

# SPECIAL REPORT

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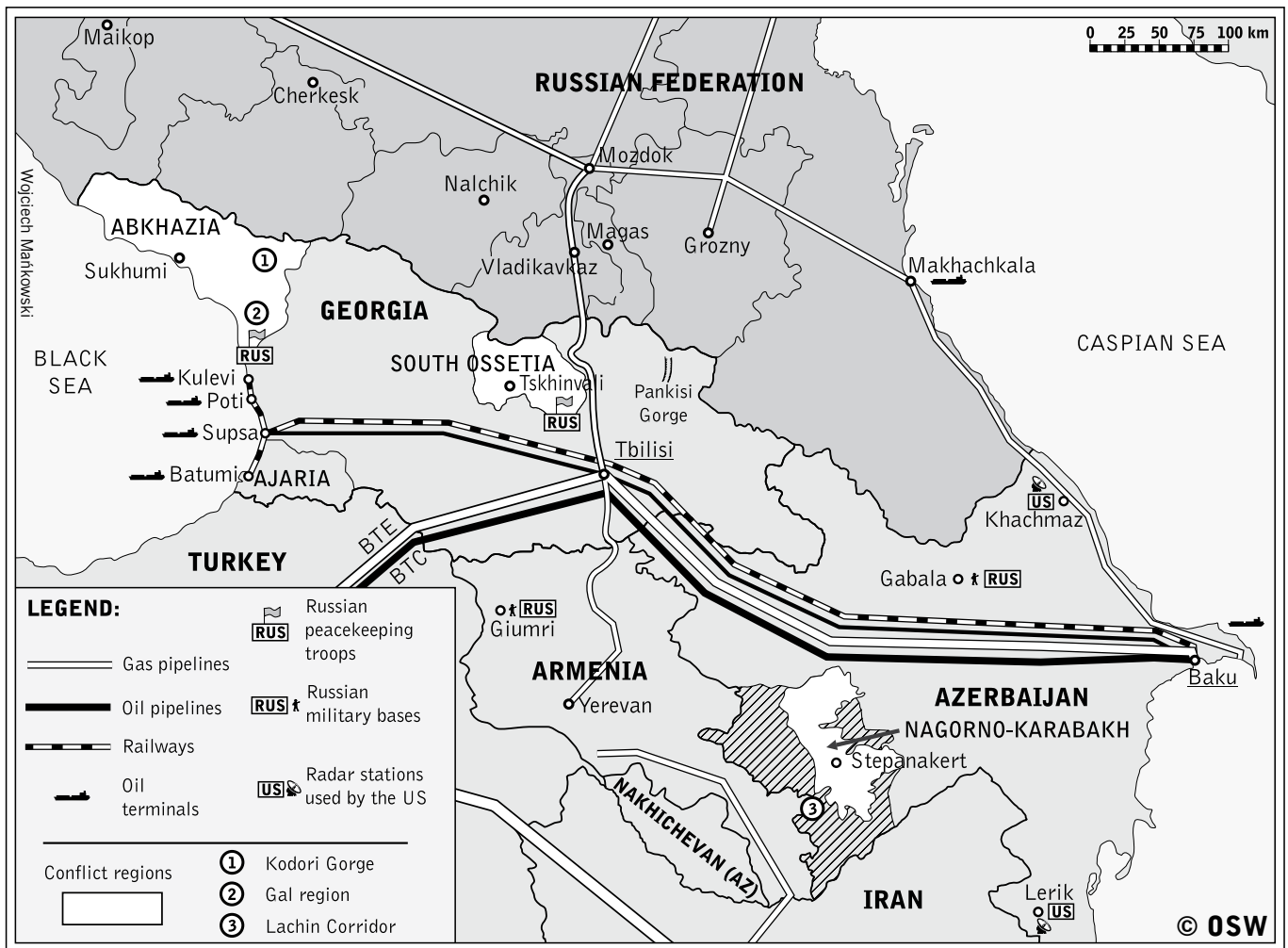
## **Abkhazia, South Ossetia, Nagorno-Karabakh: unfrozen conflicts between Russia and the West**

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- **The Southern Caucasus is the site of three armed conflicts with separatist backgrounds, which have remained unsolved for years: the conflicts in Georgia's Abkhazia and South Ossetia, and Azerbaijan's conflict over Nagorno-Karabakh (including the areas around Nagorno-Karabakh which were seized by Armenian separatists in the course of the war). Neither Georgia nor Azerbaijan have had any control over the disputed areas since the early 1990s. Both states are simultaneously in conflict with the separatists' informal patrons, respectively Russia and Armenia.**
- **After over a decade of relative peace during which the conflicts remained frozen, tension has recently risen considerably: in the case of Abkhazia and South Ossetia, large-scale fighting may break out in the coming months, whereas in the case of Nagorno-Karabakh and the Azeri-Armenian conflict, such a threat may materialise within the next five years. The current formula for politically resolving the conflicts is ineffective and close to exhaustion, and the prospect of any alternative peace plans being developed is rather distant.**
- **The conflicts in the Southern Caucasus are of increasing concern to the West, mainly because of the Western actors' constantly growing political and economic involvement in Georgia and Azerbaijan (including support for reforms and development of the gas and oil transmission infrastructures), as well as its less intensive commitments in Armenia. An outbreak of open fighting over the separatist regions would destabilise the Southern Caucasus, largely undoing the results of the actions which the EU, NATO and the USA have taken in the region in recent years.**
- **Moreover, the situation in the Southern Caucasus, especially the separatisms themselves, have in fact become an element in the wider geopolitical game between the West and Russia. For Russia, the stakes are maintaining its influence in the region, and for the West, demonstrating its ability to effectively promote democracy and economic modernisation in the countries bordering it.**

## Map. Conflicts in the Southern Caucasus



### Origins

The conflicts in Abkhazia, South Ossetia and Nagorno-Karabakh broke out in the 1980s and 1990s in connection with the ongoing dissolution of the USSR. They stemmed from deeply rooted ethnic conflicts (Georgian-Abkhazian, Georgian-Ossetian and Azeri-Armenian) and the rise of nationalistic sentiments and independence aspirations in Georgia and Azerbaijan on the wave of *perestroika*. With the crucial assistance of Russia (offered through Armenia in the case of Nagorno-Karabakh), separatists took control over the disputed areas in the course of armed operations, and managed to defend their independence from Georgia and Azerbaijan. They created para-state organisms, which were unrecognised by the international community in the areas they controlled, and which have become *de facto* protectorates of Russia (Abkhazia and South Ossetia) and Armenia (Nagorno-Karabakh).

### Dynamics

The 'hot phase' of the conflicts ended in the mid-1990s, with ceasefires dictated by Russia and concluded under the auspices of the UN (Abkhazia) and the OSCE (South Ossetia, Nagorno-Karabakh – the so-called OSCE Minsk Group). The next phase was negotiations, involving the patrons of the peace accords

and the parties to the conflicts, which continued for nearly a decade but failed to further the resolution of the conflicts. The gradual unfreezing of the conflicts started around the year 2004, and its underlying causes included two factors:

- 1) The statehoods and economies of Azerbaijan and Georgia had gained strength (the intensive reform program after 2003), mainly in connection with the development of the energy sectors and the transport infrastructure. As a result of these changes, Georgia and Azerbaijan built up their resources (including in the military sphere), increased their contention of the existing conflict resolution mechanisms, and became determined to regain their territorial integrity.
- 2) The West became increasingly involved in the region by implementing the European Neighbourhood Policy and opening NATO membership prospects for Georgia, among other methods. Russia perceived these activities as a threat to its influence in the Caucasus, and Moscow started to treat the separatisms as an instrument in its geopolitical rivalry with the West.

As a result, armed incidents have become more frequent, especially over the last year, and the parties have stepped up their hostile rhetoric.

## Interests of the parties

**For Georgia and Azerbaijan**, regaining real control of the breakaway provinces is among the top priorities of their state policy – it has symbolic and prestige significance, and meets the public's expectations, as reinforced by the respective governments. Solving the conflicts would substantially reduce the range of instruments at Russia's disposal, which it could use to exert political pressure on the countries concerned. It would also offer better opportunities for economic development (through better investment climate and security for the strategic gas and oil infrastructures), and facilitate closer co-operation with the West (integration with the Euro-Atlantic structures is Georgia's strategic political objective). The outbreak of any armed conflicts for which the two countries are actually preparing themselves) would offer some opportunities to regain control of the lost territories, but at the same time would significantly delay, or even render completely impossible, integration with the West. This is therefore seen as the last resort. The optimum solution (especially for Tbilisi) would consist in a political regulation of the conflicts with the firm involvement of the West.

**For Russia**, the conflicts in the Southern Caucasus have been and remain the main tool with which Moscow makes Azerbaijan, Armenia and Georgia dependent on Russia and hinders their co-operation with the West. The efficacy of this policy is particularly visible in the case of Armenia, which has effectively become Russia's vassal state. Over the last year, it has been evident that Russia is concerned about losing its geopolitical influence (especially in Georgia) to Western actors, whom Moscow openly treats as competitors in the region; in addition, the prospect of Georgia's membership in NATO is also seen in Russia as a direct threat. Moreover, following the loss of prestige Russia suffered as a result of the West's recognition of Kosovo's independence, the Southern Caucasus is becoming the area which witnesses Moscow's ambitions to dictate its own conditions and underline its power status vis-à-vis the West. The state of suspension and controlled instability connected with the Southern Caucasus conflicts most closely meets Russia's interests, and allows it to play a key role due to its potential. Based on this viewpoint, Russia has not ruled out the possibility of renewing the armed conflicts, especially in Georgia. Even though such a solution would be costly and risky for Moscow, it would nevertheless sustain the tension, discredit Georgia as a NATO candidate and expose the West's limitations in the region. Russia's possible measures aimed at unilateral recognition of the para-states' independence, or their incorporation into the Russian Federation, would also be in line with the above objectives (to destabilise the region, provoke and discredit

Georgia, and demonstrate the West's limitations). Finally, Russia will be interested in securing its interests in Abkhazia in the run-up to the Olympic Games in neighbouring Sochi in 2014.

**The para-states.** The elites and large sections of the public in the para-states are interested in staying separate from the former suzerains (the Nagorno-Karabakh Armenians are particularly firm in this respect). The optimum solution for Abkhazia and Nagorno-Karabakh would be to maintain the *status quo*, or obtain internationally-recognised independence modelled on the case of Kosovo. Incorporation into Russia would also be a possible solution (in the case of South Ossetia, this would actually be the ideal outcome), as would be a union with Armenia in the case of Nagorno-Karabakh. However, the para-states can hardly be regarded as subjects or actors in the context of the geopolitical game.

**The West.** The West is interested in the Southern Caucasus conflicts because of its economic and political interests in the region; the unsolved conflicts which threaten war create a risk for the investments it has made so far. The key factors in this respect include Western access to the Caspian oil and natural gas reserves (presently Azeri resources, and Kazakh and Turkmen reserves in the future), and the security of transit corridors. Western companies hold shares in projects in this field, and the Caspian energy resources are regarded as an option to ensure energy security for the EU (as exemplified by the Nabucco gas pipeline project). For the USA, influence in the Caucasus is an important element of its global geopolitical project, which allows it to check the influence of Russia and Iran in the region and in Central Asia. In recent months, the situation in the Caucasus, and especially the developments surrounding the conflicts, have become part of the West's dispute with Russia concerning fundamental principles: the West objects to Russia's attacks on Georgia's territorial integrity, the brutalisation of Moscow's policy towards its weaker neighbours, and its attempts to restrain NATO's freedom to operate in the post-Soviet area. Yielding to Russian pressure would be seen to set a bad precedent for the future.

The risk of the outbreak of armed conflicts and the resulting destabilisation pose a threat to the whole range of Western interests in the region, whether economic or political (security of investments, as well as continuation of the pro-reform line in Georgia; the development of the European Neighbourhood Policy; NATO enlargement). An open armed conflict would also leave the West without any instruments to directly influence the region. The West's main objectives therefore are to avoid an outbreak of armed clashes (its pressure on Georgia, but also on Russia, is of key importance in this respect), ease tension and prepare the ground for a peaceful resolution of the conflicts (by engaging in mediation efforts, which have been frequent in recent weeks; probably also by surveying the possible terms and conditions of a compromise, especially with regard to Abkhazia).

## Forecast

At the current stage, given the uncompromising attitude of the parties involved in the conflicts, the scale of the tension and the inefficacy of the existing formats of peace negotiations, a peaceful resolution of the conflicts seems unlikely. The West's increasing involvement offers some hope for progress towards resolving the Georgian conflicts (especially the one in Abkhazia). However, the fact that this involvement runs counter to Russia's interests poses a problem.

In this situation, the risk of an outbreak of large-scale fighting in Abkhazia and South Ossetia is high. Such an outbreak could occur in the coming weeks or months, as a result of an escalation of incidents or a Russian provocation. While Georgia seems to have a sufficient military potential to win in South Ossetia, and perhaps even in Abkhazia, its chances of winning will be radically lower if it has to fight on two fronts simultaneously (Abkhazia and South Ossetia are bound by a military alliance), and lower still if Russia gets involved

in the conflict on the separatists' side. Such involvement seems almost certain, even if it is only on an informal basis. Irrespective of developments in the possible conflict, this situation will diminish Georgia's chances of obtaining a NATO Membership Action Plan (MAP) in December this year, which would be a strategic defeat for Tbilisi.

The outbreak of an conflict in Nagorno-Karabakh, on the other hand, seems rather unlikely within the next five years, despite the persistent tension between Armenia and Azerbaijan. In the longer term, however, the risk of war is much higher; as the disproportion of military potentials deepens between Azerbaijan (which derives substantial profits from its energy resources) and the poorer Armenia, Baku may opt to reclaim the lost territories by force.

## APPENDIX

### Abkhazia, South Ossetia, Nagorno-Karabakh – background information and current situation

#### The Abkhazia conflict

Situated on the Black Sea in north-west Georgia, Abkhazia has a total surface of 8600 km<sup>2</sup> and an (estimated) population of around 150,000–250,000 (of which 35–45% are Abkhazians, around 20% Georgians, significant numbers of Armenians, Russians and other Nationalities). Around 80% of the population have Russian citizenship.

**History of the conflict.** Between 1931 and 1991, Abkhazia was formally an autonomous republic within the Georgian SSR. In 1992, it unilaterally proclaimed its separation from Georgia, and one year later, won the war of independence with substantial support from Russia. As a result of the war, around 250,000 ethnic Georgians were expelled from the republic.

At present, Abkhazia possesses all the attributes of a state except for international recognition. Since 1993, a UN observer mission numbering around 200 persons (UNOMIG) has been present in Abkhazia under a UN Security Council resolution, and since 1994, a peace force of up to 3000 Russian troops (formally the CIS peace force) has been operating in the region. Peace talks involving Abkhazia, Georgia, Russia and the UN have not led to any breakthrough (the main contentious points concern the status of Abkhazia and the return of Georgian refugees).

**Current situation.** After the Georgian president Mikheil Saakashvili came to power in 2003, his team undertook a number of measures to solve the conflict. These included both a proposal of autonomy for Abkhazia (broad autonomy in the cultural and economic spheres, including free trade zones, the post of vice-president of Georgia for an Abkhazian national, veto right in matters concerning Abkhazia, etc.), which was rejected, and forceful measures, such as the seizure in 2006 of the strategically important mountainous Kodori Gorge, and the installation in the gorge of the pro-Georgian government-in-exile of Abkhazia, which had until then operated in Tbilisi. In recent years, armed incidents have occurred frequently on the Abkhazian border, in which both Georgians and Abkhazians were detained or killed. In March 2007, the buildings occupied by the Georgian administration in Kodori were shot at by unidentified helicopters (most probably Russian).



The situation suddenly worsened in spring 2008, following statements by Russia's then-president Putin that the assistance Russia provided to Abkhazia would be legalised, and that measures would be taken with a view to obtaining recognition of Abkhazia's independence. In the setting of a fierce anti-Georgian campaign in the Russian media and political world, which included declarations 'exposing' Georgia's plans to invade Abkhazia and pledges to defend Russian citizens (i.e. Abkhazians) in the case of aggression, several Georgian unmanned spy aircraft were downed (a shooting by a Russian fighter has been recorded); the Russian peacekeeping force was strengthened to its upper limit (from 1800 to 3000 troops); and Russia deployed its railway troops in Abkhazia without any authorisation. Both the Abkhazians and the Georgians have concentrated their forces in the conflict region. These developments have been accompanied by unusually vocal protests from Western actors (the USA, the EU, NATO), measures to alleviate tension, and political visits (including Javier Solana's visits to Tbilisi and Sukhumi on 6 June 2008).

## The South Ossetia conflict

**South Ossetia is located on the southern side of the Caucasus mountains separating it from North Ossetia (a Russian Federation subject), and is around 40 km away from Tbilisi. It has a total surface of 3900 km<sup>2</sup> and a population of around 70,000–90,000 (mainly Ossetians, who account for around 70–85%, and Georgians accounting for 10–20%). Most Ossetians hold Russian citizenship.**

**History of the conflict.** Inhabited by the Ossetians (Indo-Europeans of the Iranian group), Ossetia is a historical region in Georgia, which before 1990 was an autonomous district within the Georgian SSR. Before the Soviet period, it had no form of independence from Georgia (the Ossetians are an immigrant population there). As a result of the armed conflict in 1990–1992, in which it was backed by Russia, Ossetia won independence from Georgia. The Dagomys ceasefire accords (1992) provided for the creation of a Joint Control Commission composed of Russia, Georgia, South Ossetia and North Ossetia under the patronage of the CSCE/OSCE, and for the installation of a mixed peacekeeping force made up of Georgian, Russian and Ossetian troops. In recent years the Joint Control Commission has practically remained inactive.

**Current situation.** After 2003, the Saakashvili team focused its efforts aimed at restoring the country's territorial integrity by reincorporating South Ossetia. The case of this region led to the strongest criticism of the peace mechanisms' inefficacy and Russia's mediation; a new model of conflict resolution was thus developed with the EU's financial support and OSCE's approval, and the most intensive efforts were made to undermine the authority of the separatist government and destroy its economic basis. The peak achievement of this policy consisted in creating a division among the separatists and establishing an alternative, pro-Georgian government in 2006, supported mainly by the ethnically Georgian villages in Ossetia; this entity is led by Dmitry Sanakoyev. Tbilisi has been demanding consistently, although without success, that Sanakoyev should be included as a party in the new format of peace talks. Meanwhile, South Ossetia has been the scene of frequent incidents, arrests (including of Russian soldiers) and skirmishes (it is estimated that several dozens of people were killed in July 2004 alone).

Recent months have been relatively peaceful as regards the South Ossetia conflict, because both Georgia and Russia have concentrated their activities in the area of the Abkhazian conflict. However, on 3–4 July the Ossetians shot at Sanakoyev's convoy, injuring three bodyguards, and a post of the separatist police has been attacked and two police officers killed. This will probably move the conflicts' centre of gravity back to South Ossetia, where the proportions of military power are more favourable for Georgia, and where Tbilisi is more motivated to take firm action (South Ossetia poses a direct threat to the capital), which will in turn increase the likelihood of Georgia being provoked into taking armed action.

## The Nagorno-Karabakh conflict

**Nagorno-Karabakh used to be an autonomous Armenian enclave in the west of the Azerbaijan SSR. Its total area at that time was 4400 km<sup>2</sup>; currently, together with the surrounding areas conquered by the Armenians during the war, it has a surface of 12,000 km<sup>2</sup> (14% of the total area of Azerbaijan). It has a population of around 140,000 (95% of whom are Armenians), all of whom in principle hold Armenian citizenship. More than 500,000 Azeris who used to live in the region fled to Azerbaijan during the war. Azeris have also emigrated from Armenia proper, and so did Armenians from Azerbaijan.**

**History of the conflict.** The conflict started back in 1988 as a result of repeated attempts by Armenians in Moscow to have Nagorno-Karabakh transferred from the jurisdiction of the Azerbaijan SSR to that of Armenia. The historically rooted prejudice of the two nations played a major role in the actions taken by the Armenians, as well as in Azeri reactions (including pogroms of Armenians). The armed conflict was extremely bloody and dramatic, and ended with the victory for the Karabakh Armenians, who received substantial, albeit informal, support from Armenia and, in the final phase, also from Russia. Since 1992, the conflict has been monitored by the so-called Minsk Group of the OSCE (Russia, USA, France), which is the patron of negotiations between Azerbaijan and Armenia, representing Nagorno-Karabakh.

The Armenians have declared readiness to withdraw from the so-called occupied territories (outside of Nagorno-Karabakh) except for the Lachin Corridor connecting the enclave with Armenia, on condition that they are granted guarantees of security for Nagorno-Karabakh. The Azeris treat Nagorno-Karabakh and the occupied areas in the same way, believing that all the territories seized by the Armenians are an integral part of their country.

In spite of its declared independence, Nagorno-Karabakh functions as a part of Armenia, and Karabakh Armenians occupy the highest posts in Yerevan (including the office of head of state, which was first occupied by Robert Kocharyan, and is currently filled by Serzh Sargsyan). Nagorno-Karabakh and Armenia have been subject to a strict economic blockade imposed by Azerbaijan and its ally Turkey. Currently Armenia (and Nagorno-Karabakh) are Russia's main allies in the region (or – given the scale of the dependence involved – Russia's vassals).

**Current situation.** Despite the formal ceasefire, dozens of soldiers are killed each year on both sides (the most recent major skirmish took place in early March 2008). Both sides (particularly Azerbaijan, which is benefiting from the oil boom) are arming and modernising their military forces. The regular meetings between the presidents of Azerbaijan and Armenia, held several times each year, have not led to any progress towards resolving the conflict. Both sides use extremely militant rhetoric for internal purposes, which puts them in the position of hostages to public opinion. This rhetoric becomes more aggressive each year.

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