

## **Approaches to the Stabilisation of the Caucasus**

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### **Contents**

1. [The devil moves on](#)
2. [Future frontiers of Europe](#)
3. [Approaches to the stabilisation of the Caucasus](#)  
[The Balladur Stability Pact model](#)  
[The Balkan Stability Pact model](#)  
[Virtual EU membership and post-modern structures](#)  
[Caucasus Dimension to EU-Russian relations](#)  
[A package tailored for the Caucasus](#)
4. [Conclusions](#)

[Table 1](#): Models of regional cooperation applied to the Caucasus

[Table 2](#): Stability Pact agenda ö Balkan style

[Annex A](#): Selected regional initiatives in Europe

[Annex B](#): Demographic statistics

Map: The Caucasus region

### **Abstract**

*The new conflict over Chechnya has already resulted in horrific destruction and human suffering, both with terrorist acts within Russia and the Russian riposte in Chechnya. The very difficult condition of the rest of the Northern Caucasus is exacerbated. The risks of dangerous spillover into the Southern Caucasus are several ö economic, inter-state relations, inter-ethnic relations. The major powers are not managing the situation well: Russia's military tactics in Chechnya are widely criticised, too much activism from the US in the region causes tension, while the EU is not active enough. Overall the Caucasus region could well succeed the Balkans as the major theatre of conflict, human suffering and escalating geo-political instability in the wider European area.*

*With the prospective enlargement of the EU to include Turkey, and some serious European aspirations in the Southern Caucasus, it is desirable that the EU bring forward already to now the time when it takes a constructive strategic view of the region. Calls for some kind of new Caucasus Stability Pact now heard, but with imprecise or widely divergent statements on the nature of the mechanism. The need now is for hard-headed evaluation of what type of mechanism(s) could solve the problem(s), and certainly not some automatic photocopy of the Balkan Stability Pact. To offer some structure and content to this quest, four models are presented: (1) a derivative of the Balladur Stability Pact, (2) a derivative of the Balkan Stability Pact, (3) ideas of virtual EU membership and related innovations in constitutional structures for the South Caucasus countries, and (4) a Caucasus Dimension to EU-Russian relations.*

*The conclusion is that a specific package from these several schemes is needed for the whole Caucasus region. Some aspects of the Balkan Stability Pact can be taken over, slimmed down in extensiveness of participation and agenda, with more focus on regional integration. However this has to be combined with other, more powerful initiatives. Stronger EU integration prospects need to be allied to constitutional solutions for specific ethnic/political conflicts. A whole new chapter of EU-Russian relations needs to be opened up, taking some inspiration from the Northern Dimension model, but in this case integrating the Turkish potential for economic dynamism and moderate, secular Islam. Indeed, the internalisation of Turkey into the EU opens up all sorts of new perspectives for the EU's external relations on the frontiers of Euro-Asia, which have hardly begun to be examined. The*

*OSCE and Council of Europe should also have vital roles in the process, since the countries of the region all are, or should soon become full members of these organisations<sup>2</sup>, meaning common commitments to a comprehensive set of humanitarian and security norms.*

*Common ground between all parties can be found over needs to combat terrorism, criminality and politico-religious extremism and to promote economic and civil society development in both the Northern and Southern Caucasus.*

## **1. The devil moves on**

*"The devil is prowling like a roaring lion, seeking someone to devour."*

(St. Peter, letter 1, chapter 5, verse 8)

For our purposes the devil consists of those traits of human behaviour – both individual and collective – which are capable of escalating life's ordinary tensions into conflict, war, murder, genocide and physical destruction, and of distorting the psyche into pathological enmities, hatreds, and thirsts for revenge.

The devil's purpose is to create hell on earth: either total destruction, or for survivors impoverished misery, and in any case the breakdown of civilisation. The devil's supreme achievement is when these dynamic processes of escalating conflict and suffering spiral out of all control, leaving the individual and political leader helpless. The devil is unbiased on matters of nationality, religion or political ideology. He sees the whole world as his market.

The devil had a rewarding last decade in the Balkans. Hell was well entrenched at times in Bosnia, the Croatian Krajina remains a complete wasteland, and finally there was Kosovo. The devil had also some success in escalating a regional conflict into great power tensions, which of course offers appetizing prospects for bigger conflict. However in the end he was forced onto the defensive, and now faces a counter offensive by a large coalition of countries of the region and of the international community (Stability Pact).

However the devil now moves on into the Caucasus, where his long-standing operations have in recent months enjoyed great escalation. In some respects this is an even more promising theatre of operations. The Balkans may be too close to Western Europe, with its suffocating stability and civility of society, to go the whole way to hell. In the Balkans religious divisions never degenerated into suicidal fanaticism, whereas Chechnya has, in the aftermath of the 1994-5 conflict, proved a fertile recruiting ground for just that. Moreover the great powers are more easily tempted into dangerous games of geo-political rivalry in the Caucasus. Here Russia is the major actor, not a lesser one as in the Balkans. Perceptions of geo-political rivalry from the US in the Caucasus are guaranteed to inflame Russian public opinion. Moreover, the devil is content to note that Russian indignation over Kosovo has led to the satisfyingly perverse result of encouraging policies over Chechnya which mimic the NATO bombing of Yugoslavia, thus justifying colossal collateral damage.

Hellish conditions seem to stretch out into the future indefinitely in the Northern Caucasus, where the spillover of refugees creates enormous difficulties. Escalation into the relatively prospering Southern Caucasus could follow, for example through complicating the search for the settlement of the Abkhazian question; also through the porous frontier between Chechnya and Georgia, which has already led to Russian assault helicopters firing on Georgian frontier territory. As for the long-standing conflicts over Nagorno-Karabakh, there seemed recently to be emerging a possible settlement, but then the devil got a semi-lunatic to assassinate the Prime Minister of Armenia, which has set back the peace process.

Also the devil has his eye on Central Asia, seeing considerable possibilities for a wider set of conflicts, possibly with a continuum of destabilising activities from Chechnya to Tadjikistan. The process could then connect through Afghanistan on to the Gulf, where the devil observes some semi-feudal regimes, which could well be destabilised and plunged into chaos.

## 2. Future frontiers of Europe

Back in Europe, however, on the whole a relatively ordered geo-political map seems in prospect for the 21<sup>st</sup> century.

There is an enlarging EU and a Russia, which become direct neighbours on their flanks, in the Barents, Baltic and Black Sea basins. Russia informed the EU in its strategic document presented at the Helsinki summit of December 1999 that it will not be a candidate for either full or associate membership of the EU. Also in Helsinki in the same month, EU enlargement processes for Latvia, Lithuania, Slovakia, Bulgaria, Romania, Malta and Cyprus were switched into negotiation mode. The Western Balkans are understood to be potential EU members. Ukraine remains a large question mark in the middle, with the EU neither pushing nor pulling on this, but the recent appointment of Yushenko as prime minister, following president Kuchma's re-election, give increased credibility to the idea of "Ukraine's European choice". Neither North Africa nor Central Asia are considered as having a "European vocation", to use informal EU language.

Of crucial importance in the present context, Turkey's candidacy was also accepted at Helsinki as a real political commitment. While the time horizon may be long, there has been nonetheless a change in the political mind-sets of both Turkey and the EU, with new prospects of positive politico-economic dynamics. Turkey is seen now on a path of internalising EU norms, as already illustrated by the decision to defer the Ocalan death sentence to the European Court of Human Rights. The EU can be seen on a track leading to internalising Turkey for the purpose of its foreign policy (as has always happened with EU enlargements - British, Spanish, Finnish etc.). A credible long-term event of strategic importance can be fed back into present day calculations (as bond markets translate such events instantly into asset prices, so foreign ministers can also instantly revise their horizons in a fuzzier way).

This leaves the Caucasus. For Russia the territorial integrity of the Russian Federation is first priority. This includes the Northern Caucasus, even if these seven entities have a high degree of internal autonomy, with diminishing Russian ethnic populations. There is no sign of the EU taking a different view. Official opinion tends to be very conservative on frontier questions, abhorring the prospect of changes from the status quo. Even if Russian military tactics in Chechnya are deplored, there is no interest in an independent Chechnya.

In the Southern Caucasus, the official speeches of President Shevardnadze favouring full EU membership in the long run are noted. Similar, if somewhat fainter voices from Armenia are also noted. The EU does not promote accession candidacies and expectations, since it has more than enough to digest for many years to come. However, when the question is put about Georgia and Armenia in particular, it seems to be a commonly held view that these countries could indeed have a European vocation. While Azerbaijan has been the most distant of the three countries of the region from this sense of European vocation, it is to be seen how this may be affected by Turkey's candidacy, as and when this advances.

The EU has not been very active yet in the Caucasus. The US has made the running on the Western side. This makes for a worrying contrast between the North-Western and South-Eastern flanks of European Russia. In the North-West the Finnish-Russian frontier is without tension or distrust, and open to a wide agenda for progressive deepening of EU/Russian cooperation (called the "Northern Dimension" according to EU policy initiated by Finland). The accession of the three Baltic states to the EU is recognised in Moscow as a legitimate development. Concerns over the Russian minorities there may remain, but these and other frontier issues seem manageable.

The South-Eastern (Caucasus) flank is different. Western, i.e. mainly US, presence is seen as rivalry rather than cooperation. Military aspects heighten this. Russia has completely withdrawn from the Baltic states militarily. Its four military bases in Georgia were subject of an agreement between Russia and Georgia at the Istanbul OSCE summit in November 1999 for their progressive withdrawal. The President of Georgia speaks about looking at the criteria for NATO membership. In the post-Kosovo environment, the devil looks upon these details with relish.

Quietly signaling the potential for the Caucasus situation to cause escalating damage, it is to be noted that the November 1999 Helsinki foreign ministers' meeting of the Northern Dimension (i.e. EU, Baltic states and Russia), carefully prepared for over a year by Finland, was virtually wrecked by tension over Russian conduct of the war in Chechnya. EU foreign ministers mostly stayed away and sent deputies. The devil nodded with modest satisfaction.

### **3. Approaches to the stabilisation of the Caucasus**

The question then is whether the states of the region and the major powers could organise together a constructive strategic cooperation for the whole Caucasus region, so as to put the devil on the defensive there too. As things stand at present, this may seem rather a remote prospect. Russia is in election mode, and the speeches and manifestos are full of nationalist language (dignity, integrity, strength of Russia, defiance of a uni-polar world etc.). The EU has an enormous enlargement/institutional agenda to digest, and has yet to master the situation in the Balkans. The EU has largely left the Caucasus to the US, which itself is also in election mode and has now a difficult relationship with Russia.

So on balance the outlook is quite good for the devil. But these evident risks may mask in fact a potential for a new strategic cooperation, which the next Russian leadership may find more interesting to examine as and when the heavy fighting over Chechnya and the electoral period are over.

Recent times have seen a proliferation of regional cooperation projects in Europe, in fact in virtually every sub-region except the Caucasus (Barents, Baltic and Black Seas, Central European Initiative, numerous South-East/Balkan initiatives etc.). Not all of these are decisively effective to say the least, but still there is a persistent demand for such innovations and some experiences to bear in mind. The essential features of a selection is given in Annex B.

The search for a formula for the Caucasus has already begun. The most recent initiative is that of President Demirel of Turkey, who proposed the idea of a Stability Pact for the Caucasus on 16 January 2000 at a speech in Tbilisi, meeting with President Shevardnadze of Georgia. The Demirel proposal was not detailed, at least so far as we are informed.

President Shevardnadze has also made a number of speeches in favour of a Caucasus Peace initiative over the last four years. A group of experts in Tbilisi is at work with a mandate to develop such ideas, but again we are not informed of the results of this work.

Armenian foreign minister Vardan Oskanian is reported to have made calls at the OSCE Istanbul summit in November 1999 for a regional security system involving Russia, Turkey, and Iran as well as the three south Caucasian states.

President Aliyev of Azerbaijan is reported to have advocated recently: "The countries of the Southern Caucasus must enter the 21<sup>st</sup> century free from all conflicts and confrontations, and accept their own Pact on Security and Peace, without taking into consideration the ambition of other countries. · All military units of foreign countries must be removed from all countries in the region".

The US Secretary of State advanced ideas for a Caucasus Cooperation Forum in the spring of 1999, according to which the three South Caucasus countries would be taking the main initiative to engage in cooperation on economic, environmental, educational, energy and scientific matters, with participation of the US, EU and the international financial institutions.

The EU encourages regional cooperation with and between the three South Caucasus countries. Its Partnership and Cooperation Agreements with all three have been the subject of signing ceremonies done symbolically at the same time and place together. It has mounted significant regional projects such as the

Russia has regular meetings with its CIS partners of the Southern Caucasus, and it is understood that the forthcoming CIS summit on 25 January will be the occasion of a side-meeting between these four Caucasus states [it is expected that reports on this meeting will be made to the CEPS Brainstorming on 27/28 January].

However, at this stage there is a risk that the mere mention of the words "Stability Pact" might lead to the supposition that some derivative of the most recent Balkan Stability Pact should be the answer. We would argue that the first needs are to set out *the essence of the alternative mechanisms* that are conceivable, and clarify what might be *the name of the game* in strategic and geo-political terms. Table 1 offers a menu of models, derived from existing schemes or ideas. These are now discussed more fully.

### **Balladur Stability Pact ö model 1**

This initiative was relatively precisely targeted and structured in terms of incentives. A stylised summary would be this: all EU accession candidate countries of central and eastern Europe are kindly invited to sort out any unresolved problems of frontiers with neighbours and of the position of national minorities groups, especially where these belong to the titular nationality of a neighbouring country. Regional tables are established to take up such issues in groups, for example the Baltic countries with respect to their Russian minorities and the Hungarian communities outside Hungary, for example in Romania. The solutions were embodied in legal acts, either national legislation or constitutional amendment, or inter-state agreements or treaties. As and when these problems were reasonably solved, then the EU accession process could advance. On the whole this first Stability Pact may be judged rather favourably. It was a well structured exercise in terms of clarity of objectives and strength and credibility of the incentives. It more or less worked.

The derivative of this model for the Caucasus would be as follows. Principal ethnic conflicts are targeted for resolution. The obvious candidates here are Abkhazia, South Ossetia and Nagorno-Karabakh in the Southern Caucasus and Chechnya in the Northern Caucasus. With respect to the Southern Caucasus, the EU has been following a policy, which is of the same logic as the Balladur Stability Pact, but with much weaker incentives. The EU Commission's Communication on relations with the South Caucasus under the Partnership and Cooperation Agreements of 7 June 1999 [EU Commission, 1999], reviews these conflicts in the context of the EU relationship and aid programmes. This led to a joint EU-Armenia-Azerbaijan-Georgia summit in Luxembourg on 22 June 1999, whose joint concluding declaration noted that the outstanding conflicts "are impeding the political and economic development of the three states", and that "the EU considers that the effectiveness of its assistance is connected to the development of the peace process in the region".

As of now the conflicts have not been resolved, while the EU incentive must be described as a "hint" of enhanced cooperation and aid, rather than strategic leverage. For Abkhazia there is work in the academic community sketching a confederal solution [Coppieters et al., 1999], even if at the official level Abkhazia still strives for absolute independence of Georgia. For Nagorno-Karabakh it was believed that a solution might be found with the support of the Armenian prime minister, before his tragic assassination in the summer of 1999. As for stronger EU incentives, we return to that under Model 3.

Civilised resolution of the Chechnya issue has at various times during the last decade, before the present renewed conflict, been conceivable in the style of the Tatarstan model: i.e. a very high degree of autonomy, but with ambiguity and even the help of contradictions over the use of terms such as "sovereignty" and "statehood" in constitutional and treaty texts. Leverage of the EU and international community has been limited. During the first Chechnya conflict of 1994-95, the EU delayed signature of a trade agreement until Russia accepted OSCE mediation. With the present conflict, EU foreign ministers have been examining options, possibly sanctions according to press comments. We return to the question how the EU and Russia might interact over Chechnya in a more constructive way under Model 4.

### **The Balkan Stability Pact ö model 2**

This initiative is a complex and ambiguous structure. It is a completely different animal to the Balladur Stability Pact. It is an attempt at establishing a post-war order, rather than preventive diplomacy. It is an overarching framework for the whole of the region, which includes EU accession candidates, two international protectorates (Bosnia, Kosovo) and two quasi-secessionist entities (Kosovo, Montenegro) with confused constitutional situations, while excluding one outcast state (Serbia) except for contacts with its opposition leaders. The normative texts of the Balkan Stability Pact rely on the usual norms and policies of OSCE, Council of Europe, EU and the international financial institutions. The main mechanism so far consists of mega-meetings at all levels, but most regularly at senior official level according to three sectoral working tables (see Table 2). Present at these meetings are representatives of x beneficiary states of region, y other OSCE member states, and z international organisations. Attendance of the first meeting of the working tables was around 200 persons. From the first work programme documents of these working tables it appears that the subjects under discussion are all-embracing. These are prepared by a Western staffed secretariat of the High Representative, located in Brussels but independent of the EU. The Stability Pact as such does not have powers or financial resources, although it convenes donor conferences. Nor does it have the role of making hard policy proposals in the manner of the Commission in the EU. The process is more OECD-like. It takes on the basic mode of encouraging policies and cooperation in line with generally received wisdom about the post-Communist transition. The EU says it assumes a "leading role" in the Stability Pact, and is active in the process. However, EU policies towards countries of the region and the international protectorate regimes in Bosnia and Kosovo are a separate matter (see further below under Model 3).

We now assume rather mechanically that there were a Caucasus Stability Pact (CSP), following the Balkan precedent. The CSP would be convened by a coalition of leading state actors: Russia, Armenia, Azerbaijan, Turkey, EU and US, who might form a steering group. CSP conferences and policy working tables would however be open to wide participation, including notably all Black Sea, Caspian Sea and EU countries. The agendas would be rather similar to those of the Balkan Stability Pact (Table 2). Also the CSP would not have powers, nor would it own financial resources.

At this point two adjustments to the Balkan Stability pact model could be considered for the Caucasus.

First there is the *extensiveness* of the project, both in terms of how many states participate and the size of the agenda. Here the example of Black Sea Economic Cooperation may be borne in mind. This is much less ambitious in terms of number of participants, which is more plausible for the Caucasus than the mega-meetings of the Balkans. Also the Black Sea agenda does not aim to be comprehensive. It seems to take up topics or activities on a pragmatic basis. However the level of implementation of even this more limited agenda seems so far to be low. The Black Sea model is more modest, with limited resources and political cohesion. The US proposal for a Caucasus Cooperation Forum suggests a fresh initiative in this family of ideas, possibly resembling its existing South-east European Cooperative Initiative (SECI), which may be regarded as a constructive and useful activity *faute de mieux*, but of less than decisive impact.

Second is the place, if any, of *sub-state participation* in the system (autonomous political entities, regional governments, city mayors etc.). Here the Barents Sea cooperation has an element. Direct relations between oblasts and autonomous republics of the North-West Russia and the regional and national authorities of Nordic states and the EU are provided for. For the Caucasus the analogue raises more sensitive issues, even assuming that the Chechnya conflict is brought under control. It might best be conceived to involve not only the seven autonomous republics of the Northern Caucasus, all now with declining Russian ethnic minority populations, but also the other Southern Russian regions such as Krasnodar, Rostov and Stavropol. It could be a positive influence for these regions and autonomous entities to have normal and cooperative relations with entities of the Southern Caucasus and the rest of the world.

To conclude on Model 2, The Balkan Stability Pact is surely not to be simply photocopied for the Caucasus. In any case it should be slimmed down in participation, with fewer more distant states, maybe the EU represented only by its new Troika (Council Presidency and High Representative, and Commission). Its agenda might also be more selective, as in the Black Sea case, but with more accent on implementation. The sub-national levels of North Caucasus and South Russia could be brought in. But even with these adaptations

it is not evident that the model contains sufficient power or incentives to be strategically effective, rather than just to add another conference circuit.

### **Virtual EU membership and post-modern structures ö model 3**

"Virtual membership" is a generic term used in the "CEPS Plan for the Balkans" [CEPS, 1999], and referred to in some speeches and documents of the EU Commission and party groups of the European Parliament. It means relationships between the EU and non-Member States which come very close to full membership in some respects, even if full membership is politically not desired or acceptable to one side or the other or both. The European Economic Area (EEA) was an early example, under which membership of the single market and acceptance of its legislation is agreed, but there is no political membership of the EU institutions (as Norway today). The idea in the present context is to present to states of the Balkans, and maybe now the Southern Caucasus also, an EU incentive structure of real importance to countries which cannot aspire for full EU membership for a very long time. This model holds out the possibility for full or nearly full participation in the EU's economic and monetary union without being a member state institutionally. This calls for a different paradigm to that of prior convergence on EU policies. It envisages a jump to very strong application of EU policies where the "virtual member state" is particularly weak in its governance. For example, jump to free trade or customs union, because existing protection and customs procedures are very corrupt and so should be scrapped, since otherwise real economic development is stunted. Similarly, if the national currency is poorly managed, jump unilaterally into the euro zone (as Kosovo and Montenegro already, or following the Panama and Puerto Rico example, long successfully part of the dollar area). The model also takes advantage of the EU's present build up of its Pillar II and III competences, for military security (viz. Rapid Reaction Force now being prepared) and police, justice and combating of cross-frontier crime. Accordingly the EU may become capable soon of operational deployment in these new domains of policy. Finally, the model would also comprise special institutional relationships, maximising the links with the many different EU institutions and agencies.

Such ideas are ahead of existing policies, but are entirely consistent with the EU's actual or potential capacities. The EU needs a formula that would honour its pledges to work for real integration for Balkan countries which are not yet accession candidates. The Stabilisation and Association Agreement (SAA) concept has been proposed by the Commission, and negotiations begin for a SAA with Macedonia, whereas a feasibility study for another SAA has been undertaken for Albania. The content of SAA policy so far may be considered too timid, and failing to reflect the new or emerging development of Pillar II and III policies, and even for Pillar I proposing extremely distant time-horizons (such as 10 years for free trade) and in completely ignoring euro-linked monetary policy questions (of the type argued in the preceding paragraph). However they at least represent some move in the direction of offering a more substantial integration path for countries a long way away from orthodox convergence. For next official policy moves, the SAA mechanism could be offered to South Caucasus states, whose wish to accentuate their European vocation was sufficiently credible.

In this way the "virtual membership" concept could be used in the Caucasus also to reinforce the incentive mechanism of the Balladur type Stability Pact (Model 3 combined with Model 1), and so increase its credibility and force in the Caucasus context, for example to increase interest in settlement of the outstanding ethnic/constitutional disputes such as Abkhazia and Nagorno-Karabakh.

However such ideas lead on into the wider issue of what might become the constitutional structure and order of the numerous small entities of post-Communist Europe, so many of which are currently embroiled in all manner of disorders (ethnic conflicts, corruption, criminality, non-functioning governance in general). These conditions are concentrated in the Balkans and Caucasus. Some of these entities or states have as a result become international protectorates (Bosnia, Kosovo) and some in the North Caucasus are effectively more protectorates than normal regions of Russia, especially where the civilian ethnic Russian population becomes thinner and thinner<sup>3</sup>. What will be the ultimate place of such entities in the constitutional map. Lots of new little independent states? Such may be the mindset of many Kosovars and Chechnyans. But neither Russia, nor the EU, nor US agree. However there is also often deadlock in the search for solutions between demands

for independence and offers of sub-state autonomy. This is where some contemporary developments in the EU can help enrich the search for new solutions, both intellectually and through such operational concepts for virtual membership.

In another paper [Emerson, 1999a] mainly about the Balkans, ideas are sketched under the title "the Belgian Balkans". By this is meant a constitutional structure that has five tiers of government, not just three as in the standard federal/confederal model. These five tiers are:

- 1/ EU level, with exclusive powers for market and money, and potentially important but non-exclusive competences for civilian and military security;
- 2/ Federal state, retaining the status of the "sovereign state" (e.g. member state of UN, EU institutions) even if the residual functions of this government become quite small in relation to the functions of all tiers;
- 3/ Sub-federal state/region, with territories largely corresponding to ethnic identities, but with strong anti-discrimination guarantees (of course outlawing of ethnic cleansing);
- 4/ Cultural/linguistic communities overarching territorial frontiers, with political representation as such and powers for certain cultural, educational etc. fields of policy;
- 5/ Local government of the conventional kind.

An even more innovative model is that of the Northern Ireland agreement between the UK and Ireland and the communities of Northern Ireland, now entering into force, which has six tiers:

- 1/ EU level, overarching competences;
- 2/ Council of the Isles, a multi-state (UK, Ireland) and multi-sub-state (Northern Ireland, Scotland, Wales) political forum, with the different levels present in a non-hierarchical mode;
- 3/ Federal UK level (to be more precise, the UK is now a new hybrid species, mixing the unitary state and an asymmetric confederation)
- 4/ All-Irish level, with the sovereign state Ireland and the sub-state Northern Ireland managing certain competences together as equals;
- 5/ Sub-state autonomy (Northern Ireland);
- 6/ Local government of the conventional kind.

Elements from these Belgian and British-Irish models may now be summarised for their relevance to the Caucasus:

A/ For the problems of ethnic conflict there are solutions other than the standard menu of unitary state, federation, confederation or secession, in which competences for cultural/religious/language questions can be devolved to structures that overlap territorial frontiers. (The Nagorno-Karabakh problem has considerable logical similarities to that of Northern Ireland);

B/ For the problems of asymmetry between the size and structure of neighbouring states, there can be solutions which are themselves asymmetric, with sovereign states having dealings with sub-state entities (of course relevant for big Russia and its very small Northern Caucasus autonomies, alongside the small sovereign states of the Southern Caucasus).

C/ The EU institutions give many kinds of legal or political guarantees to its member states and sub-states, making manifestly obsolete old notions of "independence". The idea of "virtual membership" of the EU thus attempts to provide these benefits also to entities that cannot soon become full members, but still badly need strong support to overcome non-functioning state structures.

The general intuition then is that some old, intractable, bitter conflicts can be overcome only by insertion into new and powerful constitutional structure – "post-modern" as they are called by some political scientists. This is also pointing the way to "exit" strategies for the international protectorates. The "exit" is not into the world of multiplying small independent states of the old tradition, but into the new Europe of integrated, post-modern structures.

#### **The Caucasus Dimension – model 4**

This draws on the language and logic of the "Northern Dimension" relationship between the EU, Russia and the Baltic state accession candidates. This stands for a strategic intent by the EU and Russia to establish first

and foremost a good level of mutually trusting and advantageous cooperation, notably where there is a common frontier. It also stands for trying to make the process of EU enlargement, where this involves mutual frontier states, as harmonious as possible.

In the actual Northern Dimension the content involves important infrastructure networks for transport and power transmission, major environmental programmes, potentially large scale investment in oil/gas sector for which EU is the main market and cross-border cooperation between regional governments and civil society institutions.

A Caucasus Dimension would also look for a constructive and substantial model for joint pursuit of common objectives, above all the stability and socio-economic progress in the whole of the Caucasus region. It would also aim at strengthened protection of both the Russian and EU hinterland from terrorist/criminal/societal threats associated with extremist Islam.

The Caucasus Dimension would be combined with the Virtual Membership of Model 3 for the countries of the Southern Caucasus, and take Turkey's status as full membership candidate as a credible long-term prospect. The new dynamics in the Turkish situation are especially important, because of its economic, political and societal aspects. The Turkish economy grew on average almost 5% per annum, and this should continue or accelerate. The Turkish GNP of \$ 230 billion per annum already largely exceeds that of Russia (\$ 130 billion). The political-societal dynamics clearly go in the direction of convergence on modern European norms, with the special feature of making a success of a modern, secular Islam. This is of course extraordinarily important as role model for those parts of the Turkic and/or Islamic communities of Russia and for Central Asia in general. The EU could think in terms of a pre-accession strategy with Turkey that helps projects this model into Russia, starting in the North Caucasus, and also on into Central Asia.

The EU and Russia could also cooperate systematically in building Russian spurs to the Trans-Caucasus transport projects, rather than confine them to the Southern Caucasus. This is hinted at by the EU Commission [1999], and recommended also on the Russian side by Tishkov [1999].

Finally the EU could also envisage deploying its emerging competences in Pillars II and III to cooperate with Russia in curbing terrorism and trafficking of arms and drugs, for example in relation to the presently porous frontier between Georgia and Chechnya. Thus the EU might in the future help achieve more efficient and civilised Russian methods in handling the problems.

In these ways the EU and Russia could come to be as mutually trustful and supporting as neighbours on both Northern Dimension and Caucasus Dimension fronts. Even if the conditions of these two regions are greatly different, the common factor would be reliable good neighbourliness between the two large European powers. As preparations for a new Russian presidency advance, and the categorisation of strategic attitudes takes shape for different zones of Russia's external relations, such ideas warrant exploration. They may seem remote today, but Russia needs alternative scenarios to perpetual guerrilla war and impoverishment of its Southern frontier territory.

For the Caucasus Dimension to become plausible there would have to be a robust mutual understanding over the extraordinarily difficult, tragic and emotive subject of Chechnya. Criticisms of Russian military methods in recent months are made both inside Russia as well outside, with serious arguments. We do not go into that here, but rather try to anticipate a situation in a few months when the heavy fighting ends, and the future has to be addressed. The stylised interpretation of this second Chechnya war may become categorically different to that of the first Chechnya war of 1994-95. The first war was called in the titles of two Western books "*A Small Victorious War*" [Gall and De Waal, 1997] and "*Tombstone of Russian Power*" [Lieven, 1999]. While not idealised, there were notions of the Chechnyans as fighting a heroic struggle for post-colonial independence. The second war has seen a population hijacked by a small army of fanatical extremists, supported by professional terrorists from the outside, intent on creating a fundamentalist Islamic Confederation of the Northern Caucasus and spreading fundamentalist Islam up into the Russian heartland. Before the first war it was discussed whether Chechnya would become virtually independent, with some elements from the Tatarstan model. After the second war the outlook is basically for an armed Russian protectorate for as long

as the mountains are the hold-out of guerrilla groups. It might even be that much of the population will indeed want Russian protection, in a reversal of the situation at the end of the first war.

## **A package tailored for the Caucasus**

This review of a number of models can now be put together, drawing on lessons from these different experiences and defining a specific package for the Caucasus.

All four of the models discussed above have their value, but also limitations for the Caucasus. No one of them is adequate for this multi-faceted situation, which is even more complicated and dangerous than the Balkans. In particular, while the words "Caucasus Stability Pact" sound appealing, a lightly adapted copy of the Balkan Stability Pact will not be adequate (it is not even adequate for the Balkans).

Instead a structured combination of the four models is advocated:

there should be some light overarching structure for all seriously interested actors, to some extent like the Balkan Stability Pact style, but slimmed down and focusing more clearly on regional integration than politically appropriate for the former Yugoslavia;

there should be a return to the Balladur Stability Pact style targeting of outstanding ethnic/political conflicts, but backed up with EU integration incentives (virtual membership ideas) and enriched constitutional concepts from contemporary Europe (e.g. Northern Ireland, Belgian federalism);

there should be a Caucasus Dimension to EU-Russian relations, building on the positive aspects of the "Northern Dimension" model, but introducing important new elements specific to the Caucasus, such as common interests in protecting all of Europe from incursion of terrorism, fanaticism and criminality from the East.

the Turkish potential for radiating its economic dynamism with a model of secular, moderate Islam to the Caucasus region (and beyond) should be internalised into EU policy without delay, thus giving specific content and value to its pre-accession strategy.

In code language for policy planners, Model 1 should be enhanced with new elements from Model 3, Model 2 should be used but not too extensively nor expected to solve the problem alone, and a new Model 4 project is required.

## **4. Conclusions**

There is surely a strong case for a fresh regional initiative to promote peace, stability and economic, political and societal progress in the whole Caucasus area, Northern and Southern together. Maybe electoral politics in Russia and the US, unpreparedness in the EU and divisions between the three Southern Caucasus states will prevent this, meaning instead a pact with the devil.

However now a number of proposals are emerging. The most recent is from President Demirel of Turkey, who proposed a Caucasus Stability Pact in Tbilisi on 15 January 2000. While the general idea is positive, it should not lead to an overhasty presumption in favour of a Caucasus photocopy of the Balkan Stability Pact. Instead more thought should be given to some fundamental options, since the Balkan Stability Pact model is itself as yet far from convincing, while the Caucasus situation is maybe even more difficult than the Balkans.

The argument of this paper is that there is a different approach that should be considered. This would combine something closer to the first Balladur Stability Pact adapted for the Southern Caucasus, enhanced by the incentive of virtual membership of the EU, since full membership is too far away and time cannot wait. In addition, for the Northern Caucasus and other South Russian regions the EU should propose to Russia deepened cooperation. This could be analogous to the "Northern Dimension" policy in some respects (infrastructure and oil/gas sector developments), but obviously much different in other respects. In particular there would be a crucial attempt to converge on policies towards Islam, in two ways. First, the EU and Russia would collaborate to combat infiltration by terrorism supported by other parts of the Islamic world, and drug and weapon traffickers. Second, the EU would anticipate the place of a modernised Turkey as a future

member state in order to help project an appealing model of a modern, secular and moderate Islam integrated with Christian societies. Such a model is potentially of great importance not only in the Caucasus, but also elsewhere in Russia and parts of Central Asia where there are large Russian populations (especially Kazakstan).

It is a positive point of great importance that common political and humanitarian norms have already been adopted (or will be soon) by Russia and the Southern Caucasus states through the codes and conventions of the OSCE and Council of Europe (Georgia has now acceded to the Council of Europe, and Armenia and Azerbaijan are expected to follow). The EU should put its weight behind trying to develop an increasingly effective role of both organisations in the Caucasus region.

Solutions have to fit also with a vision of what is becoming "post-modern" Europe, where the old nation state is overlaid by overarching policies for markets money and security, and undercut by decentralisation with complex patterns of federalism and overlapping competences between regions and states (see Belgian federalism, or the new Northern Irish agreement). Put in other words, "the problem is being framed in 19<sup>th</sup> century concepts of borders and independence, whereas borders will be of decreasing relevance in the Europe of the 21<sup>st</sup> century." [Carl Bildt, *Financial Times*, 19 January, 2000]. This quotation was about Kosovo, but the argument is of wide application in the ethnically complicated parts of post-Communist Europe, including both Northern and Southern Caucasus. For example the concluding Declaration of the OSCE Istanbul summit of November 1999 cited no less than 12 cases (of states or entities) where it was searching for the resolution of ethno-political conflicts or tensions without recognition of independence or the changing of state borders (Abkhazia, Bosnia and Herzegovina, Chechnya, Crimea, Croatia, Kosovo, Macedonia Montenegro, Nagorno-Karabakh, North Caucasus, South Ossetia, Trans-Dniester, F.R. Yugoslavia). It may be noted that the problems of Russian minorities in the Baltic states apparently did not require mention even in such an extensive catalogue, and indeed that no EU candidate country required mention. This is suggestive of the "soft power" of the EU system, even before it completes its present agenda of reform of existing instruments and development of new ones in the security area. But the challenge of the Balkans and the Caucasus is now to find ways to be similarly effective beyond the reaches of the conventional accession process.

### **Table 1: Models of regional cooperation applied to the Caucasus**

#### *Model 1*

*Balladur Stability Pact type:* Armenia, Azerbaijan and Georgia are offered incentive to settle specific conflicts over Nagorno-Karabakh & Abkhazia, with prospects for greater EU aid and integration

#### *Model 2*

*Balkan Stability Pact type:* Russia, Armenia, Azerbaijan, Georgia, and Turkey join with EU, US, and other Black Sea and Caspian Sea countries and international organisations for comprehensive dialogue on policies and cooperation possibilities

#### *Model 3*

*Virtual EU membership:* EU adopts a more pro-active approach to progressive integration of Georgia, Armenia and Azerbaijan into its economic, monetary and security policies, with institutional linkages. EU also suggests constitutional packages for solving ethno-political conflicts.

#### *Model 4*

*Caucasus Dimension* EU, enlarging to include Turkey, and Russia deepen cooperation over shared objectives for regional development, security and stability.

(-, less ambitious versions)

*Black Sea type:* A political framework for engaging in *ad hoc* cooperation on practical issues where feasible

(+, *add decentralised dimension*)

*Barents Sea type:* Regional governments/ autonomous entities of North and South Caucasus join sovereign states in aspects of process

## **Table 2: Stability Pact agenda ö Balkan style**

### Institutional

á Contact Group of major powers

á Mass meetings of all countries of the region, EU and all its member states, and most other OSCE countries and international organisations, at several levels: summit, foreign ministers, working tables (human, economic, security - as below)

á High Representative, with substantial Western secretariat

### Human dimension

á Refugees: status, return

á Human rights & national minorities

á Regional institutional development, civil society, educational cooperation

### Economics & aid

á Trade policy and customs/frontier issues

á Regional development, business promotion, tourism, environment

á Regional infrastructure: oil/gas pipelines, power transmission, transport

á Humanitarian aid: food, shelter, medical

### Security

á Conflict prevention, resolution & peace keeping

á Border control, criminality, terrorism

á Military security: confidence-building measures, disarmament

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## **Annex A**

### **Demographic statistics of the Caucasus**

#### *Russian Federation, Northern Caucasus*

Adygeia 541 000

Chechnya 862 200 (early 1990s estimate, current numbers unknown)

Dagestan 2 150 000

Ingushetia 303 500 (early 1990s estimate, large refugee inflows since)

Karachaevo Cherkassia 436 000

Kabardino-Balkaria 790 000

Northern Ossetia 663 000

Total, 7 entities, approx. 5 500 000

#### *Southern Caucasus*

Armenia 3 700 000

Azerbaijan 7 500 000

(Nagorno-Karabakh)

Georgia 5 400 000

(Abkhazia) 524 000

(Adzhari)

(South Ossetia) 100 000

Total of Northern and

Southern Caucasus

approx. 25 100 000

Note: these figures come from a variety of sources and should only be regarded as approximate, and in any case take no account of recent displacements as a result of conflicts.

## **Annex B**

## **Selected Regional Initiatives in Europe**

***Barents Sea regional cooperation.*** Initiated in 1993, with the following key points:

sovereign state level: Russia, the Nordic countries and EU (Commission); observer status for some EU members states, US, Canada and Japan

sub-regional level: regional administrations of Finland, Norway and Sweden close to the Barents Sea together with the Murmansk and Archangelsk Oblasts, the Karelia Republic and the Nenets Autonomous Region

sectors of cooperation: sustainable regional development, environment, nuclear safety, regional transport and telecommunications infrastructure, energy development, people-to-people contacts, educational and cultural exchange, regional government collaboration (across national borders)

EU and EU member state funding of cross-border projects

***Black Sea Economic Cooperation.*** Initiated in 1992, including Russia, Georgia, Turkey, Greece, Bulgaria, Romania, Moldova, Ukraine, Albania, Armenia and Azerbaijan. Intended to facilitate trade, investment and cooperation in the region. Numerous activities initiated: status of organisation with Istanbul secretariat, parliamentary assembly, meetings of mayors, trade and development bank, declaration of intent for free trade, university cooperation, studies centre in Athens. Implementation limited so far.

***The Balladur Stability Pact.*** This started as an initiative in preventive diplomacy, which France proposed for EU sponsorship in 1994, and was codified in the Charter of Paris of 1995. The idea was to ensure that the candidate states for EU membership from Central and Eastern Europe should clear up outstanding problems associated with their mutual frontiers and national minorities. This concerned not only future intra-EU matters, such as the situation of the Hungarian minority in Romania, but also future EU frontier questions with Russia, for example the situation of the Russian minorities in the Baltic states.

***Balkan Stability Pact.*** Initiated by the German Presidency of the EU in July 1999 at Sarajevo, following the conflict over Kosovo. This now provides the main region-wide political forum, with a very developed structure. It does not have powers in itself, but is a comprehensive framework with a well established normative basis (human rights, economic principles etc.) and inclusive participation of the countries of the region, neighbouring countries, international organisations, and EU/Russia/US. Key features include:

Triple dimensions ö economic, political, security ö as in OSCE

Economic agenda: trade policy, regional development, regional infrastructure, private sector development, investment charter, Danube navigation, anti-corruption.

Democratisation and human rights agenda: human rights and national minorities, ombusman initiative, refugee return, parliamentary cooperation, good governance, media, gender, education.

Security agenda: crime and corruption, migration, police and judicial reform, arms control, confidence building measures, non-proliferation, de-mining, conflict prevention, crisis management.

An all-embracing agenda, accommodating cooperative bilateral/regional actions coherently alongside major moves towards EU accession/association.

***Northern Ireland Agreement.*** Signed in 1998-9, implementation in process. The key point in general is that a complex structure is created in which a region of one sovereign state (Northern Ireland in UK) has structured relations and elements of shared sovereignty with another sovereign state (Republic of Ireland), as solution to a long and violent conflict between two communities of different religious (Protestant/Catholic) and national (UK/Irish) affinities. The system has the following features:

Autonomous Northern Irish government and parliament for many policies

North-South Ministerial Council, where the autonomous Northern Irish executive and government of Ireland meet as equals for several domains of policy and cooperation

Council of the Isles, at which the sovereign states of UK and Republic of Ireland meet with the autonomous governments of Northern Ireland, Scotland, Wales the Isle of Man and the Channel Islands. Note that Scotland and Wales are "nations" and represent "nationalities"

Many overarching policies of EU apply in all territories

Future sovereignty of Northern Ireland (i.e. in UK or Republic of Ireland) left open for revision, to be decided by referendum

Citizens of Northern Ireland can hold either UK or Irish passports or both.

## Footnotes

<sup>1</sup> Senior Research Fellow, CEPS. Thanks for help from colleagues Natalie Tocci and Nicholas Whyte.

<sup>2</sup> All are members of the OSCE. Russia and Georgia are members of the Council of Europe, with Armenia's accession expected quite soon, and Azerbaijan probably to follow also in due course.

<sup>3</sup> Russia's task is made more difficult by the declining minority of the Russian ethnic population in the Northern Caucasus region. From 1989 to 1998 it is estimated [Tishkov, 1999] that the total population of the Northern Caucasus region stayed almost constant at 5.3 million, but with the Russian ethnic population declining from 1.4 million to 1.0 million, thus from 26 to 19%. Taking into account the likely age profile of this change, with lesser out-migration by elderly people, there has presumably been an even more marked decline in the number of Russians of working age. Moreover the new Chechnya conflict is presumably reinforcing the trends for all except the armed forces.