ULKOPOLIITTINEN INSTITUUTTI
UTRIKESPOLITISKA INSTITUTET
THE FINNISH INSTITUTE OF INTERNATIONAL AFFAIRS

March 2015

FIIA COMMENT 9/2015

Sinikukka Saari
Senior Research Fellow
The Finnish Institute of International Affairs

The New Alliance and Integration Treaty between Russia and South Ossetia

> When does integration turn into annexation?

Crimea is not Russia's only land grab in the post-Soviet neighbourhood. Russia has just signed an integration treaty effectively abolishing the border between Russia and South Ossetia, a separatist enclave of Georgia. In practice, it is hard to see much difference between integration à la South Ossetia and annexation.

Last Wednesday, March 18, was a very good day for Russian President Vladimir Putin. Only two days after his re-appearance in the public eye, he stole the spotlight big time. First, in the morning, he signed a Treaty of Alliance and Integration with Leonid Tibilov, the de facto leader of the Georgian breakaway republic of South Ossetia. In the evening, Putin took the stage just outside the Kremlin in a huge rally organised to celebrate the first anniversary of the annexation of Crimea.

The timing was no coincidence, of course. The day vividly underlined the expansion of Russia's control in its post-Soviet neighbourhood. While the Crimean annexation was carried out quickly and officially, the annexation of South Ossetia has been implemented gradually and unofficially. Both Crimea and South Ossetia are nevertheless part and parcel of the same trend in Russian foreign policy that is gaining ground year by year: the disregard of the sovereignty of other post-Soviet states when defending Russia's national interests in the region.

The de facto leadership of South Ossetia has greeted the new treaty as a first step towards becoming part of Russia, their officially stated goal. However, some observers have claimed that the new integration treaty with South Ossetia, and the one with Abkhazia – the Alliance and Strategic Partnership Treaty, which was signed and ratified in January 2015 – change very little in practice. After Russia's official recognition of these separatist enclaves of Georgia as independent states in August 2008, their dependence on Russia has only deepened by the year, both economically and politically. Indeed, it is hard to detect almost any signs of sovereignty in today's South Ossetia.

First of all, an estimated 90 per cent of South Ossetia's (again, estimated) 30–40,000 inhabitants are, in fact, Russian citizens, meaning that they have Russian passports. Russia started this systematic "passportisation" policy back in the early 2000s, after Putin had been elected president. Critics, such as the Georgian leadership in Tbilisi, claim that this was part of the preparation for a Russian takeover of the region: the aim of the passportisation policy was to create "compatriots" that Russia could then claim to defend militarily (Ossetians are an ethnically and linguistically unique minority residing partly in Russia, partly in Georgia).

Secondly, in practice, the South Ossetian de facto state has no income apart from Russian funding. It has been estimated that 90 per cent of the "state" budget comes directly from the Russian Federation. Relatively speaking, Russia subsidises South Ossetia more heavily than its own republics of Chechnya or Ingushetia – or Crimea for that matter. The currency in use in South Ossetia is the Russian rouble – and hence it is already integrated into the Russian financial system.

Thirdly, Russia has a military base and some 3,500 Russian soldiers permanently stationed in South Ossetia. Furthermore, the so-called border between South Ossetia and Georgia has been almost completely sealed off and is guarded by a 1,500 strong Russian FSB border guard. The permanent presence of 5,000 armed Russians in a region with perhaps only 30,000 inhabitants is a significant number – one in seven residents of South Ossetia are armed personnel from Russia. The de facto government of South Ossetia also always includes Russian ministers.

So does the new Alliance and Integration Treaty really change anything on the ground?

True, the new treaty partly codifies – and thus cements – the already existing reality. However, the biggest change involves the border between South Ossetia and Russia – which is officially still the border

Finnish Institute of
International Affairs
Kruunuvuorenkatu 4
POB 400
00161 Helsinki

Telephone
+358 (0)9 432 7000

Fax
+358 (0)9 432 7799

www.fiia.fi

of Georgia and Russia. In practice, this border has now been abolished: border formalities and customs barriers are vanishing and Russia and South Ossetia form a "single space" (Articles 3 and 5). This is also a clever way to get around the fact that South Ossetia cannot formally join the Eurasian Economic Union as other members Kazakhstan, Belarus and Armenia have not recognised its independence.

In the treaty, Russia pledges that it will also hand Russian passports to the remaining residents (estimated 10 per cent) of South Ossetia and grant Russian social and health insurance to all Russian passport holders of South Ossetia. Russia will also make sure that South Ossetian officials receive the average pay of Russian citizens in the North Caucasus Federal District of Russia. The same goes for pensions: Russia promises to increase pensions to the average level of the North Caucasus Federal District of Russia. And finally, after the treaty, schools at all levels in South Ossetia are obliged to follow the Russian curriculum.

So, if all the residents of South Ossetia are Russian citizens, all the standards and benefits are Russian, all the money comes from Russia, there is no border between South Ossetia and Russia, and Russians guard the border between South Ossetia and Georgia, isn't South Ossetia effectively part of Russia?