

REGIONAL SECURITY

**THE GEORGIAN-RUSSIAN CONFLICT,
ENERGY PROJECTS,
AND SECURITY OF
THE BLACK SEA-CASPIAN REGION**

Anna SHELEST

*Leading research associate,
regional branch of
the National Institute of Strategic Studies
(Odessa, Ukraine)*

The Russian-Georgian conflict of August 2008 should be regarded as part of the general geopolitical and geoenergy situation in the Caspian-Black Sea region, its causes and consequences being extremely important for many actors. Rooted in the past, it is closely connected with what was going elsewhere, Kosovo's independence proclaimed in February 2008 in particular.

I have written this article to offer my analysis of the 2008 events, reveal their impact on the energy situation and security in the Black Sea-Caspian region, and provide recommendations on how to diminish their negative impact on Ukraine.

I intend to discuss the causes that led to the crisis and its consequences.

I shall pay special attention to the positions of third sides and forecast possible developments.

The subject remains topical because the events of August 2008 directly affected the security of the Black Sea countries, their energy cooperation, and their relations with the European Union.

What happened in the summer of 2008 has become the subject of an academic discussion about the frozen conflicts in the Black Sea region which involves academics from post-Soviet states, Europe, and America.

Some of them are more interested in the causes and consequences; others in the roles of the third players in the region; while still others concentrate on individual aspects (ethnic, historical, military, political, etc.).

This subject remains inadequately studied, its discussion being limited to scattered comments and media reports even though the developments

in any of the GUAM countries are directly related to Ukraine's security.¹

The Caucasus Institute for Peace, Democracy and Development, the International Crisis Group, the Center for Civil Society Studies, the South Caucasian Institute of Regional Security,² and others have already produced well-founded analyses of their own.

The writings of those who look into the problem as part of the wider regional context of energy security inevitably affected by the conflicts in Georgia, Moldova, and Azerbaijan—S. Cornell, N. Kassenova, and T. Marketos—deserve special attention.³

Many in the expert community are convinced that the Russian-Georgian war and the 2009 gas conflict between Russia and Ukraine are interconnected as parts of Russia's larger plan to destabilize the region. Russia is determined to prevent NATO membership for Georgia and Ukraine, mar their image in the world, and promote energy transportation routes bypassing the two countries.

The impact of the Russian-Georgian confrontation on the energy-related Black Sea con-

text has two dimensions: transportation of Caspian energy resources across Georgia (the Odessa-Brody-Plock oil pipeline and the White Stream gas pipeline) and its influence on the Russian projects (the North Stream gas pipeline, the Burgas-Alexandroupolis oil pipeline, etc.).

The Russian Federation is deliberately misinforming the world about the Nabucco project in an effort to promote its pet South Stream project. In November 2008, Russian Ambassador to the European Union V. Chizhov said that, as distinct from the South Stream, Nabucco has no fuel sources.⁴

The disintegration of the Soviet Union made some of the former republics (Azerbaijan, Kazakhstan, and Turkmenistan) fuel-rich countries; they, however, have neither the transportation infrastructure to reach the world markets nor access to the open seas.

Transit across Russia was the only option. Foreign investments solved the problem because it was abundantly clear that politically these states depended for their sovereignty on access to the world markets.

The United States enthusiastically supported alternative gas and oil pipelines from the Caspian and Central Asia. Washington regarded them as an anti-monopoly rather than an anti-Russian effort which ensured fuel deliveries to Europe.

The Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline added vigor to the cooperation among Azerbaijan, Georgia, and Turkey involved in other infrastructure projects and boosted their economies. This created new alternatives for delivering fuel to Europe and gave Nabucco the chance of being further developed.

The BTC pipeline and the Nabucco agreement of 2006 designed to move Turkmenian and Azeri gas across Georgia and Turkey undermined Russia's monopoly in this sphere. The pipelines running outside Russia can be described as a challenge to its geopolitical ambitions.⁵

¹ See: G.M. Perepelitsia, *Genezis konfliktiv na postkomunistichnomu prostori Evropi*, Stilos—PP Foliant, Kiev, 2003 (in Ukrainian); H.A. Karasar, "Saakashvili Pulled the Trigger: Turkey between Russia and Georgia," *SETA Policy Brief*, No. 20, 2008; Z. Süslü, "Georgia at a Glance: Abkhazian and South Ossetian Conflict," *IBSU International Refereed Multi-disciplinary Scientific Journal*, No. 1, 2006; Y. Yakis, "The Black Sea and the Georgian Crisis," International Center for the Black Sea Studies, *Policy Brief*, No. 10, December 2008.

² See: *After August 2008: Consequences of the Russian-Georgian War*, The Caucasus Institute for Peace, Democracy and Development, September 2008; V. Kulik, "Konfliktogennyi potentsial Yuzhnogo Kavkaza kak sistemnyi vyzov natsionalnoi bezopasnosti Ukrainy," *Ukraina v mire. Ekspres-ekspertiza*, No. 5 (63), 2008; Yuzhnokavkazskii institut regionalnoi bezopasnosti, available at [<http://www.scirs.org/>].

³ See: S. Cornell, "Pipeline Power. The War in Georgia and the Future of the Caucasian Energy Corridor," *Georgetown Journal on International Affairs*, Winter/Spring 2009; N. Kassenova, "Kazakhstan and the South Caucasus Corridor in the Wake of the Georgia-Russia War," *EU-Central Asia Monitoring*, No. 3, January 2009, available at [<http://www.eucentralasia.eu/>]; T. Marketos, "Eastern Caspian Sea Energy Geopolitics: A Litmus Test for the U.S.-Russia-China Struggle for the Geostrategic Control of Eurasia Caucasian," *Review of International Affairs*, Vol. 3 (1), Winter 2009.

⁴ See: "Posol Rossii pri ES ne vidit istochnikov gaza dlia 'Nabucco,'" available at [<http://www.unian.net/rus/news/news-284159.html>], 13 November, 2008.

⁵ See: S. Cornell, op. cit.

The choice for the Central Asian and Caspian states is limited to the Georgian and Russian transits.

In January-February 2009 the expert community seemed to agree that the events in Georgia and the gas squabbles between Russia and Ukraine were interconnected.⁶ It was commonly believed that Russia was out to prevent European and Euro-Atlantic integration of Ukraine and Georgia and to demonstrate to the European Union that it was still in control in the Black Sea region.

⁶ See: "Gazovyi konflikt—eto prodolzhenie rossijsko-gruzinskoi voiny," available at [<http://www.unian.net/rus/news/news-295234.html>], 15 January, 2009.

Some Russian experts, V. Iakubian of the Kavkaz analytical center being one of them, think the same.⁷

They, however, blamed the two events on the United States which spared no effort to prevent greater regional roles for both the European Union and Russia.

In the security sphere, defrosting of the post-Soviet conflicts, inflated separatist sentiments, redistribution of the spheres of influence in the region, and the possibility that the territories of third countries might be used as a theater of war (the RF Black Sea Fleet problem) remain the main threats.

⁷ See: "SShA nachali rozygrysh ukrainskoi karty," available at [<http://vlasti.net/news/33443>], 8 January, 2009.

Going Back to the Roots. Why Did the Situation in South Ossetia and Abkhazia Become Exacerbated?

The Russian-Georgian confrontation goes back to the mid-1990s; since that time relations have been deteriorating for the following reasons:

- (1) the CIS "peacekeeping" contingent staffed with Russian military was never neutral and sided with the separatists;
- (2) it took a long time for Russia to remove the Soviet military bases from Georgia;
- (3) there were continuous clashes at the borders between Georgia and the separatist regions;
- (4) Russian passports were issued to people in Abkhazia and South Ossetia;
- (5) a railway between the RF and Abkhazia was built illegally;
- (6) a visa regime was introduced between the two countries;
- (7) numerous "spying" incidents were exposed;
- (8) the Rose Revolution broke out and support was rendered to the Orange Revolution in Ukraine;
- (9) Georgia favored an Euro-Atlantic orientation;
- (10) Russian citizens who served in the power-wielding structures were appointed to top posts in South Ossetia and Abkhazia;
- (11) economic sanctions and an embargo on export to the RF of Georgian agricultural products and wines were introduced and transport and postal communication was discontinued in 2006;

(12) alternative pipelines—the BTC, Baku-Tbilisi-Supsa, White Stream, Nabucco, etc.—were built.

Four key factors shape Russia's ideas of the post-Soviet expanse:⁸ NATO's eastward expansion; alternative fuel transportation routes; the Color Revolutions in Georgia and Ukraine, and Kosovo's independence.

On the eve of the NATO Bucharest summit in April 2008, the RF leaders made several statements to the effect that NATO membership for Georgia and Ukraine would threaten Russia's national security and that the RF was prepared to go to all lengths to prevent this.

This was registered in the Foreign Policy Conception of the Russian Federation issued in July 2008.⁹

Independence of Kosovo proclaimed in February 2008 stirred up the separatists in Georgia and Moldova. The "Kosovo precedent" was actively exploited to settle the frozen conflicts in the Black Sea region. Russia was dead set against Kosovo's independence, which makes its decision to recognize, in September 2008, the independence of Abkhazia and South Ossetia very strange indeed.

The West, which failed to substantiate the uniqueness of the Kosovo case (about which much was and is being said), allowed the Black Sea separatist areas to describe their situations as absolutely identical.

Certain elements of the international background of the Russian-Georgian conflict tuned down the international response and played into Russia's hands: high oil and gas prices which rapidly replenished Russia's stabilization fund, EU dependence on Russia's energy fuels, and Germany's active support of the North Stream project.

The talks on the Iranian nuclear file, in which France, the U.K., the U.S., the EU, and Russia are involved, can be described as another important factor. The sides failed to agree on the methods to be used; yet they, the United States in particular, wanted better relations with Russia.

The fact that Ukraine and Georgia were denied the MAP at the Bucharest summit in April 2008, mainly through Russia's diplomatic efforts, was important, as well as the political instability in these countries, the presidential campaign in the United States, which had reached its peak, and the opening of the Olympic Games in Beijing. They added more nuances to an already complex situation.

The events of August 2008 put the West in a quandary: it failed to act promptly and resolutely and to correctly assess what the Russian and Georgian leaders were doing.

On 6 March, 2008, the Russian Federation ignored the decisions passed by the CIS on introducing economic sanctions against Abkhazia and South Ossetia and instead deepened its cooperation with the two regions. In May 2008 and later, Russia carried out several military exercises in the Northern Caucasus, some of them close to the Georgian borders (Kavkaz-2008) and naval military exercises in the Black Sea.

South Ossetia was not a random choice; until 2008 the situation in Abkhazia was even worse. In 2007, however, Sochi (Russia), separated by 100 km from Sukhumi (Abkhazia), was selected as the venue of the Winter Olympics 2014. This meant that further exacerbation could cost Russia the Olympic Games, which might be moved elsewhere for security reasons. More than that: Russia's image would be tarred; it would be deprived of investments in infrastructure and the possibility of tapping Abkhazian resources. North Ossetia, part of the Russian Federation, was expected to extend its support.

⁸ See: *After August 2008: Consequences of the Russian-Georgian War*.

⁹ [<http://www.kremlin.ru/text/docs/2008/07/204108.shtml>], 12 July, 2008.

In March 2008, President Saakashvili offered Abkhazia another settlement alternative under which the breakaway region would enjoy wide autonomy inside Georgia, a free economic zone, and the right to veto the most important decisions and constitutional changes; it was planned to create a vice-presidency.

Sukhumi declined the plan; in July 2008, the leaders of South Ossetia, in turn, declined the offers extended by Foreign Minister of Germany Steinmeier to expand international involvement in the talks. In fact, this amounted to putting the brakes on the negotiations and on the quest for ways out of the frozen conflicts in Georgia.

In July 2008 Russia launched large-scale military exercises Kavkaz-2008 which ended on 2 August. The troops, however, were not returned to the places of their permanent garrisoning; they remained in North Ossetia. Early in August fire exchange was registered at the border between Georgia and South Ossetia that remained unexplained; this urged President Saakashvili to move troops into South Ossetia.

On 8 August Russia deemed it necessary to move its troops into South Ossetia under the pretext of defending its citizens. There is information, however, that its troops had entered the territory of Georgia a day earlier, on 7 August, which poses the question about who started the war. Several days later Russian troops entered Abkhazia.

The week of hostilities and the brokerage of the European Union represented by President Sarkozy ended with the signing of the 6 Points Agreement which envisaged: discontinuation of the hostilities; stationing of European observers on Georgian territory and Russian military bases on the territory of both separatist areas; and their independence recognized by Russia on 26 August, 2008.

It should be said that the agreements were repeatedly violated.

From the very beginning Russia, with no official evidence, accused Ukraine of extending military support to Georgia in the form of illegal weapon supplies. This provocation intended to undermine Ukraine's positive image in the international weapons markets; indeed, there were no bans on arms trade with Georgia, while its cooperation with Ukraine went on under officially signed contracts.

There are main versions of why the confrontation took place:

- (1) Russia wanted to stem NATO's eastward expansion and preserve its domination in the post-Soviet expanse.
- (2) Russia tried to undermine Georgia's role as a transit country for Caspian gas and oil and reduce to naught the efforts to set up alternative energy routes (BTC, Baku-Tbilisi-Supsa, the Baku-Tbilisi-Erzurum gas pipeline, and the White Stream project). This means that Russia is striving to establish its monopoly over fuel supplies to Europe.
- (3) Georgia's desire to attract the attention of the international community, NATO and the EU in particular, to the problem of the unsettled conflicts and "Russia's inadequate actions" in order to join NATO as promptly as possible.

An Analysis of the Main Dangers and Risks Created by the 2008 Russian-Georgian Crisis

There are obvious dangers and risks for the entire Black Sea region and for Ukraine as its part.

The region is running the risk of much more vigorous separatist activities in the breakaway areas of Moldova and Azerbaijan; there are security threats to the transportation routes and pipelines and even the danger of suspended fuel supplies from the Caspian.

Ukraine runs all these risks aggravated by the disagreements over the status of the RF Black Sea Fleet, the possibility that the South Ossetian plot may be used in the Crimea, the problems with the White Stream project, etc.

The Russian Federation spares no effort to denigrate Ukraine and Georgia as reliable transit countries for fuel deliveries to Europe by stressing both countries' inadequate actions in crises.

The Russian-Georgian conflict has bared the decision-making mechanism in Russia. I have in mind Premier Putin's leading role and his personal impact on the country's domestic and foreign policies. In fact, during the entire campaign Moscow denounced the president of Georgia, who it has been displeased with since the 2003 Rose Revolution, but never the country or the people

Early in September 2008, in his interview to the Italian RAI TV Channel, President Medvedev said that Russia believed that "the current regime was bankrupt; President Saakashvili no longer existed for Russia, he was politically dead."

The Russian-Georgian conflict affected the energy security of the Black Sea region as well.

The Russian army and its actions demonstrated that the infrastructure and transportation routes going across Georgia were very vulnerable. In the wake of the hostilities some of the investors withdrew from the Caspian fuel transportation projects, which slowed down Nabucco's progress.

In future, Kazakhstan and Turkmenistan can start exporting their fuel to China instead of Europe, which will increase Europe's dependence on Russian fuel export.

It should be said that America and Georgia intend to improve the security of energy transit to the European markets; they stated their intentions in the Strategic Partnership Charter the sides signed on 9 January, 2009 in Washington.

Positions of Third Sides

The fact that the CIS and SCO members did not support Russia's armed actions against Georgia and refused to recognize the independence of Abkhazia and South Ossetia is very important. It is even more important that Belarus, the closest post-Soviet ally and satellite of Russia, refused to act on Moscow's orders. More than that: from that time on Minsk began drifting toward the European Union.

Even though the final declarations of the Moscow CSTO meeting held on 5 September, 2008 supported Russia's actions against Georgia, the CSTO members refused to recognize the independence of the former Georgian regions.

The 2009 Russian-Ukrainian gas conflict was triggered by the inflated gas prices; earlier, in August and September 2008, Russia, which had been courting Turkmenistan and Uzbekistan, signed gas contracts with them based on European prices. It never expected them to go down by the end of 2008.¹⁰

Armenia, the key Russian partner in the Caucasus, found itself in a difficult situation. Isolated by its conflicts with Azerbaijan and Turkey from the rest of the world, it has to rely on Georgia for its

¹⁰ See: "Russia and Uzbekistan Agreed that Gas Prices Would Be on the European Level," *RIA Novosti*, 2 September, 2008.

contacts with other states. It had no choice but to supply materials and engineers to restore the railway bridge destroyed by Russian troops and to save its good relations with Georgia by refusing to recognize Abkhazia and South Ossetia.

The Russian-Georgian conflict bred fears that Russia might repeat the script in Moldova. In practical terms this is impossible because while South Ossetia borders on the Russian Federation, the Transnistria borders on Moldova and Ukraine. The latter supports Moldova's territorial integrity and will never let Russian troops across its territory. The South Caucasian variant can be used for political pressure.

Moscow might put pressure on Chisinau by insisting on the Kozak (or any other) Plan, which envisages that the Russian military contingent will remain in the region for the next 20 years.

It should be said that, contrary to the official position of its leaders, part of the Ukrainian population especially in the South and East approved of what Russia had done. This is primarily explained by the higher level of confidence in Russia's TV news; the political confrontation on home turf; and the pro-Russian parties that demonstrated much more activity.

The position of Turkey was not an easy one: on the one hand, it is connected with Georgia by oil- and gas-related projects. It invests heavily in Georgia's infrastructure and economy. On the other hand, it is one of Russia's most active partners both in the energy (the Blue Stream) and naval spheres (they prevented expansion of the NATO-led Operation Active Endeavor to the Black Sea).

In mid-August 2008, immediately after the South Ossetian events Premier of Turkey Erdoğan met Premier of Russia Putin and President Medvedev as self-appointed broker. He also met President Saakashvili who later said that "fraternal Turkey" had extended the largest share of humanitarian aid to Georgia and had promised to help restore Gori.¹¹

Having lost de facto the status of a peacekeeping country after the Georgian events, Russia demonstrated its involvement in other frozen Black Sea conflicts. On 2 November, 2008, the presidents of Armenia and Azerbaijan met in Moscow where they signed a declaration on peaceful settlement of the Nagorno-Karabakh conflict.

On 18 March, 2009, the president of Moldova met the head of Transnistria in Moscow; none of the sides wanted a compromise yet it was decided that the talks would be revived in a 5 + 2 format.

This means that Russia does not intend to retreat from its position in post-Soviet conflict settlement even though no results have been achieved so far. Russia wants to remain the only leader and is trying to keep the OSCE, the Minsk Group, Ukraine, and others away.

The Moscow declaration on Nagorno-Karabakh merely reconfirmed the earlier stated principles.

The Moscow meetings were accompanied by a well-orchestrated media campaign which stressed Russia's leading role and its successful peacekeeping and intermediary efforts.

The position of the European Union deserves special mention. This was the first time that Brussels paid attention to the Black Sea conflicts and became openly involved in them as an intermediary. It was as late as 2007 that the EU published its Black Sea Synergy, a document that paid little attention to the frozen conflicts and said that confidence-building measures should suffice to invigorate cooperation. The events of August 2008 demonstrated that defrosting is dangerous for Georgia and the region as a whole, as well as for the European Union.

France, which chaired the EU represented by its president, actively interfered; this showed the world that for the first time the EU had acquired a common foreign policy position in relation to the Black Sea region. At the same time it made serious concessions to Russia: the European Union feared its pressure in the energy sphere. This is confirmed by the fact that Russia never fulfilled the peace agreement and avoided sanctions.

¹¹ See: UNIAN [<http://www.unian.net/ukr/news/news-267261.html>], 14 August, 2008.

Forecasts for the Future

The situation around South Ossetia might develop according to two scenarios:

- (1) it might unify with North Ossetia to become part of the Russian Federation;
- (2) the situation in North Ossetia might be destabilized in order to tear it away from Russia and unify it with South Ossetia to form an independent state.

The second scenario looks very doubtful because power in Russia is highly centralized and the region's extremely low social and economic level will hardly allow it to form an independent unified state of the Ossets.

It seems that unification of both Ossetians, which will become part of the Russian Federation, looks realistic. Abkhazia might return to Georgia as an autonomy with the widest possible rights. This is possible for the following reasons:

- (1) ethnically South Ossetia differs from the rest of Georgia and is identical to North Ossetia;
- (2) the South Ossetian elite is controlled by Moscow which finances the state and its functions;
- (3) South Ossetia has never concealed its desire to join Russia;
- (4) South Ossetia does not have the resources, well-developed infrastructure, or economic prospects indispensable for an independent state;
- (5) Abkhazia never wanted to become part of the Russian Federation;
- (6) since Sochi is so close to Abkhazia Russia will do its best to avoid destabilization in Abkhazia;
- (7) before Russia's interference, the Abkhazian leaders were prone to accept wide autonomy;
- (8) the Abkhazians do not constitute an ethnic majority in the republic; with the return of the refugees Georgians will predominate.

The question of recognition of Abkhazia and South Ossetia as independent states is very important. Today Russia and Nicaragua (partly) have recognized them. This idea was suspended after the CSTO Moscow meeting in September 2008. There is the opinion that Russia is deliberately not insisting on their international recognition in order to preserve its monopoly and special relations with both republics.¹²

Conclusions

The Russian-Georgian crisis revealed the actual sides in the conflict; it shifted the talks from the Georgia-South Ossetia and Georgia-Abkhazia format to the Georgia-Russia format. This is confirmed by the fact that the European Union spoke to Moscow rather than to the heads of the unrecognized republics. Russia sent in its troops without the resolution of any international organization, which made it a participant in the conflict rather than an intermediary.

¹² See: "Nikolai Zlobin: Rossii ne nuzhno mezhdunarodnoe priznanie Abkhazii," *Ekho Moskvy*, available at [<http://www.echo.msk.ru/blog/nzlobin/547385-echo/>], 17 October, 2008.

August 2008 revealed the lengths to which Russia is prepared to go to prevent Euro-Atlantic integration of the Soviet successor states. In March-April 2008 it limited itself to sharp statements; in August it showed that it was prepared to act.

The European Union is out to play a more active role in the Black Sea region, but it is constrained by inner contradictions and its unwillingness to quarrel with Russia. This is partly confirmed by its prompt return to the talks on a new agreement suspended in August 2008; it failed to insist on placing its observers in Abkhazia and South Ossetia and on the strict adherence to the 6 Points Agreement.

In August 2008 it became clear that the struggle for the energy transportation routes from Central Asia and the Caspian might leave the limits of the economic sphere to assume political and even military dimensions which should be taken into account by those who are charting the routes.
