EU – US Risk Policy in the European Neighborhood:
The cases of Moldova and Georgia

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Introduction

The security environment of the transatlantic community has changed dramatically since the end of the East-West conflict. The main security challenges are no longer the threat of major wars waged by hostile states, but security risks posed by non-state actors. On the level of the political discourse, these changes have been integrated into a rhetoric of new risks. Today no foreign policy maker in the Atlantic community speaks about security without mentioning terrorism, organized crime or failing states. Despite this common discourse on new security risks, strategic debates within the transatlantic community of how to address these risks are often inadequately developed.

The post-Soviet space is a region of particular importance and at least three sets of reasons can be mentioned why this area has to be taken into account. *Firstly*, the problem of weak statehood combined with separatist conflicts in some states is a source for regional insecurity. The risks of organized crime, the trafficking of people, weapons and drugs directly affects the European Union.[1] *Secondly*, because of the region's geographical position the West has geo-strategic interests. The Black Sea region for example serves as a corridor for energy pipelines between the Caspian region and the European Union; it is a flank to the notorious Middle East and after the next round of EU enlargement, it will have a common border with the European Union.[2] *Thirdly*, some of the countries in the post-Soviet space belong to Europe and others are at least traditionally orientated towards Europe. Therefore, the EU and the United States can contribute to bringing about stable and peaceful change and integrating the countries into the Euro-Atlantic order.[3]

The lack of strategic debate in the transatlantic community with regard to the post-Soviet space is partly due to a missing historical consciousness in the West. Nevertheless, it is also due to general problems, which are related to security risks. Compared to the traditional threat of hostile states, the nature of the new security risks is far more ambivalent. Consequently, the significance of specific risks is disputed as well as each risk's relative significance. Even though in theory everyone agrees that pro-active policy is needed in order to address risks before they get virulent, in practice this is hardly the case. If the nature of risks is already disputed, the strategies of how to address the risks are even more disputed. As a result, policy makers tend to ignore the risks or tackle them only in a limited way, until the situation deteriorates.

As one example of an attempt to develop a common transatlantic risk policy within the post-Soviet space, this article presents the cases of Moldova and Georgia. It explains how the typical problems of the post-Soviet space lead to weak statehood and to specific security risks. It also describes the existing elements of risk policies by the European Union and the United States. The efforts made by the European Union in the framework of its European Neighborhood Policy (ENP) could serve as the basis for a common transatlantic strategy for the region.[4] The paper starts with observations of how the European Union and the United States perceive the problems in Moldova and Georgia as well as the underlying causes. Here the analytical distinction between a *structure-centered* and an *actor-centered* risk perception is useful. It helps to identify shortcomings in the Western approach towards these countries as well as proposing models for future engagement.

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[1] Dov Lynch, "The European Neighbourhood Policy," (paper presented at the workshop European Neighbourhood Policy: Concepts and Instruments, European Commission, Prague Czech Republic, June 9 and 10, 2004).

[2] Ronald D. Asmus and Bruce P. Jackson, "The Black Sea and the Frontiers of Freedom," *Policy Review* No. 125 (2004).

[3] Auswärtiges Amt/ Ministerstwo Spraw Zagranicznych, *Die Rolle der EU mit 25 und mehr Mitgliedern im 21. Jahrhundert. Beiträge für eine neue Weltordnung* (Berlin/ Warschau: Planungsstab/ Departament Strategii i Planowania Polityki Zagranicznej, 2003).

[4] Michael Emerson, "European Neighbourhood Policy: Strategy or Placebo?" CEPS Working Document No. 215, Brussels, November 2004.

1. Risks and Risk Policy in the European Neighborhood

"I want to see a 'ring of friends' surrounding the Union and its closest European neighbours, from Morocco to Russia and the Black Sea."[5]

The ring-of-friends-vision of the former President of the European Commission, Romano Prodi, describes a goal of the future relationship between the European Union and its neighbors. The current situation, however, is quite different. In describing the security environment in the European neighborhood, the concept of risk is particularly useful. Hence, it is crucial to understand that actors facing risks -- in our case policy makers in the United States and in the European Union -- have to deal with a high level of uncertainty: uncertainty of the potential damage from each of the options for action. The way actors perceive risks therefore is important and risk policy depends highly on the evaluation of risks.[6]

The problem with the European neighborhood is not that states are unfriendly or even hostile towards the United States or the European Union and its member states (even though one has to be careful to call some of the autocratic regimes in the Mediterranean region or in the post-Soviet space 'friends'). In this sense, there are no direct threats to the security of the transatlantic community. The problem in the European neighborhood is that almost all the countries show forms of dysfunctional statehood and many suffer from sluggish economic growth. The challenges to European security derive mainly from non-state actors. While in the Mediterranean countries and the Broader Middle East political extremism and terrorism are the main problems, the countries in the post-Soviet space are often a safe-haven for organized crime. Problems of separatism and conflicts within some of these countries aggravate the weaknesses of the states. Currently the European Union is not surrounded by a ring of friends but by a '*ring of risks*'.

1.1 Risks in the Post-Soviet Space

Before turning to the question how the EU and the US perceive the risks in the European neighborhood, the following subsection describes the major features of the risks in the post-Soviet space: that is, the security risks which derive from unconsolidated nation-states. States that are dysfunctional due to their poor administrative capacity and sluggish economic development will develop high levels of organized crime, corruption and different kinds of trafficking. Many countries in the post-Soviet space face additionally the problem of separatism, as many of the conflicts, which broke out in the aftermath of the dissolution of the Soviet Union, are not yet settled. Therefore, the term *post-Soviet space* has become standard in describing the region and its problems.[7]

The dissolution of the Soviet Union was also a change from empire[8] to modern nation-states. With this change, two major sets of problems became virulent: the question of ethnicity and citizenship, as well as the dismemberment of economic spaces, leading to the rapid growth in organized crime, corruption

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[5] Romano Prodi, "A Wider Europe - A Proximity Policy as the key to stability," (speech delivered at the Sixth ECSA-World Conference, Brussels, Belgium, 5 and 6 December 2002).

[6] Christopher Daase/ Susanne Feske/ Ingo Peters, ed., *Internationale Risikopolitik. Der Umgang mit neuen Gefahren in den internationalen Beziehungen* (Baden-Baden: Nomos, 2002)

[7] Graeme P Herd, ed., European Security & Post-Soviet Space: integration or Isolation? (Swindon: Conflict Studies Research Centre, December 2000), p. 110. See also: Andrei Zagorski, "Russia and the shared neighbourhood," in *What Russia sees,* Chaillot Paper No. 74, European Union Institute for Security Studies, Paris, January 2005, pp. 61-78.

[8] Herfried Münkler, *Imperien. Die Logik der Weltherrschaft – vom Alten Rom bis zu den Vereinigten Staaten* (Berlin: Rowohlt, 2005).

and different kinds of trafficking. All these aspects are important for the understanding of the problems in the region in general and for developing a transatlantic risk policy towards Moldova and Georgia.

The Question of Ethnicity and Citizenship

During Soviet times citizenship was not based on nationality and officially the problem of ethnicity did not exist. In reality, however, a specific order of precedence existed, favoring the ethnic Russians. During the Stalin era, even a policy of expulsion and ethnic cleansing was carried out. After attaining independence, most of the former Soviet Republics pursued a strict nationalistic policy and based citizenship on the criterion of ethnicity.

The experienced discrimination and persecution in many states led to a hard line nationalist policy favoring the new ethnic majorities. Many of the former Soviet Republics gave preference to the use of the national language and degraded the use of Russian. Affirmative action policies were meant to level the Soviet legacy and to consolidate the regained independence, but the result were also new conflicts between the majority and the minorities in these countries. This was especially true of the Russians, the former ethnic majority, who now, finding themselves in a minority position, turned towards Russia to demand support and in some cases even physical protection. The same is true for some other ethnic groups, which found themselves in a minority position. In Georgia for example, the ethnic minority in South Ossetians called for Russian protection and received Russian support for their separatist policy in its struggle against the Georgian government.

Tensions between ethnic groups increased throughout the post-Soviet space. Russians in the Baltic States, in the Ukraine, in Moldova as well as ethnic minorities in the Caucasian region tried to maintain strong ties with Russia. In the cases of the Transnistrian part of Moldova as well as in Georgia's Abkhazia or South Ossetia minorities even called for Russian military protection. The risk of conflict spills over so that regional instability directly affects not only the European Union, but also geopolitical interests of the United States.

Economic Spaces

The second set of problems is related to the dismemberment of economic spaces. With the dissolution of the Soviet Union, new state boundaries where established together with new national currencies and new custom laws. Many former Soviet companies now had production sites in different countries. Besides the general problem of transforming a former state planned economy into a market economy, these developments led to a major economic decline in the region. The centralized structure of the Soviet economy posed additional problems. The Soviet Union had created a situation of dependency, where the periphery, that is the Socialist Republics, was geared to the Russian core. After independence, industries in the former Soviet republics were dependent on a privileged access to the Russian market.

Another aspect of dependency was the profound reliance on cheap energy from Russia. The state controlled economy, without an effective price mechanism, had failed to develop incentives for energy efficient production, which led to waste of energy. After independence, Russia remained the main supplier for energy and continued to deliver energy below the world market prices. At first glance one might imagine that this helped the former state owned industries to manage their transformation. In

reality it prolonged the reliance on Russia.[9] Threatening to stop energy supply, to raise tariffs or to deny market access became effective foreign policy tools for disciplining former Soviet Republics.[10]

Additionally the new economic elites were part of the former communist nomenclature. For economic as well for political reasons they tried to maintain economic ties with Russia. The former dependencies continued to function, leading to new structures of clientele dependency. One can observe a good example of this continued economic dependency in the Transnistrian part of Moldova where, in the time of the Soviet Union, an important component of the military industry was situated. In 1990/91, the political as well as the economical elites in eastern Moldova tried to prevent the dissolution of the Soviet Union in order to sustain their privileged position.

The Role of Russia

This brief description shows that Russia remains undoubtedly an important player in the post-Soviet space. Through many different channels, it is able to exert influence and it does so in order to regain its lost hegemony in the region. The Russian response to the post-empire situation is an ambivalent one. Right after the dissolution of the Soviet-Union, Russia fostered the formation of the Commonwealth of Independent States (CIS). Founded in December 1991, it has its headquarters in Minsk and contains today all former Soviet republics with the exception of the Baltic States. By doing so Russia tried to soften the economic fragmentation of the former single economic space. At the same time, the established framework is an attempt to sustain economic and political dependency. However, the way Russia conducted its foreign policy has not remained uncontested in the region.[11]

The Baltic States were the first to turn away from Russia, while other former Soviet Republics had a much longer and more complicated way to redefine their relations towards Russia. With the democratic changeover in Georgia in 2003 and in the Ukraine in 2004, Russia's role was openly questioned in the region. Even the communist government of Moldova joined this course, trying to demonstrate its country's independence from Russia. However, these attempts were restricted by the multiple links between their countries and Russia on the political, economic and societal level.[12]

1.2 Transatlantic Risk Perception and Risk Policy

European and American policy makers face complex problems in the post-Soviet space. Uncertainty does not only apply to the potential damage, but also to the root causes and to the interconnection between individual risks. Because of these uncertainties, the way policy makers perceive risks is important. Risk policy highly depends on the political actors' evaluations and interpretations of the respective risks and in order to assess the potential for transatlantic cooperation it is necessary to analyze the way risks are perceived in Europe and in the United States.[13]

It is useful to introduce an analytical distinction between a structure-centered and an actor-centered risk perception and policy. The difference in the two approaches provides the answer to the question:

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[9] John Roberts, "Energy reserves, pipeline politics and security implications," in *The South Caucasus: a challenge for the EU,* Chaillot Paper No. 65, European Union Institute for Security Studies, Paris, December 2003, pp. 91-106.

[10] Gesine Dornblüth, "Leben in der Armut. Sorgen und Nöte der moldauischen Landwirte," *Deutschlandradio*, 8 September 2005 [http://www.dradio.de/dlf/sendungen/europaheute/416288/]

[11] Igor Torbakov, "Russia adapts policy to address rift within CIS," *Eurasia Insight*, 12 September 2005. [http://www.eurasianet.org/departments/insight/articles/eav091205a.shtml]

[12] Vladimir Socor, "Kremlin Redefining Policy in 'Post-Soviet Space'," in *Eurasia Daily Monitor* 2, No. 27 (2005), [http://www.jamestown.org/edm/article.php?article_id=2369222].

[13] Christopher Daase, "Internationale Risikopolitik: Ein Forschungsprogramm für den sicherheitspolitischen Paradigmenwechsel," in *Internationale Risikopolitik. Der Umgang mit neuen Gefahren in den internationalen Beziehungen*, ed. Christopher Daase/ Susanne Feske/ Ingo Peters (Baden-Baden: Nomos, 2002), pp. 9-35.

what are the root causes *for the emerging risks: the actors or structures.* A structure-centered approach searches answers for the question: w*hat causes security risks?* This approach would argue for example that the main problems in the post-Soviet space stem from the fragmentized economic space or the heterogeneous ethnic composition of the former Soviet Republics. An actor-centered approach by contrast deals with the question: *who causes security risks?* In the case of Moldova and Georgia, for example, this approach focuses on the conflicting parties and it would focus on the ambiguous role Russia plays in the region.

Using this basic differentiation between an actor-centered and a structure-centered approach helps us to understand how actors perceive risks differently. In reality a structure-centered approach would have to acknowledge that actors also are involved and can be held responsible. Similarly, an actor-centered approach would not have to deny that problematic structures can have a negative impact on actors. Nevertheless, the two approaches differ in the way they weight the elements.

The differences in perception are mirrored in different risk policies. Policy strategies that strictly follow structure-centered approaches often fail to address the political dynamic of a conflict. They tend to define problems in too country-focused a manner and are not able to assess the influence other countries may have. Consequently, they may set wrong incentives and thus contribute to prolongation of a conflict. However, structure-centered approaches that do not ignore actors or an actor-centered approach which is sensitive to structures may have positive effects on conflicts. As conditions improve gradually such approaches may also alter the preferences of conflicting parties and thereby contribute to a resolution of the conflict. An actor-centered approach also needs to include actors outside the country of concern in the analysis.

However, it must be clear that the difference between the two approaches is an analytical distinction and in reality hardly clear-cut. It is a simplistic typology to describe and to understand the actors' behavior in a differentiated manner. By doing so, the possibility of transatlantic cooperation in the European neighborhood can more appropriately be assessed.

The EU Approach

The trauma of European disunity and the experience of irrelevance during previous crisis at the Balkans during the 1990s or in Iraq in 2002/2003, lead to an intensification of the debate about Europe's role in the world and the adoption of the European Security Strategy (ESS) in December 2003.[14] In the field of security the EU is now able to identify three key strategic aims,[15] which are global issues but, particularly pertinent in the European neighborhood.[16] The ESS stresses explicitly the importance of involving the United States.[17] Hence, the respective security challenges constitute 'problematic interdependence'[18] rendering transatlantic security cooperation in this area, as a premise of European Neighbourhood Policy, indispensable for an effective risk policy. The security problems

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[14] Hans Maull and Marco Overhaus, "Interview with Dr. Heusgen on the Genesis of the ESS," *German Foreign Policy in Dialogue* 5, No. 14 (2004), p. 29.

[15] F*irst*, tackling key security threats and risks (terrorism, proliferation of weapons of mass destruction, regional conflicts, weak statehood); *second*, building security in its neighborhood; and *third*, promoting an international order based on effective multilateralism. Council of the European Union, *A Secure Europe in a Better World. European Security Strategy*, Brussels, 2003.

[16] The conceptual base for the EU'S approach on conflict prevention was a Commissions document which was agreed upon three years earlier. Communication from the Commission, *Conflict Prevention*, COM (2001) 211 final, Brussels, April 2001.

[17] *"The transatlantic relationship is irreplaceable. Acting together, the European Union and the United States can be a formidable force for good in the world."* Council of the European Union, *A Secure Europe in a Better World. European Security Strategy*, Brussels, 2003, p. 13.

[18] Otto Keck, The New Institutionalism in the Theory of International Politics. Law and State 47, 1993 p. 30 f.

of the Mediterranean region, especially the Middle-East conflict, ranked high on the transatlantic agenda, more so after the 9-11 attacks.

However, even as the transatlantic community follows closely the developments in Europe's southern neighborhood, the eastern and the southeastern neighborhood remain much more unattended. From a European perspective, this is not justified, as many of the problems in the regions challenge the security of the European Union. A new overarching policy program for coping with the region, the European Neighborhood Policy (ENP), was created in 2003[19], encompassing as specific sub-regions, the Mediterranean Region, the South Caucasus and Eastern Europe.[20]

According to the key documents published from 2003 to 2005 the goal of the ENP is:

> *"The ENP is designed to give new impetus to cooperation with the EU's neighbours following enlargement. Relations with partner countries will be enriched drawing as appropriate on the experience gained in supporting the process of political and economic transition, as well as economic development and modernisation in the new Member States and candidate countries.*
> *The ENP should reinforce the EU's contribution to promoting the settlement of regional conflicts."[21]*

The EU strategy addressing the instability in its neighborhood focuses explicitly on the problems of modernization. It tries to foster political and economic transition by setting incentives, but tries to avoid the policy it pursued on the Balkans, where the main incentive was the promise of future EU membership.[22] The ENP is, according to one of its basic principles, the attempt to build a strategy without this membership incentive.

The US Approach

The security risks, which are virulent in the post-Soviet space, are also addressed by the US National Security Strategy (NSS). In the NSS, the United States states its commitment to "work with others to defuse regional conflicts"[23.] In chapter four, it explains which principles should lead its efforts:

> *"The United States should invest time and resources into building international relationships and institutions that can help manage local crises when they emerge.*
> *The United States should be realistic about its ability to help those who are unwilling or unready to help themselves. Where and when people are ready to do their part, we will be willing to move decisively."[24]*

A first glance, the literature and the document cited above suggest that even though the overall approach of the European Union and the United States are similar, the emphasis would be slightly different. It seems that the EU risk perception is dominated by a structure-centered approach. It is also a proactive one, as it tries to improve structures before a conflict breaks out. One could expect that the EU also perceives the risks in the post-Soviet space originating from problematic structures. Therefore,

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[19] Communication from the Commission, *Wider Europe – Neighbourhood: A new Framework for relations with our Eastern and Southern Neighbours*, COM(2003) 104 final, Brussels, March 2003.
[20] EU Council Conclusions: New Neighbours Initiative - doc. 14078/02, Brussels, November 2002.
[21] Communication from the Commission: *European Neighbourhood Policy. Strategy Paper*, COM(2004) 373 final, Brussels, May 2004.
[22] Communication from the Commission, *Conflict Prevention*, COM (2001) 211 final, Brussels, April 2001.
[23] The White House, *The National Security Strategy of the United States of America*, Washington, DC, 2002, p. 1.
[24] The White House, *The National Security Strategy of the United States of America*, Washington, DC, 2002, p. 9.

EU risk policy is expected to concentrate mainly on "*supporting the process of political and economic transition*".

The US approach as depicted in the NSS, also focuses on situations where a conflict has already broken out. In the quotation above, an actor-centered approach is presented. The NSS stresses the responsible of actors. The willingness of involved actors to solve a conflict is a precondition for US engagement. The United States also changed their institutional structure to better cope with the challenges posed by interstate conflicts. In spring 2004 the Office of the Coordinator for Reconstruction and Stabilization was established within the Department of State, with the goal of better coordinating the various efforts in this field.[25]

Both, the United States and the European Union declare their willingness to act together and to take responsibility in the European Neighborhood. At the EU-US summit 2005, they stress their determination:

> "*We have worked closely to create a Europe whole, free, and at peace; both the EU and NATO have played an important part in this, and continue to do so. [...] The European Neighbourhood Policy and U.S. support for democratic and economic transitions will contribute further to stability, prosperity and partnership.*"[26]

Besides the commitment from the EU and the US to cooperate in the European neighborhood it is important to understand how the transatlantic partners perceive the problems in Moldova and in Georgia and what kind of policy implications their respective actor- or structure-centered approach has. Differences in the risk perception could hamper cooperation, if the transatlantic partners do not agree on the problem. On the other side, a better understanding of differences could advance cooperation even if no consensus exists on the problem definition. In this case transatlantic partners would understand and pursue their engagement as complementary.

2. Case A: Moldova

The Republic of Moldova is the poorest country in Europe and a source of regional instability. Historically Moldova was situated in the buffer region between the Russian, Ottoman and Austro-Hungarian empires. Its history is characterized by vicissitudes such as successions from independence to foreign domination. In the 19th and 20th century Moldovan history was intertwined with developments within Russia and Romania. For example, because of the Hitler-Stalin pact of 1939, the region between the two rivers Prut and Dnjestr (or Nistru), historically called Bessarabia, was conquered by the Soviet Union. Then in 1941, after the German *Wehrmacht* invaded the Soviet Union, Bessarabia came under Romanian occupation. In 1944, the part of Bessarabia between the Prut and the Dnjestr, as well as the east shores of the Dnjestr, became the Moldovan Socialist Soviet Republic, while the southern part of Bessarabia, the Danube delta, became part of the Ukrainian Soviet Socialist Republic.

More recently in 1991, during the dissolution of the Soviet Union, Moldova declared independence. Since its independence, the government in Chi°inãu, the capital of Moldova, has never been able to

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[25] Stephen D. Krasner, Addressing State Failure, *Foreign Affairs* 84 (4), Washington DC, July 2005, http://www.state.gov/s/crs/rls/rm/48620.htm.

[26] Presidency of the European Union, "The European Union and the United States Working Together to Promote Democracy and Support Freedom, the Rule of Law and Human Rights Worldwide," Press Release, Washington, D.C., 20 June 2005, [http://www.eu2005.lu/en/actualites/communiques/2005/06/20ue-us08/index.html].

exercise power over the whole Moldovan territory. As a state within a state, the secessionist part of Transnistria on the east shores of the Dnjestr has its own political institutions, legislation and even currency.[27]

2.1 The Risks of Weak Statehood

Moldova ranks 115 of 177 in the UNDP Human Development Index.[28] In the last 15 years economic activity has declined to 40% of pre-independence level and in 2004 the GDP per capita was only US-$ 463.[29] Due to legal uncertainty, government interventions and corruption, foreign direct investment and trade figures are extremely low. Thus, the country's main foreign currency income is the high amount of remittances of Moldovans working abroad (16% of the Moldovan BIP) and Official Development Aid (ODA).[30] Eighty two percent of the Moldovan population lives below the poverty line.[31]

The problems of Moldova are the typical symptoms of unconsolidated statehood and the unsettled conflict in Transnistria questions the territorial integrity of the country. Yet, Moldova's sovereignty is not only limited geographically, but also functionally. Deficits can be observed in the rule of law and in the country's administration capacity. Corruption is a constant feature of daily economic life. In the Transparency International Corruption Perception Index 2004, the country ranks in the position 114 of 145.[32] The limited ability of law enforcement and long borders without effective border management makes the country a safe haven for organized crime groups, especially in the Transnistrian region. Because of the presence of organized crime and the unsettled Transnistrian conflict Moldova presents a security risks for its neighbors and the European Union.

The two problems are intertwined. The critical political and economical situation in Moldova is at least partly the consequence of the unsettled conflict in Transnistria. The self-proclaimed republic is ruled by parts of the former Soviet nomenclature that profits from the situation by relying on structures of organized crime. Transnistria has become a processing center for the trafficking of migrants and drugs as well as weapons and ammunition. The breakaway region of Transnistria is especially a safe-haven for organized crime. Measures by the Moldovan government to consolidate statehood have often had only a limited effect due to geographical limitations. The Transnistrian leaders even actively thwart some measures. The settlement of the Transnistria problem would therefore not only lead to more regional stability. It is also a prerequisite for effectively combating organized crime as the separatist region can be considered a criminal offshore zone.

Because of the situation in Transnistria, the Moldovan government cannot control the country's border with the Ukraine. For many years, the Ukrainian authorities tolerated the trade of Transnistrian companies and the seaports in Odessa and Illicivis were illegally used for Transnistrian exports.[33] Yet, the situation changed in 2003 when the Ukraine committed itself only to accept the newly introduced Moldovan custom seals. In the first half of 2005, the Ukraine agreed on common Moldovan-Ukraine

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[27] The official name is *Dniester Moldovian Republic* (also *Transdniester Moldovian Republic* following the Russian *Pridnestrovskoi Moldavskoi Respubliki*).

[28] The United Nations Development Programme, *Human Development Reports 2005*, New York: United Nations Development Programme 2005, p. 221.

[29] The United Nations Development Programme, *Human Development Reports 2005*, p. 268.

[30] The World Bank, *Moldova Data Profile*, Washington: The World Bank, 2005.

[31] *Population below income poverty line ($4 a day)*. The United Nations Development Programme, *Human Development Reports 2005*, p. 231.

[32] Transparency International: *Transparency International Corruption Perceptions Index 2004*, Berlin: Transparency International, 2004. [http://www.transparency.org/cpi/2004/cpi2004.en.html#cpi2004]

[33] Nicholas Whyte, "EU must tackle Moldova's frozen war," European Voice 18 June 2004, [http://www.crisisgroup.org/home/index.cfm?id=2814&l=1].

patrols of custom officers on the territory of the Ukraine. However, it still has to be seen whether this initiative is really intended to stop contrabands or whether it is mainly window dressing.[34]

Transnistrian Conflict

The conflict over Transnistria began during the dissolution of the Soviet Union when the Moldovan Soviet Republic declared in 1990 far-reaching autonomy from the central government. In quarreling with Moscow, some Moldovan politicians called even for an entire separation from the Soviet Union and for unification with Romania. This claim caused counter reactions mainly in the Transnistrian region, which is dominated by ethnic Russians and in the south of the country, where the Gaugaze minority lives. Even before the formal declaration of independence by the Republic of Moldova in 1991, the region on the east shores of the Dnjestr River, declared itself the independent Socialist Moldovan Soviet Republic of Transnistria (ca. 11% of the territory of Moldova with a population of some 600,000).[35]

In 1992, the conflict escalated until Russian troops intervened in favor of the Transnistrian side and ended the fighting. Since then the dispute is often considered one of Europe's "frozen conflicts". Since 1992 a "Joint Peacekeeping Force" composed of Moldovan, Transnistrian and Russian troops has been controlling a security zone on both sides of the Dnjestr River. 15 years later, the self-proclaimed *Transdniester Moldovan Republic* is officially part of the Republic of Moldova, but still not under the central government's control. Internationally no countries recognize the Transdniester Moldovan Republic. It is ruled by parts of the former Soviet nomenclature.[36] This relation to the old Soviet Union is still visible in the absence of democratic institutions[37] and the secret police plays a dominant role in political life.

The human rights situation in the Transnistrian region is unsatisfactory. According to the Organization for Security and Co-operation in Europe (OSCE), freedom of speech and diversity of opinion are continuously suppressed. So are associations and political parties, which oppose the ruling group. Rights of minorities are not respected. Western values are clearly not upheld in this part of Europe. Transnistria is also frequently cited by the Council of Europe as the main hub of illicit trafficking such as the smuggling of arms, human beings, and drugs for which the Republic of Moldova is frequently criticized.[38]

Russian Troops in Transnistria

A major obstacle to reaching an agreement over Transnistria is the presence of Russian troops and Russia's military support on behalf of the separatists. The main channels of Russian influence are remaining units of the 14th army, which since 1995 have been called the Operative Group of Russian Forces in the Transnistria Region of Moldova (OGRF). Nevertheless, Russia is also the main market for Transnistrian exports and the main supplier of energy. Yet, even if Transnistria does export to Russia and purchases Russian energy at special rates, it shows a constant current account deficit and

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[34] NZZ Online, "Engagement Washingtons in Transnistrien? Wenig Änderung nachdem Kiewer Machtwechsel," Neue Züricher Zeitung, 24 August 2005. [http://www.nzz.ch/2005/08/24/al/articleD29CZ.html]

[35] Michael Emerson, "Should the Transnistrian tail wag the Bessarabian dog?" CEPS Commentaries, Center for European Policy Studies, Brussels, January 2005.

[36] Vladimir Kolossov and John O'Loughlin, "Pseudo-states as harbingers of a new geopolitics: The example of the Trans-Dniester Moldovan Republic (TMR)," *Geopolitics* 3, (1999), pp. 151-176.

[37] The Transnistria Parliament is still called *Supreme Soviet.*

[38] Council of Europe, "Second Report in Moldova," Directorate General of Human Rights, Strasbourg, June 2002, p.19.

constantly increases its debt vis-à-vis Russia. Transnistrian foreign debt can therefore be considered as another channel of Russian influence.

For Russia, the presence of its troops in the region seems to be a geopolitical advantage and a bridgehead for military bases (situated 1500 km farther to the east). In addition, the Transnistrian government is keen to impede the process of troop withdrawal as it sees the Russian troops as its only security guarantee and Transnistrian troops themselves depend upon outsourced military equipment from Russia.

At the Conference for Security and Co-operation in Europe (CSCE) ministerial meeting in Stockholm in 1992, Russia agreed to withdraw its troops and reduce its military presence and at the 1999 summit of the Organization for Security and Cooperation in Europe (OSCE) in Istanbul, President Yeltsin renewed Russia's commitment to destroy arms and ammunition by 2001 and to withdraw its troops by the end of 2002. The final summit declaration records: "All OSCE member states welcome the Russian Federation to completely withdraw Russian forces from the territory of Moldova by the end of 2002."[39]

However, in the following years it became obvious that Russia would not meet the requirement in time. During the OSCE summit in Porto in 2002, the shift in the Russian policy became official. Even though the commitment of withdrawing its troops was renewed, the Russian delegation now pursued an open policy of delay and obstruction. At the end of the Conference the Moldovan delegation declared:

> *"However, we must also state that the techniques used by a number of mostly involved Delegations in view of obtaining our consensus were unprecedented for our Organization and they could never be referred as a negotiation process in the traditional sense of the phrase."[40]*

As of summer 2005, Russia has not yet fulfilled its Istanbul commitments and is still militarily present in Transnistria.

2.2 EU Policy towards Moldova

The legal basis of EU-Moldova relations signed in November 1994, is the Partnership and Cooperation Agreement (PCA), which entered into force in July 1998. This document covers a wide range of areas including political dialogue, trade and investment, economic co-operation, legislative approximation, and culture and science. Concerning the Transnistrian conflict, the position of the European Union in the 1990's was an affirmation of the territorial integrity of the Republic of Moldova, but besides this, there was no active policy towards the conflict. This situation has gradually changed since 2003, especially on the conceptual level. From 2003, onwards efforts have been made to strengthen EU ability to shape world politics and with the European Neighborhood Policy a strategy for its eastern and southern neighbors was declared. Moldova was one of the first ENP countries to sign a bilateral action plan in 2004.

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[39] Organization for Security and Co-operation in Europe: "Istanbul Document," Istanbul Summit 1999, January 2000/Corr.
[40] Declaration by the Delegation Moldova, in: OSCE, Permanent Council, PC.JOUR/426, Annex, 12 December 2002, p. 6. [http://www.osce.org/docs/english/pc/2002/decisions/pces426.htm] cited by Neukirch, Die OSZE-Mission in Moldau, p. 175.

Following a Structure-centered Approach

In its documents the EU understands the security risks Moldova poses as deriving mainly from its problematic structure mirrors the structure- oriented approach characterizing the programmatic of the ENP. In its Country Report on Moldova the European Commission states:

> „*After independence, Moldova faced the dual challenge of building its own public administration, while transforming the local branches of the Soviet administration into structures adapted to the requirements of a democratic society and a market economy. The Moldovan government recognises that the task has only partially been fulfilled: the institutional capacity in the public sector remains weak and government institutions are not able to perform efficiently due to inconsistencies in their functional and institutional frameworks; methods of selection and promotion need to be improved.*"[41]

Thus, in the EU's understanding the problems in Moldova are typical problems of transition and modernization - transition from state controlled economy during the Soviet Union to a free market economy and transition from dictatorship to democracy. This structure-centered approach is reflected by the EU policy towards Moldova. The EU plays a role as a major donor of development aid, but no active role in conflict resolution. Per capita Moldova receives the largest amount of EU financial support.[42]

The structure-centered approach also dominates the EU's position on the conflict in Transnistria. Its supports Moldova's claim of territorial integrity but pursues its Transnistrian policy mainly through the OSCE.[43] Inside the OSCE a negotiation mechanism was established, the so-called OSCE-5 including both the two conflicting parties of Moldova and Transnistria, as well as Russia, the OSCE Chairman-in-Office and since 1995 the Ukraine. Obviously absent from these negotiations are Moldova's large neighbors Romania as well as the EU and the US.

The declared goal of the OSCE negotiators is to solve the conflict by reintegrating Transnistria into the Moldovan state. In order to make this acceptable for the Transnistrian side the mediator proposed either the federalization of the Republic of Moldova or the status of an autonomous republic. Yet, a federalization was for a long time unacceptable for the Moldovan side, as they feared that Transnistria would gain a dominant position as it could veto decisions of the federal government.[44] In July 2002 however, the negotiations gained momentum. At a meeting in Kiev, the mediators presented a new proposition, which became known as the Kiev document. It was to serve as the basis for a future constitution[45] as up until then the idea of a federalization of the state seemed increasingly acceptable for large parts of the Moldovan political elite. Yet though the conflict partners met several time from August to November 2002, the negotiations were quickly deadlocked, and the conflicting parties were not able to reach an agreement even on the wording of the first article.[46]

In February 2003 the Moldovan President, Vladimir Voronin, tried to reactivate the negotiations, but failed to do so, due to Transnistrian resistance and Russian obstruction. Russian President Vladimir Putin charged his first deputy chief of the presidential administration, Dmitri Kozak, with the task of

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[41] Commission of the European Communities: "European Neighbourhood Policy. Country Report Moldova," Commission Staff Working Paper. COM(2004)373 final, Brussels 2004, p. 7.

[42] Commission of the European Communities: "European Neighbourhood Policy. Country Report Moldova," p. 4.

[43] The OSCE became involved in the conflict settlement when an OSCE mission was established in Chiºinãu in 1993. Since then the organization has tried to play the role of mediator and to support negotiations between the conflicting parties.

[44] Bruno Coppieters and Michael Emerson, "Conflict Resolution for Moldova and Transdiestria Through Federalisation?" CEPS Policy Brief No.25, Centre for European Policy Studies, Brussels, August 2002.

[45] Coppieters, *Conflict Resolution for Moldova and Transdniestria Through Federalisation?*, Annex.

[46] Neukirch, *Die OSZE-Mission in Moldau*, p. 171.

finding a solution to the Transnistrian conflict without involving the OSCE. John Löwenthardt, who was participating in the OSCE delegation, reports that a high-ranking OSCE official delegation visited Moscow in October 2003 only to find out on their way back, that while the delegation had talked with lower ranking diplomats, Kozak had engaged in a kind of shuttle diplomacy between Chiºinãu and Tiraspol.[47] By mid-November he presented the so-called Kozak Memorandum without having coordinated its initiative within the OSCE. The document envisioned a *Federal Republic Moldova*, which would be neutral and demilitarized. Russian troops should guarantee security and even though their presence was not mentioned during the negotiations, the final document envisioned their presence for the next 20 years to come.

The way the Russians introduced the Kozak Memorandum led EU officials to the conclusion that Russia would probably not be the benign mediator it proclaimed. Together with their US counterparts, they intervened in order to prevent the Kozak memorandum being signed. After a clear statement from Brussels as well as from Washington, President Voronin refused to sign the Kozak memorandum and thus ended the Russian initiative.

In 2003 the Netherlands took over the OSCE presidency and declared its commitment to solving the Transnistrian conflict. Among other things, they proposed to replace the "Joint Peacekeeping Force" by an OSCE Peace Consolidation Force that could eventually be outsourced to the European Union.[48] The presidency devoted a great deal of time and energy, but in the end failed to reach a solution.

Actor-centered Elements

With its intervention in 2003 with the purpose of altering President Voronin's position, the EU left its mainly structure-oriented approach and support for the OSCE negotiation mechanism and took a position in favor of one conflicting party. Together with the US, they also assessed the role of Russia slightly more critically.

Already earlier, the first signs indicated that the EU was enriching its structure-centered approach with some actor-centered elements. The EU's council of ministers, dissatisfied with the negotiation stalemate, concluded that the Transnistrian side was responsible for the stalemate. On February 27, 2003 the EU declared a visa ban against the Transnistrian "President" Igor Smirnov, "foreign minister" Valery Litskay and another 15 members of the Transnistrian government. The EU additionally threatened to take further measures such as freezing bank accounts in case that the Transnistrian side continued its policy of obstruction. Within a few days, the government of the United States had joined this EU initiative.

At this stage, the Netherlands, which took over the EU presidency in the second half of 2004, devoted themselves to finding a solution to the Transnistrian conflict. At the beginning of their presidency too they assessed the conflict parties as ready for a peaceful solution, but in the end they too failed. However, this experience of OSCE failure, which was partly due to a Russian policy of obstruction, led to increased EU activity.

In December 2004, the European Commission proposed in the Framework of the ENP the EU/Moldova Action Plan. One of the key objectives stated in this action plan is to support a viable solution to the Transnistrian conflict.[49] In February 2005, the EU decided to institute a Special Representative (EUSR) for Moldova and appointed Adriaan Jacobovits de Szeged in April 2005. In his

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[47] John Löwenhardt, "The OSCE, Moldova and Russian Diplomacy in 2003," *Journal of Communist Studies and Transition Politics* 20, No.4, December 2004, p. 108.

[48] Löwenhardt, John: The OSCE, Moldova and Russian Diplomacy in 2003. 2004: 107.

[49] Commission of the European Communities: "Proposed EU/Moldova Action Plan" Brussels, December 2004, p.1.

functions as Ambassador of the Netherlands, Jacobovits de Szeged was already involved in the Transnistrian conflict and served as the OSCE-CiO special representative.[50] The proposition of the action plan and the nomination of a Special Representative show the EU readiness to engage more actively in solving the Transnistrian conflict.[51] Such an engagement would necessarily involve assessing the conflicting parties' willingness to solve the conflict and acting in response to their performance.

However, the re-assessment is still limited and the overall approach of the European Union remains structure-centered. This becomes clear when reading the current Commission Staff Working Paper, where the author describes the OSCE negotiation mechanism:

> *"Since 1993, the OSCE has been active in trying to broker a settlement of the Transnistrian conflict, together with the Russian Federation and Ukraine, as the other two formal co-mediators. The EU has stepped up its political engagement towards conflict resolution over past years and remains strongly committed to assisting this process."[52]*

Neither the Transnistrian unwillingness to find an agreement nor Russia's dominant position and the problematic role it plays in the conflict are mentioned. This absence of actor-centered analysis explains why the EU does not try to alter the problematic composition of the OSCE-5. In addition, the fact that Romania, Moldova's second neighbor[53] and the EU are not present at the OSCE-5 is not identified as problematic.

The fact that a structure-oriented approach still guides the EU's perception became visible when the EU Special Representative officially visited Moldova and Transnistrian in April 2005. Vladimir Socor, an American scholar at *Jamestown Foundation, Washington D.C.* and critic of the Western policy towards the post-Soviet space, reports about the concluding news conference during de Szeged's visit to Transnistria:

> *"To Tiraspol's delight and Chiºinãu's dismay, the EU envoy confirmed that any EU participation in conflict-resolution negotiations would only be possible at the request of "both sides" (Interfax, April 12). In practice, this means subjecting the EU's participation to Tiraspol's veto - or that of Moscow behind Tiraspol's."[54]*

The findings on the risk policy show that the EU follows a structure-centered approach. The EU is providing large amounts of financial assistance to the country, but concerning the conflict in Transnistria its policy is limited to the support of the OSCE negotiation mechanism. Only partly and only more recently, has the EU strategy been enriched by actor-centered elements.

2.3 US Policy towards Moldova – Structure-centered Approach

Contrary to the premise in the NSS one might expect the United States following a first and foremost actor-centered approach. However, towards the conflict in Transnistria this is hardly the case. During the 1990s, the risk perception of the US was dominated by a focus on the failure of the state: the problem of organized crime and the fight against trafficking in particular ranked high on the US

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[50] In this capacity, he took part in the OSCE negotiation team and was also a member of the OSCE delegation which visited Moscow while Kozak pursued his shuttle diplomacy. Löwenhardt, *The OSCE, Moldova and Russian Diplomacy*, p. 108.

[51] Nicu POPESCU, "Special Representative of the EU for Moldova: from Opportunity to Actions," Eurojournal.org, Chiºinãu, 18 February 2005, p. 3.

[52] Commission of the European Communities: "European Neighbourhood Policy. Country Report Moldova," p. 10.

[53] *When Romania becomes an EU member in 2007, 450 km of Moldova's border will be the European Union's external border.*

[54] Vladimir Socor, "EU Policy Disarray in Georgia and Moldova," *Eurasia Daily Monitor* 2, No. 74, (2005) [http://www.jamestown.org/edm/article.php?article_id=2369599]

agenda. Consequently, the U.S. State Department established in 2001 the Chiºinãu's Center for the Prevention of Trafficking in Women and opened one year later a branch office in Uenghi. The US is also a large contributor to the official development aid Moldova receives.[55]

Concerning the conflict in Transnistria, the US perception is comparable to the EU perception. Like the EU, the US has failed to assess the role of Russia. Consequently, it does not see the structure of the OSCE-5 mechanism as problematic. Even after the experience with the Kozak memorandum, former US Secretary of State, Colin Powell, elaborated on the negotiation mechanism as follows:

> *"Negotiations should continue within the mediation structure coordinated among the OSCE, the Russian Federation, and Ukraine to best help the parties search for settlement that will be viable, stable and promote the security and well-being of Moldova and of the region as a whole."[56]*

The problematic role of Russia as well as the Transnistrian unwillingness to compromise are both not even mentioned. As a result, the risk policies consist mainly of support for the OSCE efforts of conflict settlement.

Actor-centered Elements

Though the United States pursues a structure-oriented approach of support for the OSCE negotiation mechanism, there are some elements of an actor-centered approach as expected from the US programmatic statements in the NSS. The United States shared the EU's position on the Kozak memorandum and attempted to convince the Moldovan side not to sign the agreement. The US followed the EU in its visa ban against the Transnistrian leadership.

While the general US risk perception is similar to the EU's perception, this is not the case concerning the question of Russian troop withdrawal. In this respect the US assesses Russia's role at least partly as an obstacle toward a solution to the problem. The United States has repeatedly called on Russia to live up to its commitment, to withdraw troops, and to destroy ammunition. For the destruction of ammunition, it has offered financial support, but besides incentives, it also puts pressure on Russia: the Conventional Armed Forces in Europe Treaty (CFE) [57] serves as a lever to activate this pressure.[58] Thus, the United States has declared that NATO countries would not ratify the Agreement on Adaptation of the Treaty of Conventional Armed Forces if Russia does not fulfill its Istanbul commitments in Moldova.[59]

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[55] U.S. Department of State, "U.S. Assistance to Moldova -- Fiscal Year 2005" Fact Sheet, Bureau of European and Eurasian Affairs, Washington, DC, June 2005.

[56] Colin L. Powell, Remarks at the 11th Ministerial Council," Organization for Security and Cooperation in Europe. Maastricht, The Netherlands, 2 December 2003, [http://www.state.gov/secretary/former/powell/remarks/2003/26785.htm].

[57] *The Treaty on Conventional Forces in Europe*, signed in 1990 by the members of NATO and the former Warsaw Pact the treaty defines upper limits in five categories: tanks, armored combat vehicles, pieces of artillery caliber 100mm, combat planes and attack helicopters. It also includes procedures to enhance transparency and confidence and a verification regime. The treaty is especially relevant for Moldova. See Fruntasu, Iulian: *Withdrawal of Russian Troops in the Context of CFE Adapted Treaty*, Internet.

[58] Wade Boese, Dispute Over Russian Withdrawals From Georgia, Moldova Stall CFE Treaty, *Arms Control Today, Washington, September 2004,[http://www.armscontrol.org/act/2004_09/CFE.asp]*.

[59] US Department of State, *Performance and Accountability Reprot Fiscal Year 2004. Performance Section*, United States Government Accountability Office, Washington, D.C., 2004, p. 96.

Since 1994, Moldova is a member in NATO's Partnership for Peace program. In the US strategy, this program is an element to integrate the country into Euro-Atlantic structures.[60] US Secretary of Defense, Donald Rumsfeld, visited Moldova in 2004 to encourage the government to fully participate in the NATO program.[61] The same rationale was behind the invitation of the President of the Moldovan Republic to visit President Bush in Washington. The visit clearly sanitized the public image of the Moldovan side. It can therefore be described as an actor-centered element in an overall structure-centered approach.

In sum, the findings on the risk policy show that the US also follows a structure-centered approach. Like the EU, it is providing large amounts of financial assistance and it supports the OSCE negotiation mechanism. The US position on Russia shows that the United States is more critical of Russia, but even they do not address the ambiguous role Russia plays. The US critique of Russia has not resulted in a change of the Russian-dominated negotiation framework..

3. Case B: Georgia

Georgia was one of the first Soviet republics to gain its independence in 1991. It was shortly followed by the two other republics in the South Caucasus, Armenia and Azerbaijan. Historically Georgia was dominated successively by Romans, Persians, Arabs and Turks. In the late 18th century, the Russian Empire as a protecting power offered security against the threat of Persian domination. However, during the Russian expansion between 1801 and 1804 most of present-day Georgia became part of the Russian Empire. In 1918, Georgia declared itself independent, but this independence lasted only until 1921 when Georgia was invaded by the Red Army to become a Soviet Socialist Republic. One year later, as part of the Transcaucasian Soviet Federative Republic, Georgia became part of the Soviet Union and in 1936 a full Soviet Republic.

In the late 1980s, tensions grew between ethnic groups. Demands for increased autonomy in the South Ossetian region lead to violent clashes between Georgians and Ossetians. After independence from the Soviet Union, tensions in two break-away regions grew and a violent conflict broke out. South Ossetia (in the north) and Abkhazia (in the west) were fighting for separation while Georgia defended its territorial integrity. Ceasefires were finally achieved in South Ossetia in 1992 and in Abkhazia in 1994. The conflicts continue on a low level until present day so that, as in the case of Transnistria, one may now speak of "frozen conflicts".

3.1 The Risks of Weak Statehood

Georgia ranks 100 of 177 in the UNDP Human Development Index.[62] After independence, economic activity had declined sharply, but in 2003 and 2004, Georgia achieved again growth rates of 11.1 and 8.8 per cent[63]. With today's population of 4,5 Million Georgia reached in 2004 a GDP per capita of

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[60] Heiner Hänggi and Fred Tanner, "Promoting security sector governance in the EU's neighbourhood," Chaillot Paper 80, Paris, July 2005, p. 44.

[61] US Department of State, "Transcript: Rumsfeld Visit to Moldova Focuses on PfP, Defense Reform, Iraq," Background Briefing enroute to Moldova. Washington, June 2004. [http://lists.state.gov/SCRIPTS/WA-USIAINFO.EXE?A2=ind0406d&L=wf-mideast&D=1&H=1&O=D&F=&S=&P=4026]

[62] The United Nations Development Programme, *Human Development Reports 2005*, p. 220.

[63] The World Bank, *Moldova Data Profile*, Washington: The World Bank, 2005.

$778[64], which is still only one third of its pre-independence level[65]. The country received high levels of Development Aid and in 2003 obtained US-$ 48.1 per capita.

As in the case of Moldova, the problems of Georgia are its unconsolidated statehood and the unsettled regional conflicts. From the beginning of the disputes, the break-away regions of South Ossetia and Abkhazia added a heavy burden, hampering the consolidation of the Georgian state. At the same time, the weakness of the state and its lack of law enforcement capabilities resulted in new conflicts with other ethnic regions. An example how weak statehood and regional conflicts are intertwined could be seen in Ajaria, on the southern coast of the Black Sea. In Ajaria the regional leader, Aslan Abashidze and his clan, exploited the weakness of the central government. By the late 1990s, they had established criminalized autocratic power structures. After the population of Ajaria turned over the Abashidze clan to the authorities in 2004, the central Georgian government and the new Ajarian leadership were then able to settle the conflict and reintegrate the region into the Georgian state.[66]

One year before, public protest and pressure from the civil society had already changed the distribution of political power in Georgia. After massive street protest against fraud during the presidential elections and in the government of Eduard Shevardnadze, the so-called "Rose" revolution[67] changed the political landscape in Georgia. In January 2004, President Saakashvili was elected with the promise of serious reforms, winning a resounding 96% of the votes on an 80% turnout. Since then, the struggle against organized crime and corruption ranks high on the agenda of the Georgian government.

Organized crime and corruption are serious internal challenges for the Georgian government. Criminality has reached high levels, with kidnappings and numerous murders as well as attempts on the lives of various business executives and public officials. Even though the newly elected Saakashvili government put much effort on combating organized crime, analysts rate the short-term effectiveness of these policies low.[68] In the Transparency International Corruption Perception Index 2004, the country ranks in the position 114 of 145.[69]

Conflicts in South Ossetia and Abkhazia

Tensions between the Georgian state and the breakaway regions of South Ossetia and Abkhazia had started when in 1990 the former dissident Zviad Gamsakhurdia was elected by pursuing a Georgian nationalistic agenda. As chairman of the Supreme Council of the Republic of Georgia, he declared independence from the Soviet Union in 1990 and organized the secession.

The Ossetians regard themselves as a divided nation with North Ossetian belonging to the Russian Federation and South Ossetia belonging to newly independent Georgia. A ceasefire ended three years of separatist war in 1992 and led to the *de facto* independence of the self-proclaimed but internationally unrecognized 'Republic of South Ossetia'. The conflict caused the death of over 50.000

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[64] The United Nations Development Programme, *Human Development Reports 2005*, New York: United Nations Development Programme 2005, p. 267.

[65] *In 2003 the real level of GDP in 2002 was 29% of 1990.* European Commission 2003: Georgia. Country Strategy Paper 2003 – 2006. Tacis National Indicative Programme 2004 – 2006, p. 6.

[66] Nick Paton Walsh and Natalia Antelava, "Adzharian leader flees Georgia, says president," *The Guardian*, 6 May 2004, [http://www.guardian.co.uk/international/story/0,3604,1210314,00.html]

[67] Sometimes also called the "Velvet" Revolution.

[68] Svante E. Cornell, Niklas L.P. Swanström, Anara Tabyshalieva and Georgi Tcheishvili, "A Strategic Conflict Analysis of the South Caucasus. With a focus on Georgia," Central Asia- Caucasus Institute/ Silk Road Studies Program, Stockholm, June 2005, p. 5.

[69] Transparency International: *Transparency International Corruption Perceptions Index 2004*, Internet.

people. The victorious forces of South Ossetia expelled the majority of ethnic Georgians from the regions, which is still waiting for its return. The conflict was followed by an economic downturn.

In 1992, when the ceasefire between South Ossetia and Georgia was negotiated, the conflict escalated in Abkhazia. In August, Georgia launched a major military campaign against the region. The Abkhazian capital Sukhumi was occupied by Georgian armed forces with the Abkhaz leader fleeing to the Russian base at Gudauta. An Abkhaz counter-offensive, which was supported by the Russians, was victorious and resulted in the expelling of the majority of around 250,000 Georgians from Abkhazia. As a reaction, the CIS (including Russia) introduced economic sanctions against the Abkhazian leadership and an agreement by the CIS heads of states of January 19, 1996 prohibits direct contact with the Abkhazia authorities.[70] In April 1994, an UN-sponsored agreement was reached that established a cease-fire guaranteed by CIS peacekeeping forces. The peacekeeping forces could not prevent outbreaks of violence in 1998 and 2001.

After his ascension to power in 2003, Saakashvili tried to present himself as the "unifier of all Georgia".[71] Following the conflict resolution in the region of Ajaria, he attempted to settle the ongoing territorial conflicts in South Ossetia and Abkhazia. After military threats towards the South Ossetian government, the situation escalated and it became obvious that no short-term solution was possible.[72]

Russian presence in Georgia

Russia exerts considerable influence on Georgia and in Georgia on the break-away regions of Abkhazia and South Ossetia. Russian troops are deployed in the Abkhazia region together with a CIS military observer group for peacekeeping. Moreover, a Russian peacekeeping battalion is deployed in South Ossetia. Russian troops also have established military bases in Batumi, Akhalkalaki and Gudauta and pursued a policy of long-term military presence in Georgia. However, in the summer of 2005, after numerous fruitless negotiations, Russia and Georgia agreed on a withdrawal of Russian troops, to be completed by 2008.

For historic, geographic and economic reasons Russian foreign policy is supporting the separatists. Besides its military presence, the energy Russia supplies is another channel of influence. In January 2001, when tensions in the break-away regions grew, energy supplies for Georgia were temporarily cut off by the Russians. Russia also introduced a visa policy which obliges Georgians to obtain a visa for travel to Russia. Especially in Abkhazia, the Russian influence is high. During Soviet times, Abkhazia was much more integrated than other Caucasus regions: Russian was the lingua franca for its multiethnic population and the Abkhaz elites were oriented towards Russia. The introduced visa policy was also used to support the breakaway regions, as it does not apply to the populations in Abkhazia or in parts of South Ossetia. In September 2004, Russia reopened a railway connection between the Abkhazian capital Sukhumi and Moscow, thereby violating the Russian-Georgian agreement which states that restoration of the railroad in Abkhazia may only proceed in parallel with the safe return of Georgian refugees to Abkhazia.[73]

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[70] Giorgi Sepashvili, "Resuming Abkhazia Railway Link, Russia Strengthens its Hand Versus Tbilisi," Civil Georgia 11 September 2004, [http://www.civil.ge/eng/article.php?id=7806].

[71] "Following his highly symbolic inauguration oath at the grave of David IV in January 2004, he stated, 'Georgia's territorial integrity is the goal of my life'." International Crisis Group, "Georgia: Avoiding War in South Ossetia." Europe Report N°159, Tbilisi/Brussels, 26 November 2004, p.7.

[72] International Crisis Group, "Georgia: Avoiding War in South Ossetia," p.1.

[73] Vladimir Socor, Moscow breaches Sochi Agreement on Abkhazia, Eurasia Daily Monitor 1, No 66 (2004).

Another example of Russians stance on Georgia's territorial integrity is to be found in 2004 when Russia vetoed the prolongation of the OSCE observer mission. For years, a team of unarmed OSCE observer patrolled the border between Georgia and Russia in order to document and to prevent the infiltration of Chechen terrorists. At the same time, the observer mission recorded eventual border violations by the Russian army and therefore became a target of Russian obstruction. Up until today the request of the Georgian government to replace the mission by western observers has only partly been answered. The EU has sent three experts, who are stationed in Tbilisi and make periodic trips to the border.[74]

Like Moldova, Georgia presents a case for transatlantic cooperation and already at the EU-US Summit 2001 the transatlantic partner declared their commitment to find to conflict solving in the South-Caucasus:

> *"We will intensify our political dialogue on the Southern Caucasus, where enhanced stability is a common interest. In that regard, the U.S. and EU remain committed to strengthening Georgia's sovereignty, independence, and transition to democracy and free market economy."[75]*

3.2 EU Policy towards Georgia

The legal basis of EU-Georgian relations is the Partnership and Cooperation Agreement (PCA), which came into force in 1999 and covers areas including political dialogue, trade and investment, economic co-operation, legislative approximation, culture and science. On June 14, 2004 the council of the European Union decided to include Georgia and the two other Southern Caucasian countries in the European Neighborhood Policy.[76]

Structure-centered Approach

Concerning the conflict in Abkhazia and South Ossetia, the European Union is committed to the territorial integrity of Georgia and to a peaceful settlement of the conflict. However, during the 1990s the EU was not actively engaged in finding a solution to the frozen conflicts.

An initiative to strengthen the EU role was taken in 2001. Under the Swedish presidency, a EU-troika[77] visited the South-Caucasus[78] and in April, the EU became a member of the OSCE Control Commission for South Ossetia. One year later, in 2002, the Finish Ambassador Heikki Talvitie was appointed EU Special Representative for the South Caucasus (EUSR) in order to give the EU engagement more visibility and to deal with the frozen conflicts in the region. On January 2004, Javier Solana, the EU High Representative for the Common Foreign and Security Policy visited Georgia and EUSR Heikki Talvitie has visited Georgia on numerous occasions as well as Abkhazia and South Ossetia.

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[74] Vladimir Socor, "France leads the EU's nyet to Georgias border monitoring," in *Eurasia Daily Monitor* 2, No. 76 (2005), [http://jamestown.org/edm/article.php?article_id=2369613].

[75] United States of America and the European Union, "Goteborg Statement," Summit of the United States of America and the European Union. U.S.-EU Summit. Goteborg, 14 June 2001. [http://www.state.gov/p/eur/rls/rm/2001/3661.htm]

[76] Commission of the European Communities, *European Neighbourhood Policy: the next steps.* IP/05/241 Brussels, March 2005.

[77] Anna Lindh, Chris Patten, Javier Solana

[78] Chris Patten and Anna Lindh, "Resolving a frozen conflict - Neither Russia nor the west should try to impose a settlement on the southern Caucasus," Financial Times, 20 February 2001.

The risk perception of the European Union is not solely focused on governance problems as in the case of Moldova. Actor-centered elements can also be found in the documents. However, a structure-centered approach prevails and the 2005 Country Report on Georgia is an example for a clear focus on governance problems:

> *"After ten years of transition, rule of law is weak and in particular corruption is still pervasive. In this context and against the background of territorial instability, threats to internal security result from terrorists hiding in certain parts of the country, but - more importantly - from the incapacity or even unwillingness of the government to provide for the adequate level of security."*[79]

The EU sees in the poor administration's capacity the main reason for the severe security situation in Georgia. However, the EU also points explicitly - differing to the country report on Moldova – to the connection between the separatist conflicts and the weakness of the state. On its website the European Commission attaches even more priority to Georgia's frozen conflict:

> *"The EU has an interest in Georgia developing in the context of a politically stable and economically prosperous southern Caucasus. In this respect, the conflicts in Abkhazia and Tskhinvali region/South Ossetia remain a major impediment to development in Georgia and contribute to regional instability. The EU supports the principle of Georgian territorial integrity."*[80]

The EU is a major donor of financial aid to Georgia. Its risk perception reflects the way it sets the priorities of its aid programs. For the period 2004-2006, the EU foresees supporting Georgia with €28 million.[81] The two priority areas are the support for institutional, legal and administrative reform and the support in addressing the social consequences of transition". € 4 million are foreseen for the "Rehabilitation Programme" aiming to enhance stability and security in South Ossetia through confidence building measures.

Actor-centered Elements

The insufficiencies of a structure-centered approach become obvious when one examines the role of Russia. As in the case of Moldova, Russia can be considered a destabilizing factor in Georgia. The European Union, however, has frequently taken a very cautious position vis-à-vis Russia. In its country report on Georgia, the EU addresses Russian influence and its special relations with Abkhazia, without discussing the problematic aspects of this relationship.

> *"Since 1993, Russia has increased its influence in Abkhazia, notwithstanding its official policy of recognition of the sovereignty and territorial integrity of Georgia. Russian passports and citizenship have been granted to the population of Abkhazia and there are increasing commercial connections between Abkhazians and Russians."*

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[79] Commission of the European Communities: "European Neighbourhood Policy. Country Report Georgia," COM(2005) 72 final, Commission Staff Working Paper. Brussels, March 2005.

[80] Commission of the European Communities: "The EU's relations with Georgia. Overview," Website. Brussels, June 2004, [http://europa.eu.int/comm/external_relations/georgia/intro/index.htm].

[81] Sebastian Mayer, "Die Beziehungen der Europäischen Union zum Südkaukasus: Von pragmatischer zu strategischer Politik," *Integration* 25, No. 2 (2002), p. 125.

However, the EU does and does not conclude that Russia might therefore be unsuitable as a neutral mediator in the conflict-solving process. As in the case of Moldova, the EU has always stepped back from confronting a Russian policy of obstruction, thereby following its Russia-First-Policy. In 2004, Javier Solana, in his speech at the European Parliament's High Representative for CFSP, pointed out the importance of good relations with Russia. In this relationship, he sees the key for a solution of the conflicts:

> *"A co-operative approach will be crucial in working towards a solution of outstanding issues. There is also a need for a good understanding with Russia. The EU is ready to work with Georgia and Russia in order to help facilitate a better relationship."[82]*

The EU introduced CFSP Joint Actions in support of border guards to prevent the spillover of the Chechen conflict into Georgia. The EU also assisted in the establishment of a Georgian-Ossetian police force.[83]

3.3 The US Policy

For geopolitical reasons, Georgia is of great strategic value for the United States. Situated between the Caspian Sea and the Greater Middle East, Georgia's importance is undisputed and relations between the two countries are close.[84] During the 1990s, the US risk perception was dominated by a focus on the risk of state failure and US assistance is targeted to support Georgia's democratic, economic, and security reform programs, with an emphasis on institution building.[85]

After 9/11, the fight against terrorism became an important issue on the US-Georgian agenda and the US supported the Georgian anti-terrorist capabilities. In spring 2002, in a "train and equip" program the US deployed military trainers to Georgia to help the country in enhancing its antiterrorist capabilities and border security. One of the main concerns was the situation in the Pankisi-George. This valley is considered part of the main routes for smuggling and a hideout for terrorists. The Georgian government was clearly not able to enforce the law. The US supports the Georgian Government militarily to regain control over the Pankisi-George.[86] The problem of organized crime and trafficking continue to rank high on the US agenda for Georgia.

The US perception of risks in Georgia is reflected in its policy towards the country. Besides military support, the US supports Georgia through the Millennium Challenge Corporation (MCC) with a grant of $295.3 million. The program aims primarily to reduce poverty and generally tries to stimulate economic growth in the regions outside of Georgia's capital, Tbilisi.[87] As in the case of the EU assistance for Georgia, the US engagement is mainly structure oriented.

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[82] Javier Solana, "Summary of the intervention before the plenary session of the European Parliament, on the Middle East and on Georgia," S0274/04. Brussels, 13 October 2004, [http://ue.eu.int/ueDocs/cms_Data/docs/pressdata/EN/discours/82256.pdf].

[83] Commission of the European Communities, "TACIS National Indicative Programme 2004-2006: Georgia," Country Strategy Paper 2003 – 2006, Brussels, 23 September 2003, pp. 28-29.

[84] With the opening of the Baku-Tbilisi-Ceyhan oil pipeline the strategic value of Georgia increased dramatically. From the U.S. perspective this pipeline is important to diversify the oil supply of the West and to be less dependent of the Greater Middle East countries.

[85] U.S. Department of State, "Background Note: Georgia," Bureau of European and Eurasian Affairs. Washington. D.C., February 2005, [http://www.state.gov/r/pa/ei/bgn/5253.htm].

[86] Also important for the US is the provision of 800 Georgian troops, which support the military operation of the US in Iraq.

[87] The MCC is an initiative of the US government to work with the poorest countries in the world. Until September 2005 only 6 countries had been chosen for participation. "Millennium Challenge Corporation Signs $295.3 Million Compact

Actor-centered Elements

In June 2005, US President George W. Bush visited Georgia. This visit was intended to support the Georgian President in his attempt of democratic reforms. Observers had also expected the President to speak about the situation in the breakaway regions, but the only section in his speech on the frozen conflict was an appeal to a peaceful settlement of the conflicts:

> *"Georgia's leaders know that the peaceful resolution of conflict is essential to your integration into the transatlantic community. At the same time, the sovereignty and territorial integrity of Georgia must be respected -- the territorial [sic] and sovereignty of Georgia must be respected by all nations."[88]*

Even though the people at the Freedom Square at Tbilisi might have understood who was addressed, when the President called on "all nations" to respect Georgia's territorial integrity, this was not the clear message to Russia observers had expected. While the visit was used to announce further support of democratic reforms, no further initiatives concerning the frozen conflicts were announced.

When in September 2005 a mortar attack on the South Ossetian capital Tskhinvali was launched, the US statement clearly showed actors becoming a direct concern. The Georgian Government suggested that the Russian peacekeeping force deployed in the South Ossetian conflict zone was responsible for the mortar fire, an accusation the Russian Defense Ministry rejected.[89] However, the US made use of the incident in order to mention Russia's role in the conflict and to criticize it:

> *"We urge the Russian Federation, in respect of Georgia's territorial integrity, to refrain from support of the unrecognized South Ossetian leadership. We also urge the Russian Federation to help avoid further provocations on both sides of the South Ossetia conflict as we work together in pursuit of a negotiated settlement."[90]*

In sum, the findings on the US risk perception and its risk policy show that also the US follows a structure-centered approach. More recently actor-centered have elements become more important, but they have not led to a change in US policy towards Georgia.

4. Conclusions

The risks to European security emerging from the countries in the post-Soviet space are complex, both in their root causes and with regard to the consequences. Multiethnic composition of states and a separatist conflict, sluggish economic development and weak states, as well as strong Russian influence sometimes intentionally destabilizing the former Soviet Republics: this complexity demands a great deal of interpretation and therefore makes it important to study the risk perception of the actors involved.

Contrary to what one could expect in view of a so-called rift in the transatlantic community, this study shows that the EU and the US do not differ significantly in their assessment of the conflicts in the two countries, as it had been. This is an important finding for the debate about future cooperation between

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with Georgia," Press Release, Washington, D.C., 12 September 2005 [http://www.mca.gov/public_affairs/press_releases/pr_091205_georgia_signing.shtml]

[88] The White House, "President Addresses and Thanks Citizens in Tbilisi," Office of the Press Secretary, Tbilisi, Georgia, 10 May 2005, [http://www.whitehouse.gov/news/releases/2005/05/print/20050510-2.html].

[89] RFE/RL Newsline, *Georgia accuses Russia of supporting 'separatist regimes'*, Transcaucasia and Central Asia, Radio Free Europe/ Radio Liberty, 23 September 2005, [http://www.rferl.org/newsline/2-tca.asp].

[90] Sean McCormack, "Georgia: Mortar Incident in South Ossetia," Press Statement 2005/801, U.S. Department of State, Washington, D.C., 22 September 2005, [http://www.state.gov/r/pa/prs/ps/2005/53844.htm].

the transatlantic partners. Empirical evidence points to a similar risk perception and policy by the European Union and the United States. The EU and the US both have followed a structure-centered approach toward Moldova and towards Georgia. Both provide large amounts of financial assistance and both support the current negotiation mechanism. And it is that both, the US and the EU fail to assess the political dynamic of the conflicts. Their policies towards the problems in the post-Soviet space often appear to be technocratic, rather than political.[91]

For EU policy makers it is important to understand the crucial role the EU can play in the region. Considering the EU's geographical closeness to the post-Soviet space and its supposed problem-solving capabilities, it would be a culpable negligence to address the security risks in the region only half-heartedly. With the enlargement of the European Union in May 2004, the priorities on the European agenda were readjusted. The European Neighbourhood Policy was intended to establish a new framework for relations with the countries in the East and in the South. Moldova and Georgia are two countries in favor of supporting the establishment of an order based on freedom and democracy.

The study shows how important leadership is in the European Union. The importance assigned to a certain problem by the EU presidency and its commitment to deal with it is an important factor for the agenda setting in the EU. Leadership is also crucial to make use of the EU's influence for the agenda setting at the OSCE. In the case of Moldova, it was a commitment by the presidency of the Netherlands, which led to a new initiative also inside the OSCE. In the case of Georgia, the Swedish presidency advanced the topic on the EU agenda.

The impression of a technocratic approach pursued by both the US and the EU applies in particular to the cautious policy towards Russia.[92] The US and the EU avoid addressing the problems of the brake-away regions openly and they do not criticize the ambiguous role Russia plays. The role of Russia is occasionally criticized, particularly by the US. However, any critique of Russia has little political consequences since neither the US nor the EU has pursued to change the Russian-dominated negotiation framework of the OSCE-5. This cautiousness leads to the dangerous impression as if developments in the post-Soviet space were primarily affecting Russian interests and as if the region was still Russia's zone of influence. In this sense the Europe of Yalta continuous to exist.

One of the problems of Russia's role in the region is its position as a major supplier of peacekeeping troops.[93] It is this kind of third-party peacekeeping, where the third party pursues its own interests.[94] The question is not whether to be diplomatic or confrontational vis-à-vis Russia, but rather to assess Russia's ambiguous role and then to address it. This can often be done in a cooperative manner. A more critical stance on Russia's role in the region does not need to contradict the EU's concept of Russia as a key partner and it is important that the problem is not perceived by European policy-makers as a trade-off between Europe interests in good economic relations with Russia and its interest in a free and stable neighborhood.[95]

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[91] Heather Grabbe (2004): How the EU should help its neighbours. Policy Brief. Center for European Reform. Brussels June, p. 3.

[92] Margot Light (2003): US and European perspectives on Russia, in: John Peterson and Mark A. Pollack (eds.), "Europe, America, Bush: Transatlantic Relations in the Twenty First Century, London Rutledge, pp. 69-84.

[93] Ingo Peters (1995): "The CSCE and Peacekeeping: An Institution and its Instrument as 'Victims' of Conflicting State Interests, in: Hans-Georg Ehrhart and David G. Haglund (eds.): The "New Peacekeeping" and European Security: German and Canadian Interests and Issues. Nomos Baden-Baden.

[94] Mark J. Mullenbach (2005): Deciding to Keep Peace: An Analysis of International Influences on the Establishment of Third-Party Peacekeeping Missions, in: *International Studies Quarterly* 49, pp. 529-555.

[95] Roland Götz (2004): 'Silence for Gas'? Germany's Dependence on Russian Energy. Comment 27 Stiftung Wissenschaft und Politik, Berlin September, p. 2.

Contrary to policies in other areas, the EU and the US mainly agree with regard to their respective strategy towards Moldova and Georgia. This includes the institutional choice for the OSCE. However, the ambitious goals of the organization have not been fulfilled. In particular, the negotiation framework OSCE-5 in Moldova has had little success and the OSCE-5 framework showed its incapacity during the last decade. In Georgia, the OSCE Border Mission Operation, when vetoed by the Russians, has never been replaced. The policy of delegating security problems to the OSCE without giving the organization the resources and the political backing of tackling these problems successfully reminds of what has been described in the context of the United Nations as a 'dustbin strategy'.[96]

Given the geopolitical interests of the US, especially in the Caucasus, and of the EU in its neighborhood it is important to understand that a common transatlantic approach towards the security risks in the region is in both partners interest. If future transatlantic cooperation has to be more successful it will be important to have a new strategic debate about Western goals and means in the European neighborhood. Such a strategic debate should also try to enhance a political understanding of the conflicts. A political understanding is needed to focus more on the involved actors -- the conflict parties and Russia. Such an actor-centered approach could also enhance the understanding that in the European neighborhood, western values and interests are at stake.

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[96] „[...] states using the United Nations as a 'dustbin' into which they throw urgent and difficult matters that they cannot tackle themselves." Adam Roberts (1993): The United Nations and International Security. Survival 35 (2), Summer, p.7