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# RSIS COMMENTARIES

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## Showdown in the Caucasus

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*As the world was transfixed on the opening of the Beijing Olympic Games, Russia launched an incursion into Georgia. Georgia's push to reclaim South Ossetia fitted perfectly into Russia's geo-strategic plans. Moscow clearly plans to control the destiny of its immediate neighbourhood.*

### A Lingering Issue

THE CRISIS in the Caucasus will clearly benefit Russia most. As with many conflicts, the situation in Georgia, around which the crisis centred, did not arrive suddenly but was rather a product of historical antecedents. The disintegration of the Union of Soviet Socialist Republics (USSR) ushered in a period of secessionist instability within its former borders. In the Caucasus, tensions which pre-dated the USSR and exacerbated by Stalin's 'divide and rule' policies, resulted in open warfare between Armenia and Azerbaijan; Russia and Chechnya; and Georgia against the separatist provinces of Abkhazia and South Ossetia.

South Ossetia's attempt at independence in recent memory commenced as the USSR fragmented. In early 1991, an 18-month conflict between Georgian forces and Ossetian separatists claimed between almost 2,000 lives and displaced another 100,000. Like contemporary events, the conflict then witnessed Georgian forces entering the South Ossetian capital Tskhinvali, and the destruction of both ethnic Georgian and Ossetian villages.

Even though Russia had fallen from its superpower pedestal, it managed to coerce Georgia to sign the Dagomys ceasefire agreement in June 1992. This was undoubtedly aided by an internal *coup d'état* against President Zviad Gamsakhurdia, Georgia's inaugural post-Soviet leader, in January 1992, and installed Eduard Shevardnadze, the USSR's last Foreign Minister.

Under Shevardnadze and the Dagomys agreement, South Ossetia's autonomy allowed it to draft a constitution and elect its own president. Peacekeepers from Russia, Georgia, and South Ossetia also monitored the demilitarized zone. South Ossetia's economy was re-established but quickly became a haven for smuggling and duty-free Russian goods. Tbilisi's ever-shrinking sphere of authority was reflected in the common use of the Russian rouble, the issuance of Russian passports to an estimated

70-90% of South Ossetians, and the renegade province's request in December 2001 for reunification with North Ossetia-Alania, a republic within Russia.

Moscow was, however, preoccupied with a full scale war against Chechen separatists seeking to establish an independent Islamic state. The crime, corruption and cronyism that plagued the Shevardnadze administration reached an abrupt end with the Rose Revolution in November 2003 which propelled incumbent President Mikheil Saakashvili to power. Much to the Kremlin's chagrin, the Western-educated and pro-American Saakashvili sought to secure the withdrawal of all Russian peacekeepers from Georgian territory, and promised to bring South Ossetia and Abkhazia under Tbilisi's control. Russian-Georgian relations soured to a point where economic and political ties were under severe strain.

### **Ominous signs**

Kosovo's declaration of independence from Serbia on 17 February 2008, vehemently opposed by Russia, fuelled South Ossetia's drive for full independence. Georgia and the Ukraine were promised eventual membership in the North Atlantic Treaty Organization (NATO) -- a move Russia described as a "huge strategic mistake".

On 5 July 2008, Russia held *Caucasus Frontier 2008*, a large-scale exercise designed to meet 'terrorist threats' emanating from the Caucasus and assist peacekeepers stationed in Abkhazia and South Ossetia. Units involved from the 58th Army, 4th Air Force, and reinforced by the 76th Airborne Division were the very same units that spearheaded Russia's efforts to 'secure' South Ossetia on 8 August.

On 9 July, the Russian Air Force flew over South Ossetia "to cool hot heads in Tbilisi". Coinciding with US Secretary of State Condoleezza Rice's visit, the overflights signalled that despite American pledges, Russia was a greater part of Georgia's future. On 21 July, Georgia's presidential website was disrupted for 24-hours. Since the outbreak of current hostilities, Georgian websites with the '.ge' domain have similarly been forced offline and like the cyber attacks on Estonia in April-May 2007, there is no evidence that the Kremlin is behind such cyber manoeuvres.

Georgia's deployment of some of its best units in the US-led 'War on Terror' had ironically weakened its defences. Georgia's 2,000-strong contingent in Iraq has been recalled and redeployed in defence of Georgia. Interestingly enough, Moscow has indicated that Washington should bear part of the blame for arming and training Georgian forces which 'acted aggressively' in South Ossetia and forced Russia to protect the lives and dignity of Russian citizens abroad.

### **Consequences**

Russia's actions have several consequences. Firstly, it serves notice to other NATO-aspirants along its periphery (mainly the Ukraine) that their futures lie with Russia, not NATO. In the Caucasus, only Georgia has 'fallen out of line'. Landlocked Armenia with its mutual enmity toward Turkey and Azerbaijan will continue to rely on Georgia and Russia for survival. Azerbaijan will seek continued economic prosperity and is secured enough for Moscow to offer Washington the use of the Gabala radar station as an alternative site for its proposed missile defence shield.

Secondly, having extended its area of operations into Abkhazia and Georgia, Russia at the very least seeks to establish a security cordon around the pro-Russia provinces and damage Tbilisi's capabilities to wage war against its separatist provinces. Of course, nothing would please Moscow more than a 'regime change' in Tbilisi.

Thirdly, the United Nations General Assembly, the European Union (EU), and the United States can condemn Russian actions, but no tangible actions will likely be taken. Russia's veto-wielding powers

as a permanent member of the UN Security Council will render the UN politically ineffective with regards to Georgia.

As for the EU, members will undoubtedly remember Russia's role as an EU energy provider --20% of oil and 40% of gas requirements -- and its record of disrupting supplies to augment political statements. For the US, it is in the last phase of an eight-year presidency; even though the White House issued strong statements against Russia, Georgia's future lies with either John McCain or Barack Obama, both of whom do not share the personal friendship that George Bush had with Mikheil Saakashvili.

Lastly, the conflict threatens oil and gas bound for Western markets and gives Russia *de facto* control over it. Russian jets reportedly targeted the "1 million barrels per day" (1.15% of global production) Baku-Tbilisi-Ceyhan oil pipeline (BTC) but missed. Around 250 km of the BTC snakes through Georgia on its way to the Mediterranean, with parts running a mere 55 km from South Ossetia.

In any case, an earlier explosion along the Turkish segment of the pipeline on 6 August is likely to disrupt oil flow for at least two weeks, highlighting the BTC's vulnerability. A similar story holds true for the Baku-Tbilisi-Erzurum natural gas pipeline. Should supply uncertainties spook oil prices upward, Moscow could not be happier as it receives "80 per cent of revenues over \$27 per barrel in taxes". All in all, it seems that while Russia will benefit most out of the current conflict, both Georgia and South Ossetia would end up worse off.

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