum generated by the revolution does not slip. Washington has been keen to avoid three dangers: first, that Georgian domestic politics becomes increasingly illiberal; second; that renewed fighting erupts in the conflict zones; and third, that Russia-Georgia relations reach crisis levels. During the escalation of events in Ajara and South Ossetia in 2004, the US government sought to restrain Georgian policy – to no avail. In 2004 and 2005, US officials publicly drummed home its view that Georgia's democratic reforms were far from over. However, continuing high-level visits by US officials, including by the President, and the lavish attention Georgia gets in Washington, has tended to offset such pressure. Georgia matters for the United States, and Tbilisi knows this.

European states

At the national level, EU member states have been engaged in Georgia since the early 1990s. New member states had also stepped up their involvement, as have candidate countries. Turkey, in particular, had crafted a strong presence in Georgia well before the Rose Revolution. New EU member states and Romania have become keen supporters of Georgian interests on the international stage. Older EU member states and Turkey are more deeply involved in Georgia, but they have lower profiles and more restrained ambitions. Differences should not be overplayed, as both new and old member states increasingly act within the framework provided by the European Union. As candidate states to the EU, only Turkey and Romania remain outside the Union framework.

During his visit to the Baltic region in October 2004, Saakashvili declared: 'Now we have close friends to make our voice heard within the EU and NATO.'[100] In Georgian foreign policy,

99. 'US Aid to Georgia FY 2005' (US Department of State: 15 August, 2005).

100. Cited by Vlad Socor, 'Baltic Anchors to the Black Sea,' *Eurasia Daily Monitor* (The Jamestown Foundation: 21 October, 2004).

the focus on Romania and the three Baltic states has been included under the framework of 'Baltic-Black Sea Cooperation.' Despite such an improbable name, cooperation has developed quite rapidly. Romania, Bulgaria and the three Baltic states, indeed, compose the so-called 'New Group of Friends of Georgia,' created to echo the Group of Friends of the UN Secretary General on Georgia. In practical terms, the Baltic states have developed important niche areas of support to Georgia, including expertise on adjusting legislative standards, police training, defence planning and support to the reform of the Georgian Border Guard service.

In addition, new member states have tended to defend the Georgian position inside the EU and the OSCE. Most of them were advocates for a stronger OSCE role in South Ossetia, and all were critical of Russia's veto of the BMO. After its closure, some EU member states called on the EU to deploy a replacement operation on the Russian-Georgian border. This initiative was blocked by other EU member states, which argued that European Security and Defence Policy (ESDP) had not been created to deploy operations on Russia's borders without its cooperation. As a result, new members have been actively involved in the Council programme to assist the reform of the Georgian Border Guard service. New member states remain active proponents of a reinforced EU political role in Georgia.

The election of Traian Basescu as Romanian President activated the Black Sea dimension of Romanian foreign policy. Always present in Bucharest's thinking, the idea of Romania building a leading profile in this largely forgotten European concern has been promoted by Basescu with undaunted energy. The result has been a proliferation of initiatives from the Romanian presidency, calling for greater cooperation between the riparian states and for greater Euro-Atlantic engagement in the region. Before an American audience in Washington in March 2005, Basescu declared: 'Geographically, historically, the region between the Baltic Sea and the Black Sea, including the South Caucasus, is inseparable from Europe [and] an indispensable part of Euro-Atlantic security and prosperity.'[101] Georgia has pride of place in Basescu's thinking about the importance of the Black Sea.

Older EU member states have distinct positions in Georgia. The Group of Friends of the UN Secretary General on Georgia, framing international approaches toward the Abkhaz conflict,

101. See his speech to the Council for Foreign Relations, 'The Black Sea Region — Advancing Freedom, Democracy and Regional Stability' (10 March, 2005).

includes the United States, the United Kingdom, France, Germany and Russia. The German diplomat, Dieter Boden, held the post of Special Representative of the Secretary General between 1999 and 2002, and played an influential role in the negotiation process. The British government appointed Sir Brian Fall as Special Envoy to Georgia in 2002, and enlarged his remit to include the South Caucasus in 2003. EU member states also have bilateral assistance programmes with Georgia. British assistance, for example, has stood at around ten million pounds per annum, including an element of military assistance with the British Military Advisory Training Team (BMATT). Germany also developed a military assistance programme, focusing on the ministry of defence.

Since the late 1990s, Turkey has developed a strong if low profile in Georgia. This activity has been driven by Ankara's wish to develop close relations with this important neighbour. Georgia's relevance was increased with the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline to transport Caspian energy production to Turkey's Mediterranean coast. The planned Baku-Tbilisi-Erzurum natural gas pipeline will make Georgia all the more crucial for Turkey's plans to become the 'fourth artery' of energy supplies to the European market. On the whole, Turkish governments have been more interested in supporting stability in Georgia – no matter the government in power – than in playing geopolitical games of seeking influence. Low-key has been the watchword of Turkish policy.

Military cooperation has deepened significantly since the 1990s. In 1997, Georgia and Turkey signed a military cooperation agreement, which has been the framework for Turkish military assistance. Since then, Turkish assistance has included the provision of military equipment, the training of Georgian troops and officers, support to the reform of Georgia's National Defence Academy and, in particular, the modernisation of the Vaziani airbase to NATO standards. Some forty Georgian troops were included in Turkey's military contribution to KFOR. After the visit of the Turkish defence minister to Tbilisi in June 2005, Turkey granted another 1.5 million USD to support the reform of the Georgian armed forces, bringing total assistance since 1998 to 37 million USD.[102] A significant figure.

102. See the *Civil Georgia Report*, 'Turkey Grants 1.5 million dollars to the Georgian Armed Forces' (9 June, 2005: www.civil.ge).

Turkish-Georgian economic ties have also become important. Turkey is Georgia's second export market, and the third most important investor after the United Kingdom and the United States. (As with these two countries, most investment has been tied to the transit of Caspian energy supplies.) To develop economic relations more widely, a Joint Intergovernmental Economic Commission was agreed between Tbilisi and Ankara in August 2004, and both have agreed to facilitate contacts across their shared border.

EU policy, interests and stakes

5

This chapter will review EU policy towards Georgia since 1990s. The first section will examine the evolution of EU policy. Subsequent parts will clarify EU interests in Georgia, and explore the stakes that Georgia raises for Europe. In this discussion, 'interests' are defined as those concerns that arise specifically in Georgia, while 'stakes' are concerns that arise at a wider international level and that are being played out in a Georgian context. While overlapping, interests and stakes are not the same.

EU policy until 2006

EU thinking about Georgia and the South Caucasus has been subject to an evolving debate between various member states and institutions of the EU itself.[103] Thinking has circled around one key question: how to advance conflict settlement? Conflict resolution is a necessary precondition for the effectiveness of EU assistance.

A Partnership and Cooperation Agreement (PCA), agreed in 1999, has been the legal framework for relations.[104] Seventy-nine pages long, the PCA sets forth the objectives for political dialogue, trade, business and investment issues to economic cooperation and intellectual property questions. Three institutions were created: a Cooperation Council, which meets once a year at ministerial level, a Cooperation Committee that meets more regularly at the level of officials, and a Parliamentary Cooperation Committee with the European Parliament that meets annually. The heart of the PCA with Georgia is economic and technical. On the whole, prior to the Rose Revolution, the political dimension had a low profile.

Between 1992-2004, the EU provided 420 million euros in assistance to Georgia.[105] This has included 160 million euros in humanitarian aid, 110 million euros in TACIS related assistance,

103. See the author's discussion in 'The South Caucasus: A Challenge for the EU', *Chaillot Paper* no. 65 (Paris: EU Institute for Security Studies, December 2003).

104. For the PCA, see: http://europa.eu.int/comm/external_relations/ceeca/pca/pca_georgia.pdf.

105. See *ENP Country Report Georgia* (Commission Staff Working Paper COM (2005), 72 final, Brussels, SEC(2005)288/3).

and 70 million euros in the Food Security Programme. In addition, Georgia benefited from being one of the twenty-nine focus countries of the European Initiative for Democracy and Human Rights (EIDHR) in 2002-2004, receiving some two million euros for support to civil society. Georgia has also featured as part of the EU's wider regional policy frameworks, such as TRACECA (the Europe-Caucasus-Asia transportation corridor) as well as the INOGATE programme to support cooperation in oil and gas infrastructure systems. In the late 1990s, the EU also agreed a number of CFSP Joint Actions towards Georgia, related mainly to rehabilitation of the conflict zone in South Ossetia.

The coming into force of the PCA with the three Caucasus states sparked the first discussion on how the EU should promote stability in Georgia and the region. The Commission saw the need for the Union to lay down broad strategic objectives for the whole region.[106] A Communication on EU relations with the South Caucasus of June 1999 identified the conflicts as the root causes of the region's political economic, and humanitarian problems.[107] In the Commission's view, EU assistance could *only* be effective if two conditions were fulfilled: if the conflicts were settled and if regional cooperation were developed. The joint Luxembourg declaration between the EU and the three heads of state (22 June, 1999) that accompanied the coming into force of the PCA also recognised the importance of conflict settlement for external assistance to be effective, as well as the need for regional cooperation.

The response from the General Affairs Council (GAC) was timid. Discussions in the GAC on 21 June 1999 welcomed the Commission's Communication as 'timely and appropriate.'[108] The GAC also recognised that the 'effectiveness of EC assistance is directly connected to the development of the peace processes.' However, the member states declared that the PCA still offered the best framework for support to Georgia's transformation. Thus, there would be no overall EU strategy, and no political role other than that offered by the PCA. A vague pledge was made to develop strategic objectives for the EU 'in the coming years.' The GAC recognised that EU assistance would be ineffective without conflict settlement, but refused to create a framework that would enhance the prospects for this. The Union had entered something of a vicious circle, where the correct analysis was being made but the political will to act was lacking.

106. Largely under the impulse of strong individuals in the Commission at the time. The Commission had already put forward similar notions in an earlier Communication in May 1995.

107. See 'Bilateral Relations – South Caucasus,' *Bulletin EU* 6-1999, 1.3.98.

108. Press: 198 Nr:9008/99 (Luxemburg, 21 June 1999).

Nonetheless, the EU was not totally absent at the political level. EU activities included a reinforced political dialogue with Tbilisi. The EU provided support to the OSCE in South Ossetia, by funding small-scale rehabilitation programmes on the ground, and the presence of the Commission as an observer in the Joint Control Commission (since April 2001) overseeing the Russian-led peacekeeping operation. In addition, the EU provided assistance to the Georgian border guards in three Joint Actions. The EU also agreed to dedicate resources for the rehabilitation of the Enguri hydropower plant that is shared between Abkhaz and Georgian control.

Still, the EU retained a low overall profile, with little presence in the negotiating mechanisms, no direct involvement in mediation, and an undefined strategy to lead policy. Increasing frustration in 2001 with the lack of progress in the implementation of the PCA and the absence of conflict settlement stimulated an increase in EU activity.

Crystallising these trends, the Swedish presidency in the first half of 2001 identified the South Caucasus as one of its priorities. Under this impetus, the Council's Policy Planning Unit produced a paper in January calling for a major review of policy. A first ministerial troika visit to Tbilisi and other regional capitals in February 2001 reflected Sweden's determination to allocate more thought and energy to the region. Chris Patten and the late Anna Lindh published an article in the *Financial Times* on 20 February 2001, affirming that 'the EU cannot afford to neglect the Southern Caucasus,' and pledging a more targeted EU political role to support conflict resolution.[109] The Conclusions of the GAC of 26 February declared: 'The EU is willing to play a more active role in the region [...] and look for ways in which it can support efforts to push and resolve conflicts as well as in post-conflict rehabilitation.'[110] A troika of regional directors visited in 2001, followed by a political director troika visit in 2002. Additional rehabilitation assistance was secured in TACIS for South Ossetia in November 2002. Also, the Commission participated in the expert group meeting with the parties to this conflict, held in Portugal in October 2002.

These steps clearly did not add up to a 'reinforced policy.' A new round of internal head scratching ensued. The EU heads of mission in the South Caucasus presented proposals on how to enhance policy towards Georgia and the region in mid-2002. The

109. 'Resolving a frozen conflict – Neither Russia nor the West should try to impose a settlement on the Southern Caucasus', *Financial Times*, 20 February 2001.

110. GAC Conclusions (Brussels, 26-27 February 2001 6506/01 Press 61).

Commission follow-up called for a broader EU political role, including the possibility of sending an EU Special Representative. The Commission launched the process of reviewing the PCA fulfilment by Georgia, partly as a result of the kidnapping in Tbilisi of the EU expert, Peter Shaw. The Political and Security Committee discussed the question of appointing a Special Representative on a number of occasions in late 2002 and early 2003.

As a result, the EU designated Finnish diplomat, Heikki Talvitie, was appointed as the EU Special Representative (EUSR) for the South Caucasus on 7 July 7, with the following mandate:

> To further these objectives, the EUSR will in particular develop contacts with governments, parliaments, judiciary and civil society, encourage the three countries to co-operate on themes of common interest such as security threats, the fight against terrorism and organised crime and prepare the return to peace including though recommendations for action related to civil society and rehabilitation of territories. He will also assist in conflict resolution, in particular to enable the EU better to support the UN Secretary-General and his Special Representative for Georgia, the Group of Friends of the UN Secretary General for Georgia, the OSCE Minsk Group, and the conflict resolution mechanism for South Ossetia under the aegis of the OSCE.[111]

The EUSR was to engage with all local and regional actors and develop recommendations for the return to peace in the conflicts. The EUSR would not join existing negotiating mechanisms but seek to 'enable' them. This decision was the culmination of an evolving debate within the EU on how to build a stronger political role in Georgia and the region. Still, the appointment did not end the debate. The questions facing the EU since 1999 were not resolved with Talvitie's appointment.

The Rose Revolution occurred at the end of the EUSR's first mandate term. One first impact of the revolution was on the European Neighbourhood Policy (ENP). When the Commission published its Communication on Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours, in March 2003, the South Caucasus was literally a footnote: 'Given their location, the Southern Caucasus therefore also falls outside the geographic scope of this initiative for the time being.'[112] Georgia, Armenia and Azerbaijan were rescued

111. Decision Taken by Written Procedure (11027/03: Brussels, 7 July 2003). For the full text of the Joint Action, see *Official Journal of the European Union* (July 8, 2003, L 169/74 – L 169/75).

112. *Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbour* (Commission Communication COM(203) 104 final: Brussels, 11 March 2003).

from obscurity by the European Security Strategy in December 2003, which stated that: 'We should take a stronger interest in the problems of the Southern Caucasus, which in due course will also be a neighbouring region.' But only the Rose Revolution brought the South Caucasus fully into the European Neighbourhood Policy.

In a policy review launched by the Irish Presidency in early 2004, the EU Council decided in June to include the three states in the ENP. Coming at a late stage, the three states were not part of the first wave of Actions Plans negotiated with ten EU neighbours, including Ukraine and Moldova, in 2004. In 2005, the Commission revealed its objectives for the Action Plans with the South Caucasus.[113] These included cooperation in promoting the rule of law and human rights protection, strengthening democratic institutions and pluralism, improving business climates, examining the possibility of visa facilitation, cooperation in energy transportation, and, of course, progress towards conflict resolution. Much to the Georgian government's dismay, the EU was not ready to start negotiations on the Action Plan before late 2005.[114]

In addition, after the revolution, the EU deployed its first civilian ESDP mission in Georgia in the form of a Rule of Law mission in July 2004 (EUJUST Themis).[115] Deployed for twelve months, EUJUST Themis assisted Georgian efforts to reform its criminal justice system. Specific aims were fourfold: first, to provide guidance for a new criminal justice reform strategy; second, to support the overall coordinating role of the relevant Georgian authorities in the field of judicial reform and anti-corruption; third, to support the planning for new legislation as necessary; and finally, to support the development of international as well as regional cooperation in the area of criminal justice.

On 30 June 2004, Ms. Sylvie Pantz was appointed to lead the mission, with a budget of 2,050,000 euros. After facing initial difficulty in setting up the mission, Sylvie Pantz moved quickly. She succeeded in co-locating European experts in relevant offices throughout the Georgian government. In late 2004, the Georgian government created the appropriate inter-agency commission to lead reform of the criminal justice system. On 11 May 2005, the government adopted a Strategy for Criminal Justice Reform. The mandate was fulfilled in the letter, with two key objectives met. However, the reform of Georgia's criminal justice system remains ahead.[116]

113. *ENP Recommendations for Armenia, Azerbaijan, Georgia, Egypt and Lebanon* (Commission Communication, COM(2005)72 final: Brussels, 2 March 2005).

114. For reasons that were related to EU relations with Azerbaijan and that had nothing to do with Georgia.

115. For information on the decision, mandate and course of the mission, consult the Council website: http://ue.eu.int/cms3_fo/showPage.asp?id=701&lang=en&mode=g.

116. See the forthcoming EUISS *Chaillot Paper* on Civilian Crisis Management for a critical discussion of EUJUST Themis.

After the Rose Revolution, the EU also stepped up its role in Abkhazia and South Ossetia. Since 1998, the EU has implemented three phases of a rehabilitation programme around the South Ossetian conflict (7.5 million euros in total). Earlier phases focused on the rehabilitation of the drinkable water supply network, parts of the electricity network and schools, and the railway link between Gori-Tskhinvali. The third phase will continue in 2006, and consists of 2.5 million euros to rehabilitate basic infrastructures (concerning, for example, gas and water distribution in Tskhinvali, local waste management, and the completion of school renovation projects). The European Commission supported the OSCE-led Needs Assessment Study undertaken in late 2005 and early 2006, and declared its readiness to support new rehabilitation and development projects.

EU involvement in Abkhazia has revolved around seven projects. First, most prominently, the Commission launched an economic rehabilitation programme (4 million euros in total) in two phases in 2005 and 2006 to improve conditions in western Georgia and regions inside Abkhazia (Gali, Ochamchire, Tkvarcheli and Zugdidi). Projects include local economic development, infrastructure rehabilitation, educational support and some capacity building with local NGOs. Second, the EU has supported de-mining activities in Abkhazia. Third, the Commission set aside some 9 million euros to rehabilitate the Enguri Hydropower Plant, a vital electricity provider for all of western Georgia. Fourth, the European Commission Humanitarian Aid Office (ECHO) continued its humanitarian relief programmes in Abkhazia and Georgia proper, with a focus on health and agricultural projects. Fifth, the Commission's Rapid Reaction Mechanism has provided assistance to confidence building activities of international NGOs (*International Alert* and *Reconciliation Resources*). Sixth, in 2005, the Commission launched micro-projects, funded from the EIDHR, to support NGOs in the separatist region. Finally, though the Decentralised Cooperation Mechanism, the EU has supported rehabilitation efforts in Sukhumi and western Abkhazia. By 2005, in both conflict zones, the EU had become the largest donor and the most comprehensively engaged.

The Rose Revolution impacted especially on the role of the EUSR. His mandate did not change officially, but Heikki Talvitie assumed a heightened profile in Georgia itself. The EUSR made important shuttle visits during the crises over Ajara and South

Ossetia in 2004. Later that year, Talvitie raised the idea of calling on the Venice Commission to assist in the drafting of a settlement plan for South Ossetia – an idea that was taken up by Tbilisi. In mid-2004, the idea had been floated of the EUSR having liaison officers based in the three South Caucasus capitals. After initially rejecting the notion, the Council decided to deploy a EUSR team in Tbilisi in September 2005. The crisis that arose over the closure of the BMO and the insistence by some member states on EU action had changed the stakes. Some member states had pushed for a EU operation to monitor the Russian-Georgian border. However, Russian expressions of concern with this prospect convinced several other member states of the need to avoid deploying the EU on Russia's border without its agreement. Strengthening the EUSR Team was a compromise rising from this tension.

The EUSR team formally opened in Tbilisi on September 1, 2005 with two objectives. The first was to house a reduced number of experts from EUJUST *Themis*, who remained as follow up to the Rule of Law mission. Second, the EUSR team has been tasked to assist the reform of the Georgian Border Guard service. The team, run by William Boe, has consisted of twenty members of staff: thirteen EU staff and seven Georgians (five reform experts, one administrator, and one secretary). Close and cooperative relations were established quickly with the EC delegation, with whom the EUSR team is housed in Tbilisi. In the team, eleven EU staff are deployed on secondment, nine of which work on border guard issues. With regard to border guard issues, three have focused on reforms in Tbilisi, while five are deployed in the field as 'mentors.' A Georgian expert has been attached to each of the five EU reform experts, who have been co-located in different ministries (three related to the border, two to EUJUST *Themis* follow-up staff). On the question of border security, the EUSR Team started at a fast pace, producing an assessment of Georgian needs in this area by November 2005 and pressuring the government to launch an extensive reform process.

In late January 2006, the Council reviewed the mandate of the EUSR, providing for a stronger role to the new Special Representative appointed later that spring. The new mandate provides for a stronger EUSR political role across the region, with a focus on the conflicts and in preparing for EU engagement in post-conflict rehabilitation and reconstruction. Most importantly, the new mandate stresses a greater role for the EU also in contributing to

the peaceful settlement of the region's conflicts by undertaking measures that assist in creating the conditions for progress on settlement. In 2006, the EU stands poised, therefore, to undertake more active measures to build better conditions for progress on conflict settlement. The mandate is more proactive and positions the EU for a stronger 'upstream' role in the conflict settlement process.

Thus, the evolution of EU policy has shown two features. First, policy has not been set firmly. Georgia has been an almost constant item of debate within the EU family, including the Commission, the Council, old and new member states. The Rose Revolution confirmed the EU desire to raise its profile; but it did not provide answers as to how to do so. The debate is ongoing. Second, the EU has been led by events rather than strategy. Especially after the Rose Revolution, developments on the ground have been the drivers of policy. Never has the EU calmly determined its interests in Georgia or considered the range of tools necessary to advance these.

What are European interests in Georgia? What are the stakes for the EU? These questions must be answered before exploring what the EU might do.

Direct European interests

The EU has five direct interests in Georgia.

First, the Union has an interest in the fulfilment of the expectations that were born with the Rose Revolution. Before the change of power, Georgia was a failing state and a failing democracy. It is important for the EU and its member states that good governance is established in Georgia and that its territorial integrity is restored peacefully. The Rose Revolution marked Georgia's return to the path of democratic transition, a path that is full of difficulty and uncertainty. Nonetheless, new horizons have opened in terms of Georgia's democratic transformation, its economic reform, and for the restoration of political stability. Developments since the revolution have shown that taxes could be collected in Georgia, that the country could be unified with Ajara brought peacefully into the fold, and also that the country could be united around a single idea and leadership. Clearly, all the hard work lies ahead, but a new logic has been launched in Georgia. The

EU has a clear interest in Georgia fulfilling its promise.

Second, Georgia is an important neighbour of the enlarged European Union. The EU has a number of objective interests in its stability and prosperity. A weak and failing Georgia could serve as a source of threats or their transit towards Europe. The EU has an interest in Georgia not becoming a challenge in terms of international organised crime, drug trafficking from Central Asia or the pressure of illegal labour migration. This interest is all the more salient because Georgia is situated on the eastern coast of the Black Sea, a region of rising importance for the EU. Also, the majority of countries on the Union's immediate borders have not embarked on the democratic transition that Georgia has chosen. Georgia stands out in the neighbourhood as a country genuinely seeking to become European. A democratic and stable neighbour is important for EU security.

Third, the Union has a direct interest in the stability of Georgia for the transit of energy production from the Caspian Sea. With the opening of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, Georgia has emerged as an important transit state for Caspian oil to European markets. By 2010, the production of Azerbaijani oil is expected to reach one billion barrels per day. The BTC pipeline is key for securing European access to this market. The planned completion in 2006 of BTC's sister project, the Baku-Tbilisi-Erzurum natural gas pipeline, will confirm Georgia's centrality. The EU estimates that its energy imports will rise from 50% to over 70% by 2030.[117] Given the tightness of the current oil market, even relatively marginal increases in production can have an impact on overall pricing. Azerbaijani oil production, therefore, despite representing only 1.3% of world oil production, is significant.[118] In this case, securing access to Caspian Sea energy reserves is vital.

Fourth, the EU is interested in the peaceful settlement of Georgia's conflicts. The threat of war has not receded in Abkhazia or South Ossetia. From the European view, the resumption of 'hot wars' would unravel all of the gains Georgia has achieved since the Rose Revolution and increase doubts over the country's future. Apart from the unacceptable cost of human casualties in Georgia itself, renewed conflict would leave the South Caucasus ever more hostage to blockades and tensions. New wars would spill over also more widely through the Black Sea region, and possibly affect the security of EU candidate countries. At the same time, the status quo in these conflicts is dangerous and unwelcome, as it perpetu-

117. See the Commission Communication, Final Report on the Green Paper *'Towards a European Strategy for the Security of European Energy Supply'* (COM(202)3211 final: Brussels, 26 June 2002): http://europa.eu.int/comm/energy_transport/livrevert/final/report_en.pdf

118. See the discussion of the BTC in S. Fred Starr and Svante Cornell (eds.), *The BTC Pipeline: Oil Window to the West* (Washington: CACI Johns Hopkins University, 2005).

ates Georgia's weakness and does nothing to improve the lives of the populations living in the separatist areas. Some way must be found to break the inertia of the *status quo* peacefully.

Finally, Georgia matters for reasons associated with the new security threats defined after 11 September. It is important that Georgia does not become an unwilling host or conduit for international terrorist groups either into the North Caucasus or around the Black Sea. In addition, it is vital that Georgia is not used for the sourcing or sale of materials related to the construction of weapons of mass destruction. As with all of the former Soviet republics at independence, Georgia contained numerous sources of radioactive materials, which may be found at hospitals, laboratories and/or military bases. Most of these have been fully secured, but not all.

The stakes for Europe

The EU has also wider stakes at play in Georgia. It is the interweaving of interests and stakes that makes Georgia so important for the EU.

First, the EU has a stake in Georgia because the Rose Revolution has challenged the shape of Europe itself. The 'velvet' revolutions of the late 1980s did not transform Europe's borders as such; they brought a group of countries, unconditionally accepted as European, back to 'Europe.' Events in Georgia challenge the shape of Europe as it was defined after the end of World War Two.[119] The Georgian revolution raises the question of where 'Europe' ends. This is not to say that the EU must enlarge to include Georgia. Quite the contrary: in current circumstances, Georgia raises the challenge of delinking the project of integrating with the EU from that of integrating with Europe. If Georgia cannot envisage accession into the *EU*, this country still must be integrated into *Europe*.

Second, Georgia raises stakes for CFSP. As argued in the Introduction to this volume, Georgia embodies the challenge facing the EU as a security actor. The vision set forth in the European Security Strategy calls on the EU to promote stability and good governance in countries on its borders. This task is all the more vital as enlargement can no longer act as a surrogate for EU foreign policy. The challenge for the EU now in Georgia is to develop genuine foreign policy, using tools different from those of enlargement. The

119. This point was made by Ron Asmus of the German Marshall Foundation in Tbilisi in February 2005.

European Neighbourhood Policy is a first attempt at tackling this challenge and far from perfect. Georgia raises key questions: How can the EU support the transformation of a state on its borders without offering the incentive of membership? Put more bluntly, can the EU help transform a country while keeping it at arm's length?

Third, Georgia raises stakes for Europe's security architecture. In 2006, Georgia stands at a moment of uncertainty with regard to the rising and declining roles of Europe's security actors. Given the crisis that has paralysed the OSCE since December 2004, can key areas of Georgia's security still be tasked to an organisation that relies on the concept of cooperative security when this quality has dissipated? The division of labour between European security organisations, which in the 1990s had been a question faced by the UN and the OSCE, now brings together the EU, NATO and the OSCE. Decisions taken by these organisations in Georgia will have implications on their wider place in Europe's security.

Fourth, Georgia raises transatlantic stakes. Despite the difficulties that have assailed relations between the US and Europe since the start of the war in Iraq, strong cooperation has arisen on policy towards the former Soviet Union. This was most evident during the Orange Revolution in Ukraine, when coordination occurred daily between Brussels and Washington. In Georgia, European-American coordination was instrumental in securing Russia' agreement in May 2005 to withdraw its remaining bases. Both the EU and the US must continue to work together to advance shared interests in Georgia, even if all of their interests are not the same. Transatlantic cooperation is key for Georgia's success.

Fifth, Georgia raises stakes for EU-Russian relations. In 1999, the EU and Russia declared their intention to build a strategic partnership and much energy has been devoted since to achieving this objective. By 2005, the results were thin. Still, at the EU-Russia summit in May 2005, Brussels and Moscow reached agreement on roadmaps for the creation of four common spaces between them, including on the creation of a Common Space of External Security.[120] The roadmap on external security highlights progress in EU and Russian thinking about security cooperation in the shared neighbourhood – or, as the document puts it (at Russia's insistence) 'the regions adjacent to the EU and Russian borders.' In particular, the document contains a number of important first

120. The roadmaps may be found on the official ENP website: http://europa.eu.int/comm/external_relations/russia/summit_05_05/index.htm#es1

principles, which, if respected, will attenuate the potential for tensions. The EU-Russia strategic partnership will be crafted in the shared neighbourhood, or not at all.

The EU has no interest in conflictual relations between Georgia and Russia. For all the importance of Georgia, the Union and member states have no desire to be forced to choose between the two. As much as the Union seeks cooperative relations with Russia, however difficult this is, Brussels and member states are interested in a positive climate between Moscow and Tbilisi. The EU has a stake in good neighbourly relations between Russia and Georgia; at the same time, EU-Georgian relations cannot be held hostage to the 'strategic partnership' with Russia. The challenge for the EU and its member states is to strike a positive balance between these two imperatives.

Finally, the EU has a stake in Georgia's success, because of the precedent this would set for wider international security affairs. At the start of the 21st century, one of the key challenges facing the international community is to build democratic governance in contested states in difficult neighbourhoods. Georgia constitutes a crucial 'test case' for the EU in this regard.

Towards a new European policy

Questions facing the EU

Is EU policy in tune with European interests in Georgia?

Clearly, it is not. The Union's involvement in Georgia is relatively comprehensive, ranging from humanitarian support and capacity building to economic cooperation, but the EU's political profile remains restrained and *ad hoc*. Especially since the Rose Revolution, EU policy has been pulled by events and less by strategic considerations. EU engagement remains caught between hesitation and uncertainty.

How can policy be brought in harmony with European interests? How can the EU promote the peaceful settlement of Georgia's conflicts? Should it become involved in mediation or remain active at the level of rehabilitation? How should the EU manage the 'Russia factor'? How can the European Neighbourhood Policy be made to work with Georgia? These questions gain urgency in 2006, because the EU and Georgia will finalise negotiations on an ENP Action Plan and the Council has reviewed the mandate of the EUSR and will appoint a new Special Representative.

Limits and principles

First, the limits of EU engagement must be clear.

Georgia is not Bosnia Herzegovina, and the South Caucasus is not the Western Balkans. For all its importance, Georgia is not a first order priority for European security. It matters, but other items matter more. This *Chaillot Paper* does not argue that the EU should paint Georgia 'blue and gold' in the colours of the European flag, or that the EU should become a leading player proposing complex solutions to all of Georgia's problems.

EU foreign policy towards Georgia is deeply constrained. The EU faces constraints of urgency, with more pressing questions on its foreign policy agenda. The political crisis shaking the Union since the French and Dutch referenda leaves little room for ambitious external action. Moreover, the EU is constrained by the way it acts in foreign policy. Given its rules and regulations, the Union simply cannot act as the US does or disburse financial support in the same way. Furthermore, the Union is constrained by divisions between member states, which Georgia has sometimes tended to divide.

Despite these constraints, the EU can raise its profile in Georgia to the level of its interests. And the Union has strong assets to bring into play. The EU is a unique formation of states, united by a common history and democracy. Founded on a shared sense of destiny, the strength of the Union lies in the desire to act jointly and prosper collectively. The EU does not propose to approach Georgia exclusively through military means. Nor is the Union's objective to extend its exclusive influence. The EU does not act in the same geopolitical game with the US and Russia. The EU maintains an expanding sum vision of the region's future and has rejected zero sum approaches. Given these strengths, the Union can act credibly as an honest broker in Georgia. It has also a uniquely comprehensive approach to security problems that combines soft and hard power. Another strength derives from the promise the EU can raise for Georgia's future – the promise of Georgia's integration into *Europe* if not the *EU*, and the promise of its rejoining mainstream European history. The interweaving of action in the present with promises held out for the future makes the EU uniquely positioned to support Georgia's transformation.

In so doing, the EU should be guided by four principles of action.

1) **'Tough love'**

   The first principle is that of 'tough love'. As much as the EU enhances its presence in Georgia, the Union must be unrelenting in monitoring Georgia's transition process. As progress is commended, slippages and deficiencies should be challenged. Illiberal elements in Georgia's nascent democracy should not be countenanced.

2) **Reject the status quo**

Georgia's territorial integrity is a key interest for the EU. As much as the Georgian and American governments, the EU should declare that it will not accept a continuation of the status quo in Abkhazia and South Ossetia. The use of force in these conflicts must be rejected. However, the status quo is volatile and dangerous. The starting principle for EU policy should be to break the inertia that has entrenched these conflicts and to launch new dynamics that may with time lead to their settlement.

3) **Coordinate with the United States**

Transatlantic cooperation is vital for the fulfilment of American and European aims in Georgia. Stronger coordination across the Atlantic is also vital for Georgia's transformation.

4) **Engage Russia**

The EU cannot avoid Russia in Georgia. In contrast to the ostrich instinct it sometimes displays, burying its head in the sand when Russia is mentioned, the EU should actively engage Russia in Georgia. This will not be easy; EU and Russian interests in Georgia are not the same, and cooperation is always difficult. Nonetheless, a starting assumption in EU thinking should be that the Russia-EU strategic partnership would be constructed in the shared neighbourhood *or not at all*.

Towards new policy lines

The aim here is not to develop a full strategy towards Georgia, nor to determine the full range of aims that should lead EU policy. Georgia's future relations with the EU are not addressed. The question of whether Georgia may some day join the accession track is beside the point for now. The argument put forward here is that the EU should have a foreign policy towards Georgia that puts aside for now any notion of enlargement. The focus falls on functional areas where the EU has an interest and where its assistance may make a difference. The aim is to determine what EU objectives should be in the short term and to explore policy lines that flow from these.

Over the short term, EU policy should be guided by two objectives.

1) **Strengthening the state**

The first objective should be to strengthen the Georgian state in terms of its ability to enjoy full sovereignty. Here, the EU should support the *first-order reforms* now being undertaken by the Georgian government. Georgia must become a fully-fledged state before it can undertake the *integration reforms* that will draw it closer to the EU as a political, economic and social model.

2) **Changing the dynamic**

The second objective must be to break the inertia that has entrenched the status quo in Georgia's two conflicts since the early 1990s. There is no need now for the EU to join the negotiating mechanisms in either conflict. Instead, the EU should seek to change the logic that supports the volatile status quo in the conflict zones in a way that peacefully opens the path towards new relations between the separatist regions and Tbilisi. This would open the horizon for tackling the status of these regions.

In the light of these objectives, the EU should focus on three functional areas.

Judicial reform

The EU has been active in supporting judicial reform in Georgia for years though dedicated Commission activities as well as through the deployment of a Rule of Law Mission in 2004-2005. In 2006, judicial reform remains a pressing question before the Georgian government. The EU can do more to prod along and support the Georgian government in this area. Without effective and comprehensive reform of its judicial sector, Georgia's overall transformation will fall under question. The rule of law, so vital for Georgian democracy and economic development, will remain weak. Also, worrying questions will remain about the balance of powers and their separation in Georgian politics. It is vital to move forward in

this area. The range of measures needed is wide-ranging, but the EU can help Tbilisi to undertake a concerted effort in this direction.

In so doing, the EU could strengthen the follow-on element of the Rule of Law Mission that is present in the EUSR Team in Tbilisi. More staff and additional resources, combined with relevant elements in the EUSR mandate, would be important. More importantly, judicial reform should become key focus of Commission-led activities in the framework of the ENP Action Plan. In this respect, member states can play a vital role by committing to twinning programmes with the Georgian government to support judicial reform comprehensively and over several years.

Border security assistance

After the BMO crisis of early 2005, the EU started to assist the Georgian government in the reform of its Border Guard service. The EUSR team in Tbilisi has nine EU staff dedicated to this task. In November 2005, the team produced an Assessment Report on the state of the Border Guards. Assisting the reform of the Border Guards must be a priority for the new Special Representative and the team in Tbilisi. The new mandate for the EUSR of early 2006 calls for a stronger EU role precisely in this area.

Thus far, this reform has not been a focus of the Georgian government. Relative to the Armed Forces, the border service has remained underfunded, underequipped and undertrained. Georgia's border service is still driven by an outdated militarised border doctrine unsuited for Georgia's current needs. With no control over its borders inside the separatist 'states,' it is vital that Georgia secure the sections of border that remain under its direct control. It barely does. According to a Georgian study of 2004, most of the cross-border smuggling entering Georgia does not pass through the separatist regions, as is often assumed, but through specific sections of its border with Armenia and Azerbaijan.[121] In addition, the OSCE mission reported 800 illegal border crossings across the Russian-Georgian border in 2004; in 2005, the Georgian Border Guards reported none due to a lack of patrolling and active monitoring.[122] Something is wrong.

EU engagement in this area could include the following initiatives:

121. See Aleksandr Kupatadze and Roman Gotsiridze, *Smuggling through Abkhazia and the Tskhinvali Region of Georgia* (Tbilisi: US Trasnational Crime and Corruption Centre, Tbilisi Office, 2004).

122. Only an estimated 10 percent of the crossings were by armed men.

a) Support the creation of an inter-agency commission in the Georgian government to lead Border Guard reform.

b) Support the drafting by the Georgian government of an integrated Border Security Concept, setting out a full threat assessment and defining the main lines for the development of the Border Guard service, its relation to other departments and ministries, its central and field organisation, as well as its planning and procurement system.

c) Coordinate the activities of other organisations (the OSCE launched a border training programme in 2005)[123] and states that are involved in this area to enhance cooperation.

d) Increase the number of EU trainers in Georgia, with more co-locations in Tbilisi and in the field, in order to assist the development and implementation of an integrated training programme.

e) Consider joint actions to provide equipment support to the Border Guards, especially to bolster transportation, detection and communication, and to rehabilitate the Border Guard Training Centre.

f) Include in the ENP Action Plans with Georgia, Armenia and Azerbaijan a section on EU support to the cooperation on shared border management. For Georgia, such cooperation could draw on the resources and experience of the ENP instruments for cross-border cooperation.

g) Consider in late 2006 the deployment of an EU Border Assistance Mission on the lines of the mission on the Moldovan-Ukrainian border launched in December 2005 (69 observers for 24 months).[124] This mission could be deployed on sections of Georgia's border with the North Caucasus in support of more active patrolling of this section by the Georgian Border Guard service. The Border Assistance Mission could provide the framework for confidence-building and practical cooperation between Georgia and Russia in this key area.

123. The OSCE launched a Training Assistance Programme in April 2005 to focus on 800 mid-ranking officers; see: http://www.osce.org/georgia/16288.html.

124. See the official website of the EU Border Assistance Mission: http://www.eubam.org/

These ideas are more technical than political. Some of them were articulated in the review of the EUSR mandate in early 2006. On the whole, they propose a continuation of the process the EU has already launched with the EUSR Border Support Team. Strengthening the Team in terms of mandate and staff addresses a first order challenge facing the Georgian state that weakens its sovereignty and poisons relations with its neighbours.

Since the withdrawal of the OSCE border mission, Georgia's border with the North Caucasus has been left largely unmonitored due to the poor state of the Georgian Border Guard service. In late 2006, as the reform of this service gathers steam, an EU Border Assistance Mission could provide support for the start of more active Georgian patrolling and monitoring of this border. This would not contradict Russian concerns. Quite the contrary; having a stable and transparent border with its southern neighbour is a vital interest of the Russian government. Greater EU involvement could also provide a framework for enhanced cooperation between relevant Russian and Georgian departments, something that Moscow has advocated since 1999. In mid-2004, both Tbilisi and Moscow agreed to the principle of joint patrolling on their shared border. The Border Assistance Mission could act as framework for confidence-building and real cooperation.

On the whole, ensuring Georgia's border security requires more political will from Tbilisi than Brussels. The Georgian government has not addressed its border security problem with the attention and energy it requires. Georgia must act for the EU to support it.

The value added of these measures would be threefold. First, the EU would draw Tbilisi's attention to a key area for strengthening the Georgian state. Second, the EU could assist the transformation of Georgia's Border Guard service from a collapsing Soviet structure to an integrated system more fitting for the 21st century. Finally, strengthening Georgia's border security is important for both EU and Russian security – all parties stand to profit from it.

Opening up the conflict zones

The separatist 'states' have become deeply entrenched over the course of the last decade. With every day that has passed since the

Rose Revolution, Tbilisi has become more frustrated with the continuation of the status quo. At some point, these contrary logics will clash, as they did in the summer of 2004. What can be done?

EU policy should be driven by a single idea: to de-block the conflicts on the ground and open up the separatist areas with the aim of preparing the ground for more effective talks on the status of the regions inside Georgia. This would not contradict the basic principle of EU policy towards these conflicts, which is to ensure Georgia's sovereignty and territorial integrity. It also falls in line with the reviewed EUSR mandate, which places emphasis on the EU being active in seeking to create the conditions for progress in the settlement talks.

Over the last fifteen years, Abkhazia and South Ossetia have become deeply isolated. Both have been largely cut off from Georgia, except in terms of smuggling and organised crime across the front lines, and from the wider world, their populations deprived of travel documents, access to the Internet, or any of the positive aspects of globalisation. The populations living in South Ossetia and Abkhazia have endured deeply impoverished lives with low horizons. Yet, they have survived.

Internally, they have developed the minimal structures necessary for survival, driven above all by their political vision of independence from Georgia. The authorities in Abkhazia and South Ossetia are not seeking a better *share* of power in Tbilisi; they want to *leave* Georgia altogether. The economic duress in which they exist has not altered this basic drive. What is more, their isolation from Georgia has only made the separatist regions more dependent on Russia – for passports, pensions and energy supplies.

Opening up the conflict zones could break the inertia of isolation and with time allow for progress towards settlement. In the short term, in order to alter the logic at play in these conflicts, contacts should be established fully between the conflicting parties. Economic ties between Georgia proper and these regions should be strengthened. The separatist regions should be the targets of large-scale infrastructure rehabilitation and economic development programmes. Every attempt should be made to alleviate the poverty of these regions, to eliminate the circumstances that allow criminality to flourish and to open new horizons for both regions in terms of their daily interaction with Tbilisi.

Again, it is important to reiterate that such a policy would not contradict the principle of Georgian sovereignty and territorial integrity. In fact, opening the separatist areas would help prepare the ground for serious talks on normalising relations and eventually achieving lasting conflict settlement.

To its credit, the Georgian government has recognised the need to open contacts. In 2005, Tbilisi presented a peace plan for settling the conflict with South Ossetia, which starts with measures to rehabilitate and develop the region. While positive, the logic driving Georgian policy should be questioned. Tbilisi remains driven by the idea that the South Ossetian conflict is 'easier' to solve than the conflict in Abkhazia, which can only be settled *after* South Ossetia. The logic is leaky. Why should Georgia leave Abkhazia steeped in its isolation, becoming ever more dependent on Russia, while it makes small steps towards South Ossetia? On the contrary, relations with both separatist regions should be opened up at the same time. Tbilisi should seize the initiative and declare that trade sanctions, blockades of various kinds, restrictions of contacts with Abkhazia and South Ossetia will be ended.

The EU is uniquely positioned to act as a framework for the opening of Abkhazia and South Ossetia. It is already deeply involved in both conflicts in this area and could act as a framework for opening the separatist areas more fully. Measures to be considered include:

a) Support fully the Georgian government in its proposal towards South Ossetia and call on Tbilisi to adopt a similar approach simultaneously with Abkhazia. A high-level political statement could be made by Tbilisi that the isolation of both separatist regions will be ended, and full relations restored. In parallel to its 2005 peace proposal to South Ossetia, Tbilisi could call for an end to the 1996 CIS sanctions regime against Abkhazia. The EU and the international community should back the opening of the conflict zones both politically and materially.

b) The EU should act as the framework organisation for Georgian and international support to the rehabilitation and economic development of the separatist regions and

surrounding areas of Georgia proper. The focus of such efforts should be throughout the separatist regions and not only in restricted areas. The amounts dedicated for these purposes must be increased from current levels (7.5 million euros in South Ossetia and 4 million euros in Abkhazia).

c) More attention should be given to supporting civil society activities in the separatist regions, and to the development of people-to-people contacts across the front lines. The separatist regions should be fully integrated into Georgia's educational space. The EU has mechanisms, such as the Decentralised Mechanism and EIDHR, fitting for these purposes.

d) Through the UN, the EU should push for the creation of temporary travel documents for the populations living in the separatist regions with no prejudice to their citizenship. This could offset their need for passports other than Georgian (mainly Russian).

e) In tandem with the opening process, the EU and other international actors should seek progress in cooperation between law enforcement agencies in Georgia proper and its separatist regions – through training, information sharing, telephone hotlines, and international rapid reaction teams on the ground.

f) In the short term, the EU could support Georgian government plans to enact legislation on property restitution and compensation, without prejudice to the principled right for IDPs to return to their homes.

g) The EU should raise its concerns about the activities of foreign groups and actors that violate the sovereignty and territorial integrity of Georgia. For one, foreign business groups active in the separatist regions should register with the relevant authorities in Tbilisi as part of the process of regularising overall economic relations. At the highest level, the EU should raise its concerns with elements of Russian policy in the separatist areas within the framework of the EU-Russia political dialogue.

The EU is already deeply engaged in rehabilitation and recovery activities in Georgia's conflicts. The terms for the EUSR in 2003 called on the Special Representative to help 'prepare the return to peace' including through recommendations for action related to civil society and rehabilitation of territories. The 2006 mandate is even more insistent on the EU seeking to create the conditions for progress towards settlement. What is more, the Commission has developed a strong rehabilitation profile in both South Ossetia and Abkhazia. So, the ground is well tilled for the EU to act as a framework for substantial and targeted assistance to open up these regions. These objectives could be built into the activities of the new EUSR and the ENP Action Plan.

The main novelty of the proposal here lies in its call for a political declaration at the highest level by Georgia and the international community that the isolation of the separatist regions will be ended and these areas will be opened to extensive support and assistance. The EU could help to frame the implementation of this declaration.

Ending the isolation of the separatist areas would help break the inertia they have fallen into over the last decade, where subsistence and poverty has fed off isolation to entrench their self-declared independence and the enemy image of 'Georgia.' Breaking down these barriers, supporting rehabilitation, alleviating poverty, opening new travel and educational opportunities – all of these could launch a more positive dynamic in these conflicts that could create the conditions for progress towards conflict settlement.

Conclusion

The Rose Revolution of 2003 challenged three pieces of accepted thinking about Georgia and the region.

First, before the revolution, most foreign observers saw Georgia as a lost cause of corruption and unpredictability. Georgia was hardly seen as a rational state and more as a collection of fiefdoms. At best, Georgia was considered dysfunctional; at worst, it was seen as failing. The second piece of accepted wisdom held that the former Soviet Union was becoming a 'losing bet.' By the late 1990s, a post-Soviet order had arisen across the region, characterised politically by 'managed democracies,' economically by endemic corruption, and socially by deep poverty. Even worse, post-Soviet societies seemed apathetic and demoralised. Most observers thought that little would change. The much-heralded transition towards democracy and market-led economies seemed to have sunk into a swamp. Finally, Georgia and the South Caucasus counted for little more than a footnote in the European Commission's first strategy on 'Wider Europe.' At the time, the region was seen from Brussels as being distant from its immediate concerns and hardly strategic in terms of interests. Georgia was not even considered a neighbour.

Georgia's revolution challenged this conventional wisdom. Since early 2004, Georgia has opened to new horizons of opportunities in terms of its democratic transformation and economic reform. The Georgian transition has resumed at a pace and with an intensity that is surprising. Deep problems remain and new concerns have arisen with Georgia's nascent democracy; clearly, all the hard work lies ahead. Still, a new logic has been launched in Georgia. Second, Georgia stands at the forefront of change in the region. Its revolution marked the start of what may become a period of upheaval in the post-Soviet space, with the rise of nationalist and European-orientated regimes coming to power through massive demonstrations of popular support. However fragile this new trend is, the inertia of the 1990s has been broken. People will

go out into the streets, and regimes can be toppled in weeks. Change is possible. Finally, the Georgian revolution helped return the South Caucasus to Europe. This region is no longer seen as a distant mountain range but as a border of Europe on the Black Sea.

The EU has important interests in Georgia. Georgia's position as a transit zone for energy supplies to Europe is crucial. The EU also has a stake in Georgia's democracy and state-building project, as well as in the stability of Georgia and its peaceful development. Renewed war would return Georgia and the region to the past. Georgia is also important for the success of the South Caucasus and the promotion of democratic change around what is Europe's forgotten sea – the Black Sea. The EU can no longer afford to neglect the Black Sea region, with approaching Romanian and Bulgarian membership, Turkey on the EU accession track and the launch of the European Neighbourhood Policy.

Georgia is important also because a new Europe is being born here – in terms of trends in the former Soviet Union, transatlantic cooperation, EU relations with Russia, and the future of Europe's security organisations. Many wider trends that are key for Europe are being played out in this small country. Securing effective and peaceful state/democracy building in such a weak state on EU borders would have an impact that carries far beyond the region itself. So, clearly, Georgia matters.

The challenge facing the EU is to raise its profile to the level of its interests. Given the current climate in Europe, the Union must think outside the enlargement paradigm and focus now on two limited foreign policy objectives in Georgia.

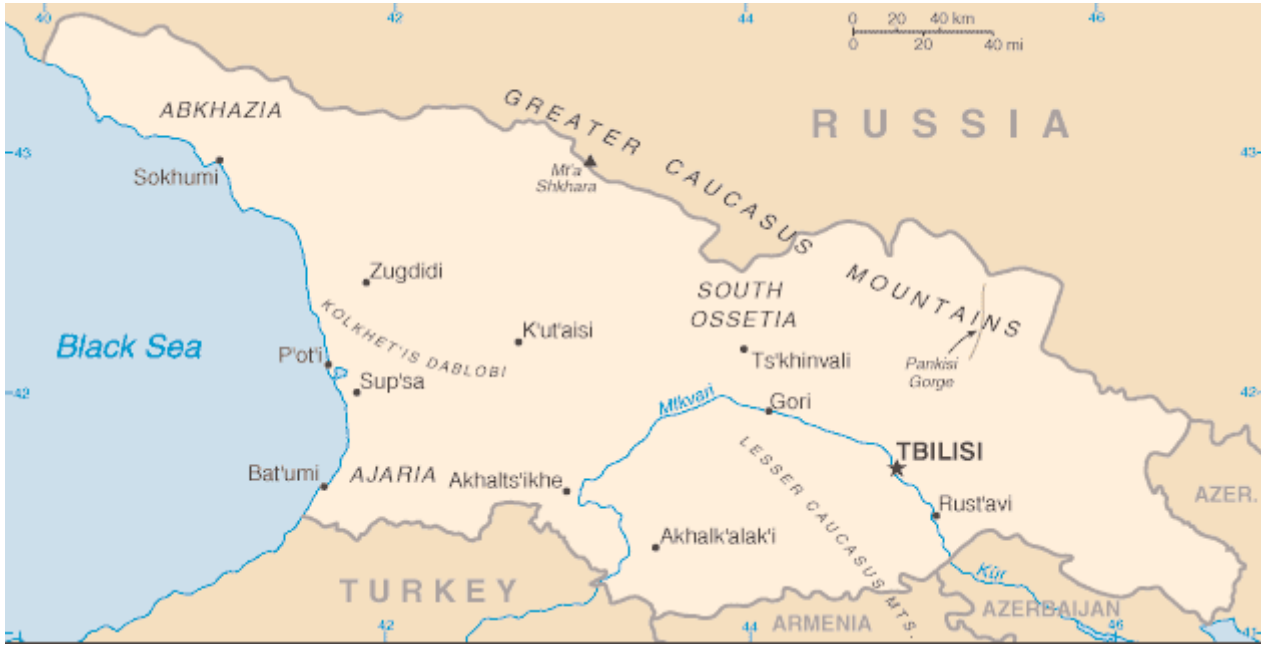
The first objective should be to strengthen the Georgian state. Here, the EU should support the *first-order reforms* being undertaken by Tbilisi. Georgia must become a stronger and more effective state before it can undertake the *integration reforms* that will draw it closer to the EU in political, economic and social terms. Second, the EU should seek to break the inertia that has entrenched the status quo in Georgia's conflicts since the early 1990s. There is no need for the EU now to join the negotiating mechanisms in either conflict. Instead, the EU should seek to change the logic that supports the status quo in a way that peacefully opens the path towards new relations between the separatist regions and Tbilisi within Georgia.

In pursuing these objectives, the EU should focus on supporting comprehensive judicial reform, strengthening Georgia's border security with the reform of the Border Guard service, and on opening up the separatist regions. All three measures are coherent with the logic of EU policy. Working on these questions would not require great acts of political will from Brussels, simply more attention and resources. Supporting the EUSR with a stronger mandate and negotiating a workable ENP Action Plan are opportunities for the EU to act as a framework organisation for catalysing progress in these key areas. All three lie within our reach.

Abbreviations

BMATT	British Military Advisory Training Team
BMO	OSCE Border Monitoring Operation
BTC	Baku-Tbilisi-Ceyhan pipeline
CFE	Treaty on Conventional Forces in Europe
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
ECHO	European Commission Humanitarian Aid Office
EIDHR	European Initiative for Democracy and Human Rights
ENP	European Neighbourhood Policy
ESDP	European Security and Defence Policy
ESS	European Security Strategy
EU	European Union
EUSR	EU Special Representative
GAC	General Affairs Council
GAERC	EU General Affairs and External Relations Council
GBSLE	Georgia Border Security and Law Enforcement Program
GDP	Gross Domestic Product
GTEP	Georgia Train and Equip Program
GUAM	Georgia-Ukraine-Azerbaijan-Moldova
IDP	Internally Displaced Person
IMF	International Monetary Fund
IPAP	Individual Partnership Action Plan
MAP	Membership Action Plan
MP	Member of Parliament
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
ODIHR	Office for Democratic Institutions and Human Rights
OSCE	Organisation for Security and Cooperation in Europe
PACE	Parliamentary Assembly of the Council of Europe
PCA	Partnership and Cooperation Agreement
PfP	Partnership for Peace
SSOP	Sustainment and Stability Operation Program
TACIS	Technical Assistance to the Commonwealth of Independent States
UN	United Nations
USD	United States dollar
USSR	Union of Soviet Socialist Republics

Georgia



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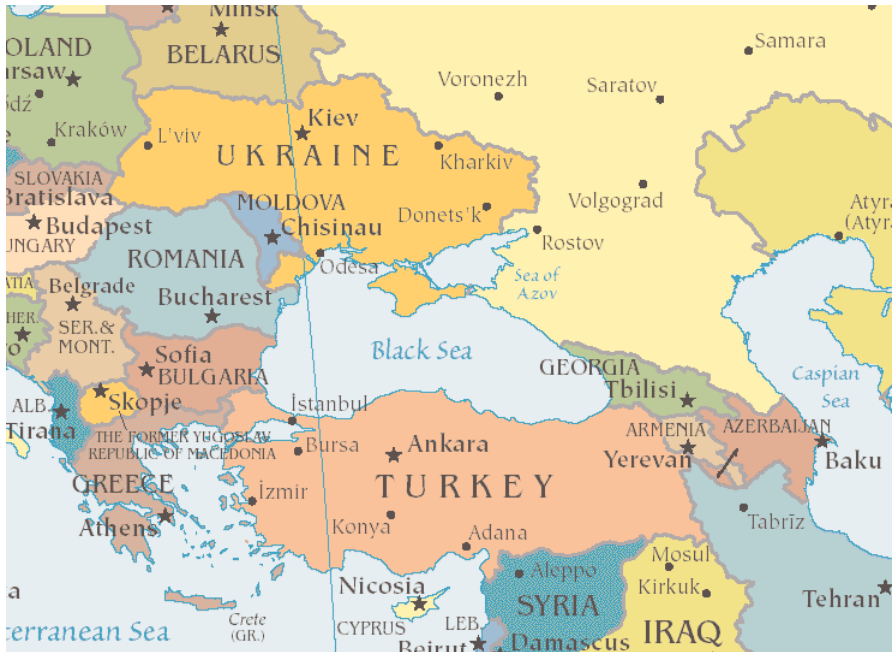
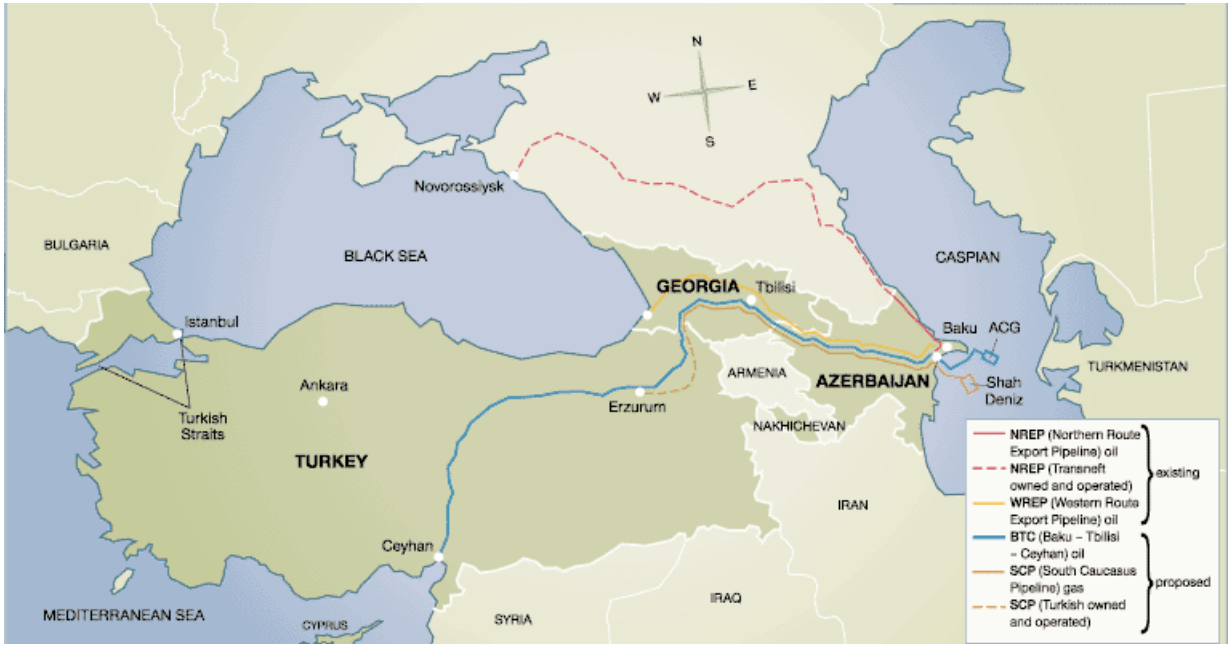
Black Sea Region



Source: My Travel Guide website

Oil and gas pipelines



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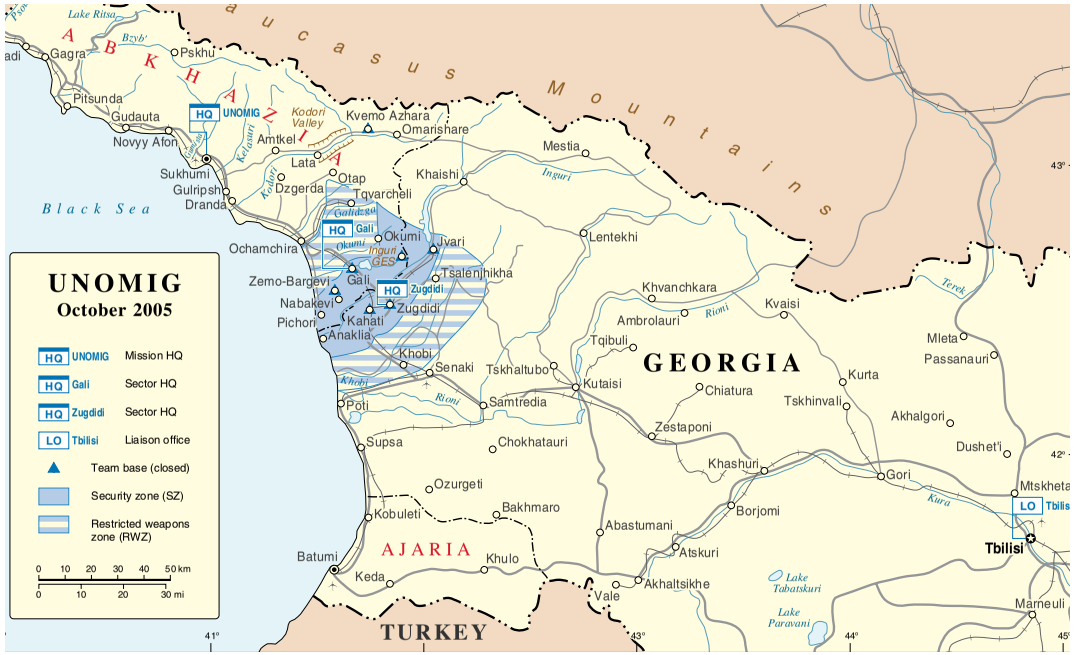
Georgian-Abkhaz conflict zone



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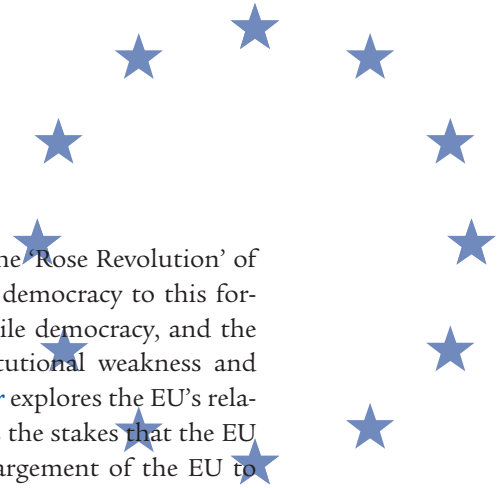

Does Georgia matter for the EU? The 'Rose Revolution' of November 2003 may have brought democracy to this former Soviet republic, but it is a fragile democracy, and the country is still bedevilled by institutional weakness and internal conflicts. This *Chaillot Paper* explores the EU's relationship with Georgia and evaluates the stakes that the EU has in the country. The future enlargement of the EU to Romania and Bulgaria will bring the Union into direct proximity with Georgia, which lies on the eastern shores of the Black Sea. Georgia also embodies the security challenges currently facing the Union. A range of factors pleads in favour of increased EU involvement in the country, from energy security to the threats posed by organised crime and even terrorism.

The challenge facing the EU is to raise its profile to the level of its interests. In so doing, this *Chaillot Paper* argues that the EU should focus on two limited foreign policy objectives. First, the Union should seek to strengthen the Georgian state. Second, the EU should seek to break the inertia that has entrenched the status quo in Georgia's conflicts. To achieve these objectives, this *Chaillot Paper* puts forward three ideas: supporting comprehensive judicial reform, strengthening Georgia's border security with the reform of the Border Guard service, and opening up the separatist regions to greater international engagement.

published by
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€ 10