

Novel Solutions to Resolve the Conflicts in the EU's Eastern Neighbourhood

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Executive Summary

- > The insecurity caused by the unresolved conflicts in the EU's Eastern neighbourhood requires immediate solutions.
- > To date, the schemes designed for resolving the Abkhazian, South Ossetian, Nagorno-Karabakh and Transnistrian conflicts have proven unsuccessful.
- > Against the background of tensions between the US/EU and Russia, novel solutions hinging on security and political confidence-building measures, and political, economic and social remedies are advised.
- > Confidence-building measures include, among others, institutionalizing high-level meetings, modifying the OSCE Minsk Group, safeguarding the demilitarized zones and sending a permanent monitoring to Nagorno-Karabakh. Additional measures require creating a longer-term EU-Russia monitoring mission for Abkhazia and South Ossetia, adding a 'civilian' 'wing' to the peace-keeping mission in Transnistria, capping defence expenditures and armaments and using pre-emptive and preventive measures for all conflicts.
- > In terms of additional remedies, banning 'hate speech', re-shaping the existing economic patterns and supporting SMEs, as well as paving the way for visa-free travel to Abkhazians and South Ossetians and fostering infrastructural links would be useful measures.
- > The recommendations aim at achieving the type of 'sustainable peace' that the EU champions in its Global Strategy.

With the European Union's (EU) Eastern neighbours having been embroiled in fatal frictions, four conflicts remain simmering in Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria. Having surfaced in the form of irredentist movements at the time of the collapse of the Soviet Union, all of them became 'inter-state' conflicts (Vasilyan 2013). Branded as 'frozen', paradoxically, they reignite every now and then, leading to open confrontations and loss of human lives. Examples are the wars between Georgia and Russia in 2008 and between Azerbaijan and Armenia in 2016. With Ukraine having recently become another battle ground for civil war and intra-state strife, only Belarus has managed to escape the trend.

It is, therefore, not surprising that the 2016 EU Neighbourhood Barometer found that the majority of respondents in Armenia, Belarus, Moldova and Ukraine identified 'peace, security and stability' as the most important value. In Azerbaijan it was ranked second after 'freedom of speech' and in Georgia fourth, preceded by 'economic prosperity', 'freedom of speech' and 'human rights' (EU Neighbourhood Barometer n.d.). This is an indication of the insecurity reigning in the EU's Eastern neighbourhood.

Consequently, there is a need for more appropriate solutions to these conflicts than the ones put in place so far. This policy brief first discusses the schemes contrived to respond to the conflicts in Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria. It then proposes alternative paths out of the current stalemates. Concretely, it recommends political and security confidence-building measures and political, economic and social remedies. It is argued that these novel policy solutions will advance the objective of 'sustainable peace' promoted in the EU's Global Strategy.

Existing schemes for resolving the frozen conflicts

To solve the four conflicts, several schemes for conflict resolution were initially established. The Organisation for Security and Cooperation in Europe (OSCE) Budapest summit in 1994 created the Minsk Group for the resolution of the *Nagorno-Karabakh conflict*. France was nominated as a co-chair at the 1996 OSCE Lisbon summit after the initial co-chairmanship of Sweden resulted in tensions with Russia related to the parallel scheduling of meetings in different venues (De Waal 2003). Sweden nevertheless remained a participating state, together with Germany, Italy, Finland, Belarus and Turkey. The US joined as a third co-chair in 1997 as desired by Azerbaijan. The EU has not extended any financial assistance to Nagorno-Karabakh, although, paradoxically, funding has been provided to Azerbaijan for the reconstruction of war-torn areas (Vasilyan 2013).

Russia, the US, Germany, France and the UK have been members of the Group of Friends of the UN Secretary General. This French initiative was set up in Geneva in 1993 to contribute to the resolution of the *Abkhazian conflict*. The 'Geneva process' launched subsequently created a complex peace-keeping mechanism. The OSCE would liaise with the United Nations Organisation Mission in Georgia (UNOMIG), which would, in turn, observe and assist the operation of the Russian-led Commonwealth of Independent States (CIS) forces.

The *South Ossetian conflict* was managed by the Joint Control Commission (JCC) created in 1992 as a quadrilateral peace-keeping body composed of Georgian, Russian, North and South Ossetian representatives. In 2001, the European Commission, together with France, Belgium and the Netherlands, became an observer of the JCC Economic Working Group. The EU has been the primary donor to both Abkhazia and South Ossetia. As a result of the war between Georgia and Russia in 2008, these frameworks were dismantled and the European Union Monitoring Mission in Georgia (EUMM) was instituted as a civilian peacekeeping mission with Russia's agreement. To reach settlement, a new Geneva process was launched with the participation of Abkhaz and South Ossetian representatives.

Since the signature of the cease-fire agreement regarding *Transnistria* in 1992, a peacekeeping force consisting of Russian, Moldovan, Transnistrian and Ukrainian military observers has been present on the ground. The '5+2' format with the participation of Russia, Moldova, Transnistria, Ukraine, the OSCE as well as the EU and the

US as observers has been designed to enforce the implementation of the agreement. The EU Border Assistance Mission to Moldova and Ukraine (EUBAM) has been monitoring and advising on the implementation of the Joint Declaration on certain customs regime issues since 2005. The EUBAM oversees trade and transportation activities and facilitates cross-border cooperation and confidence-building.

Originally, 'tectonic shifts' in the international system marked by the change from bipolarity to multipolarity led to the eruption of the above-mentioned conflicts. Nowadays, however, global and regional challenges such as terrorism and migration have come to predominate over them. Meanwhile, the existing schemes have proven inadequate for the resolution of these conflicts. The aggravated tensions between the US and the EU, on the one hand, and Russia, on the other, have been manifested in a series of schisms. These include contending security alliances, such as the North Atlantic Treaty Organization (NATO) and the Collective Security Treaty Organization (CSTO). Other examples are alignments in the form of Georgia-US, Armenia-Russia, Azerbaijan-Turkey (Vasilyan 2010) and Belarus-Russia strategic partnerships and even the split allegiances of Moldova and Ukraine. Moreover, several problems pertaining to the existing schemes have loomed large. In the case of Nagorno-Karabakh, the Minsk Group has exhibited internal dissonance related to the interaction between the co-chairing mediators. As for Abkhazia and South Ossetia, the EUMM has been constrained more to an observing than brokering body due to the rejection by the *de facto* states and Russia to access the territories (Vasilyan 2013). The EU's approach to resolving the Transnistrian conflict has been technical, that is, not addressing the security, political, economic and social issues underpinning the conflict and obstructing its resolution (Vasilyan, forthcoming). As a result, these conflicts remain 'sore' with their propensity to 'heal' becoming questionable.

Meanwhile, long-term peace in Eurasia can only be the result of a recalibration of the adopted policies and positions of the external entities by back-peddalling and crafting more cooperative security arrangements. The concrete recommendations made in the following sections of the policy brief intend to provide *ways* – hereby understood as security and political confidence-building measures – and *means* – political, economic and social remedies – out of this vicious circle.

Security and political confidence-building

The *de facto* states have been presenting obstacles for Georgia, Moldova and as of recently Ukraine in view of their willingness to integrate into NATO and the EU. The tightening of sanctions against Russia by the EU has further denigrated its reputation on the global scene and increased the reluctance of several parties to comply with the Six-Point agreement or the Minsk agreements for the resolution of the Abkhazian and South Ossetian conflicts and the crisis in Ukraine, respectively. Despite Georgia's establishment of the Ministry of Reintegration in 2008 – renamed into Ministry of Reconciliation and Civic Equality in 2014 –, no breakthrough has been achieved. As Russia has been gaining the upper hand in Syria and Libya – by tilting the weight in favour of the government as opposed to the opposition-led forces – these developments offer a bigger bargaining chip against the US/EU (member states). The tying of these advances to the conflicts in the EU's Eastern neighbourhood has been a game played by the great powers vying for relative power through proxy wars. This necessitates systemic solutions to be found between the US/EU and Russia over the Eurasian conflicts, which might be produced by relying on more comprehensive *quid pro quo* deals. To be sustainable, it is essential that the latter are amenable to all the parties.

To that end, novel security and political confidence-building need to be encouraged in the EU's Eastern neighbourhood. First, for the Nagorno-Karabakh conflict, while the Minsk Group co-chair countries have held separate meetings with the presidents of Armenia and Azerbaijan, this has signalled incoherence within the format (Vasilyan 2013). Coordination among the co-chairing countries should be required within the frames of the OSCE. Second, high-level meetings between the warring parties should not only be organized *ad hoc* (such as emergency and contingency-led meetings), but become more frequent and institutionalized. Moreover, these meetings should also include representatives of *de facto* states as well as of the co-chairing countries. Third, the format of the Minsk Group could be revised since the co-chairs who are 'shadow' high-level diplomats do not seem to enjoy leverage at the elite level and legitimacy at societal level. Instead, the mandate for mediation should fall under the prerogatives of Foreign Ministers or at least Deputy Foreign Ministers of the co-Chairing countries. Fourth, the established demilitarized zones should be respected via international guarantees under the protection of the OSCE and the UN: this has not been the case in Karabakh where clashes have taken place. Such guarantees would also be a test case for a potential

security rapprochement. Finally, a permanent monitoring mission with access to the territories under the aegis of the UN should be deployed. This could be more effective than a leading role for the OSCE, given the UN's broader membership compared to the OSCE, a platform where the US and Russia have traditionally been in conflict. The UN umbrella could also be more efficient than that of the EU, which has been viewed as a biased outsider not favoured by the *de facto* state authorities. This has been due to the Union's support for 'territorial integrity' at the expense of the 'right of people to self-determination' in the cases of Abkhazia, South Ossetia and Transnistria and *prima facie* contradictory rhetoric pertaining to Nagorno-Karabakh (Vasilyan 2013).

In Abkhazia and South Ossetia, the EUMM's short-term mandate that is extended more or less annually does not bestow a strategic approach to conflict resolution (Vasilyan 2013). The incapacity of the monitoring team to access the areas affected by the conflict diminishes its potency. A longer-term joint civilian monitoring mission with a Russian peacekeeping contingent – even if purely humanitarian – or a unified observer team could better serve the ultimate goal of finding common ground.

With the three South Caucasian states having been incrementally augmenting their military budget, in particular Azerbaijan, the level of defence expenditure should be capped. The OSCE could set a binding percentage on all of its member states, including, among others, Russia and the Eastern neighbours of the EU. The ceilings related to the acquisition and usage of military equipment, as well as the amounts that may be used for that purpose, should be fixed and enforced, for instance through strict observation of the Conventional Armed Forces in Europe Treaty, which the South Caucasian states have been transgressing (Vasilyan forthcoming). This would curb the ongoing arms race and escalation.

Pre-emptive and preventive measures should be devised and developed by the OSCE, possibly in concert with the UN and the EU, for the resolution of all the frozen conflicts. The added value of the UN is that it is the most inclusive multilateral organisation comprising all states who have stakes in the conflicts. The asset that the EU can bring to the table is related to not having a direct stake in the respective conflicts.

In relation to Transnistria, a 'civilian' security 'wing' could be added to the existing military peace-keeping mission. An agreement between the EU and the involved parties,

especially Russia, could make the mission better equipped to tackle the conflict.

On the political front, in the case of the Nagorno-Karabakh conflict, first, after the war of April 2016, a new agreement was to be negotiated, as the cease-fire agreement signed in 1994 no longer reflects the same security and political reality on the ground. Acquisition of more wealth due to the sale of energy resources has made Azerbaijan less willing to compromise and more prone to use force, with Armenia responding proportionally. Due to constant cease-fire violations and skirmishes across the Line of Contact, hundreds of military and civilian deaths are recorded annually. Second, a timeline should be introduced for the implementation of all points of the agreements (modified versions of the Basic or Madrid Principles for the resolution of the Nagorno-Karabakh conflict and the Six-Point agreement for the Abkhaz and South Ossetian conflicts). Such benchmarking would presume more precision regarding compliance with the commitments made. Third, 'naming and shaming' should be used in the monitoring process after detecting which party has first violated the cease-fire. While the Independent International Fact-Finding Mission sent by the EU in the aftermath of the Georgia-Russia war revealed that Georgia instigated the outbreak of the war, no such mission was deployed after the April 2016 war over Nagorno-Karabakh. Finally, with respect to Abkhazia and South Ossetia, the EU adopted a policy of non-recognition (of the declared independence), while still engaging with them. Conversely, no policy of engagement has been pursued on Nagorno-Karabakh. As a result, while political dialogue has been held with Abkhaz and Ossetian officials by the European Parliament Delegations and by the EU Special Representative for the South Caucasus, there have been no visits to Karabakh (Vasilyan 2013). This has *a priori* strengthened Russia's position. A policy of engagement is deemed as urgent if the EU is eager to endorse an 'integrated' and 'comprehensive' approach to conflict resolution hailed in the Global Strategy.

Concerning the potential political endeavours for the resolution of the Abkhazian and South Ossetian conflicts, the EU could impose arms restrictions/embargos on its own member states, which sell weapons particularly to Georgia. With Russia bewildered by the postures of Poland and the Baltic states and by the NATO and EU membership aspirations of Georgia and Ukraine, a unified and tempered position would have to be achieved within the EU. Meanwhile, EU member states vary in terms of their friendliness towards Russia, ranging from Bulgaria, Cyprus, Greece, Luxembourg, Spain, Italy as 'doves', on the one

hand, and the UK, Poland and the Baltic states as 'hawks', on the other, with France and Germany falling in between (On 2014). Considering such a discrepancy among its member states, the EU is not likely to garner much credibility in the EaP countries and the *de facto* states.

Political, economic and social remedies

Considering the political, economic and social underpinning of the broader confidence-building measures, and starting with a look at political matters, the recurrent belligerent rhetoric emanating from Azeri President Aliyev contradicts the spirit of negotiations. Moreover, it aggravates the fears of Armenians about the return of internally displaced Azeris and refugees. Accompanied by bellicose tactics, this discourse is perceived as a threat. It is feared that repopulation, gerrymandering and discrimination could lead to a deterioration of the life of Armenians in Nagorno-Karabakh and even to ethnic cleansing. The latter is attributed to the reinforced kinship between Turkey and Azerbaijan with the Turkish army offering trainings and Erdogan supporting Azerbaijan's military actions over Karabakh during the April 2016 war. Given the memory of the Armenian genocide, the perceived threats to survival among Armenians have intensified. While this derails potential reassurance of cohabitation for the Armenian population, 'hate speech' should be banned by the OSCE, CoE and the UN.

Second, although Azerbaijan degraded the mandate of the OSCE office in Baku to that of a project coordinator and later closed it, no proportionally responsive step has been taken by the organization. The OSCE should suspend Azerbaijan's vote, if not voice until it has shown appropriate behaviour. Conversely, the CoE has *de facto* approved of Azerbaijan's electoral malpractices, after corruption of European officials through 'caviar diplomacy' (European Stability Initiative 2012). Arguably, the CoE should take a similar stance towards Azerbaijan as towards Belarus. As all the pipelines (with shares held by Western companies) constructed to pump and carry oil and gas connect to Western Europe (and none to the East), Azerbaijan's potential 'retaliation' is not likely to lead to negative repercussions in terms of supply cut.

Lastly, the EU's neglect of Azerbaijan's authoritarian practices, especially the referenda on constitutional amendments held in 2009 and 2016 to secure further consolidation of power for the ruling Aliyev family, have also decreased the hope of finding a peaceful resolution to the Karabakh conflict. Reflected in the EU's retreat from

the expected normative rhetoric/stance coupled with non-use of conditionality this has led to further disenchantment with the EU's role as a harbinger of democracy and peace (Vasilyan forthcoming). In the current circumstances of concomitant regress with democracy in Turkey, which as a kin country has represented a model for Azerbaijan, the EU's insistence on values is fundamental for asserting its 'moral power' (Vasilyan forthcoming). Beyond curbing consolidation of authoritarianism in Azerbaijan such a venture would be a pathway for guaranteeing human security, as advocated by the EU.

In terms of their economy, the *de facto* states are marginalized and, thus, dependent on external supplies. Concretely, Transnistria's population has been suffering from poverty due to the economy's reliance on farming and poor infrastructure. Russia remains the single provider of assets through loans, subsidies and gas to Abkhazia, South Ossetia and Transnistria; in the case of Karabakh Armenia and the Armenian diaspora is a benefactor. Therefore, a reversal in the adopted preferences and existing dependence of the *de facto* states would envisage substitution of this economic pattern. Otherwise, Russia will continue to be the only outlet for the *de facto* states for social (work) and economic (trade) exchanges. For example, in the case of Transnistria, the EU could help Moldova to pay off its debt to Gazprom and make it less dependent on Russia by increasing supplies from Romania. While preferential trade arrangements have been offered by the EU to Transnistrian companies registered in Moldova, the latter has been lenient towards Transnistria. Since Georgia has signed a Deep and Comprehensive Free Trade Area (DCFTA) with the EU as well, an identical treatment by the Georgian government could permit Abkhazian and South Ossetian companies to benefit from it. Such a posture could aid the *de facto* states communities and foster a rapprochement.

As for Nagorno-Karabakh, whereas Azerbaijan is neither inclined to having a DCFTA with the EU conditioned upon membership in the World Trade Organization nor to seek engagement with Karabakh, European enterprises could cooperate with companies in the *de facto* state. Thereby the EU should support small and medium-size entrepreneurship (SME) in the *de facto* states. This will most likely only work if the cartel-like political-economic nexus, which characterizes the economic reality in all the *de facto* states, is outrooted. Structural changes within the 'patron' states could stimulate this. After all, the political leaders in Transnistria, Abkhazia and South Ossetia, as well as the corporations, have maintained ties with Moscow. In

Karabakh they are (partially) owned by the political clique in the *de facto* state and/or Armenia.

As far as social matters are concerned, the demographic factor is key to reconciliation. The bulk of the citizens of Transnistria carry Moldovan, Ukrainian and Russian passports; South Ossetia is mainly home to Ossets, Abkhazia is more multicultural with citizens having been acquiring Russian passports, Karabakh Armenians have Armenian passports. With Georgia benefiting from a visa-free regime with the EU, this is likely to have limited utility for the *de facto* states since European governments do not allow issuing Schengen visas to residents of Abkhazia, South Ossetia and Crimea who possess Russian passports. As an incentive, the Georgian government has considered offering biometric Georgian passports to citizens of *de facto* states, allowing them to take advantage of the agreement. The opportunity of free travel to the EU – to be approved by its member states – may lead to a better disposition of the *de facto* state residents *vis-à-vis* the Union. In this mode, the EU should take a leading role by facilitating people-to-people contacts in order to find a way out of the present impasse. This should go hand in hand reinvigoration of the Transport Corridor Europe-Caucasus-Asia (TRACECA) hub.

Although technical at first glance, these efforts may become even more important in light of Armenia's accession to the Eurasian Economic Union, which was a choice based on security considerations (Vasilyan 2016). Rather than falling prey to Azerbaijan's refusal to embark on regional cooperation with Armenia in any policy sphere and submitting to the blackmail related to energy, which has resulted in Turkish opposition to open the border and re-establish diplomatic relations with Armenia (Vasilyan forthcoming), the EU should abide by its principles. By re-focusing on these politically 'low' issues, instead of pursuing muscle-flexing exercises with Russia in 'high' politics, the Union could win the 'hearts and minds' of the populations of the *de facto* states.

Conclusion

As the existing schemes for resolving the conflicts of Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria have proven futile, this policy brief proposes a series of novel solutions. These are channelled along the dimensions of security and political confidence-building measures and political, economic and social remedies. Even if the US, EU member states and Russia will be drivers of the tit-for-tat deals in Eurasia and the Middle East, the latter should appeal to the 'appetite' of all the parties.

Specifically, it is recommended to ensure coherence, institutionalize high-level meetings among the warring parties, change the composition of the OSCE Minsk Group, safeguard the demilitarized zones, and establish a permanent monitoring mission for the resolution of the Nagorno-Karabakh conflict. Moreover, it is vital to set ceilings on the defence expenditures, acquisition and usage of armaments by the South Caucasian parties, and make use of pre-emptive and preventive measures for all conflicts. In addition, it is desirable to negotiate a new case-fire agreement, introduce a timeline for meeting the undertaken commitments, resort to 'naming and shaming' against the party that violates the cease-fire, and adopt a policy of engagement for Nagorno-Karabakh. The creation of a joint EU-Russia monitoring mission for Abkhazia and South Ossetia would fix the EUMM's inability to access the *de facto* states. The EU could impose an arms embargo on its member states selling weapons to Georgia. Augmenting the military mission deployed in Transnistria with a civilian layer would improve its capacity.

In terms of political, economic and social remedies, 'hate' speech resonating from Azerbaijan should be prohibited by the OSCE, CoE and the UN. Azerbaijan's vote, if not voice, in the OSCE and CoE could be suspended. The EU should condemn Azerbaijan's authoritarian practices and defend human security. The EU could help the *de facto* states diminish their social and economic dependence on Russia. Georgia could become more accommodating of the Abkhaz and South Ossetian enterprises. EU member states could allow issuing Schengen visas to the residents of the *de facto* states holding Russian passports. Instead of being entangled in frictions with Russia, the EU's return to promoting functional issues, such as mobility and transportation linkages, would be more valuable. In this mode, the EU could attain 'strategic autonomy', as pledged in its Global Strategy and contribute to 'sustainable peace' in its Eastern neighbourhood.

Further Reading

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