

ON THE FORMING AND REFORMING OF STABILITY PACTS - FROM THE BALKANS TO THE CAUCASUS

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The term Stability Pact has entered into the lexicon of European international relations over the last decade. It seems to mean an initiative with the following characteristics:

- it covers a region of the EU's borderlands, which calls for conflict prevention or resolution;
- a region fragmented into nationalities and ethnic groupings which overlap state borders;
- the technique is comprehensive, being both multi-sectoral (economic, human, political, security dimensions) and multilateral (all major international actors and institutions);
- the objective is stabilisation, either as a preliminary to EU membership or as an extension of the European zone of stability;
- the initiative might come from either the external powers or the region itself or from both together.

The Stability Pact approach overlaps with other forms of regional organisation and cooperation in the EU's borderlands. In fact the whole of the EU's periphery is now covered by regional initiatives which see the overlapping of EU member states, candidates and non-candidates (for the Barents and Baltic Seas, Arctic, Northern Dimension, Mediterranean, Central European Initiative etc.). Stability Pacts are a sub-set of these regional actions, which critically involve conflict resolution or prevention.

The focus here is on the Balkans and Caucasus as two target regions with much in common, except they are in different 'near abroads' geo-politically.

The Balkan Stability Pact has at best been a temporary expedient, awaiting the maturing of events, in particular the passing of the Tudjman and Milosevic regimes, and thence the confirmation of EU integration perspectives for the whole of the region. However, it was ambiguously conceived from the beginning as to what its real role might be, and has had insufficient substance in practice to become credible. It is now due for reform, or at least down-sizing. Some observers even suggest that the real pact was between the competing international actors and agencies, a concordat for them all to be involved.

For the Caucasus a real Stability Pact is needed, and there could soon be an opportunity to implement a strategic set of actions in the region. Whatever now happens in the Caucasus it will not be called a Stability Pact, because the EU and West do not want to hint at money on the scale of what the Balkans have received. However, the Caucasus invites an initiative which could deserve such a name. An official proposal is, to follow Shevardnadze, a 'Peaceful Caucasus Process'. But here I stick to a Caucasus Stability Pact in the sense already defined.

Restructuring the Stability Pact for South East Europe

The Stability Pact for South East Europe is almost two years old, having been initiated at the Sarajevo Summit of July 1999 after the end of the Kosovo war. There is widespread agreement, at least unofficially, that the Stability Pact is not working well. This is heard in the region, in the EU and among other international actors.

The poor performance of the Stability Pact is not surprising, because of its ambiguity as a political and bureaucratic mechanism. Who owns the Stability Pact? Everybody, yet nobody really. That is one way of summarising the problem. More precisely the problems are:

- the states of the region do not want a serious regional political structure (neither a neo-Yugoslavia, nor a distraction from the priority task of joining Europe);
- the major financiers and international powers do not want some other body to coordinate their aid or strategies for them.

There is a role for an international forum for all interested parties, but that does not have to mean a huge number of unproductive committee meetings of 200 or so officials on almost every subject conceivable. A public debate on the future of the Stability Pact has recently been initiated in a report by the EastWest Institute (EWI)² and partners (Financial Times, 6 April). This report recommends discontinuing much of the bureaucracy of committees and task forces. A single forum for high level officials might be retained (the 'Regional Table'), but the three sectoral Working Tables would be discontinued. The numerous specialised task forces and expert groups would be left to decide themselves whether to continue a more decentralised and autonomous existence. Some of the most useful groups existed before the Stability Pact adopted them, and will no doubt continue without it. Their value is not to be underestimated. It is desirable for any well-identified region to develop a profusion of official, private sector and civil society networks. But they do not all need central coordination.

It is also argued in the EWI report that the Stability Pact should retain strategic ambitions in a limited number of domains, such as energy markets and the movement of persons, referring to the Monnet method of the European Coal and Steel Community. However the extension of this model to South East Europe looks problematic, since the big guns (EU, World Bank etc.) will not hand over their powers and resources or merge them with the Stability Pact even for a few key policy sectors. Yet without real powers and resources there can be little expectation of strategic action. Pragmatic regional cooperation is of course desirable in many domains, even in the absence of heavy political structures. But here the leadership should pass to the region itself.

Alternative options should therefore be considered to restructure the Stability Pact. A proposal might be as follows.

The successor to the present Special Coordinator of the Stability Pact, Mr Bodo Hombach, would be unambiguously the EU's Special Representative and Ambassador-at-large in the region. Mr Hombach is the EU's nominee, but he is answerable to everybody. He cannot really represent the EU. Yet the EU needs a Special Representative for the region. This post, once internalised into the EU, would help both Chris Patten and Javier Solana deploy all the EU's powers and resources in the region, rather than threaten to take these powers away from them. The EU Special Representative would have the

important task to look to the coherence of EU policies as between the accession candidates and other states of the region. This involves key issues, such as trade and monetary (euroisation) policies, infrastructures, and visas and policing for the movement of persons, for which the region is a natural whole. At present EU policies for accession candidates and others are treated as being in different boxes. An early view of how EU policies should be attempting to integrate the whole of South East Europe as full or virtual member states was set out in the "CEPS Plan for the Balkans", [Emerson, Gros and Whyte, 1999].

The EU's future Special Representative would also have the task of thinking through how the whole of the region should best integrate into Europe in the medium to longer term, which is the only strategic option really available. This task will include some fundamental issues not yet being sufficiently addressed. One is how the international protectorate regimes of Bosnia and Kosovo should migrate in due course more fully into the EU's domain, which would need a huge strengthening of the EU's capacities for external action. A related question will be how the EU's emerging security (military and civilian) capabilities can best be used in the region.

The EU's staffing in the region needs serious reinforcement. One just has to observe the powerful US embassies in the region alongside the tiny EU Delegations and the crowd of EU bilateral embassies, all busy duplicating each others' political reportings. Strengthened EU Delegations should be at the service of all the EU institutions, Commission and Council, which would be easier to coordinate with the Special Representative to oversee them. Chris Patten is already decentralising much of the administration of EU aid to these delegations in the field. This is excellent. But next the EU will have to work out how to organise its diplomatic presence in the increasingly operational sectors of security policies

A major rationale of the present Stability Pact has been, with good reason, to retain the continuing and substantial engagement in the region of the other G8 powers - Canada, Japan, Russia, and the US. This might be done better with a lighter Stability Pact structure. The Special Representatives of these non-EU powers could deal directly with a full-time and fully legitimised EU counterpart. The present secretariat of the Stability Pact would be disbanded, giving way to arrangements in Brussels whereby the several Special Representatives (or their staff) would concert. The ministries of

finance of G8 already have their High Level Steering Group for the region, co-chaired by the Commission and the World Bank. This also meets at senior official level, and is supported by technical work of a joint Commission-World Bank unit in Brussels. This part of the system functions satisfactorily. Foreign ministers might perhaps structure their work in a more consistent and transparent way, building on the informally called Quint group (a G5, with the big 4 EU and US) and Contact Group for the former Yugoslavia (a G6, the 5 plus Russia). The Stability Pact at present cannot orchestrate these coordination activities on the Western side, and proposals to reform it in this direction are bound to fail.

In the region itself there is already the South East European Cooperative Process (SEECP), which meets regularly at summit and foreign minister level. This includes all those states willing to try to concert together (Albania, Bosnia, Bulgaria, Macedonia, Romania, Serbia/FRY and Turkey together with Greece; with Croatia also as observer). This group has a rotating presidency, which can concert with the EU and other Special Representatives. Javier Solana, Chris Patten and Bodo Hombach already attend some of their meetings. Also the Zagreb summit of November 2000 innovated with a meeting of all the leaders of the EU and Stability Pact states, a form of meeting which may be usefully if sparingly repeated when political circumstances demand it. SEECP states could also designate their own Special Representative, if they so wished, to support the role of their rotating presidency. But that might be going too far for the states of the region, and should not be a pre-condition for restructuring the Stability Pact. SEECP should receive every encouragement to take the lead politically to develop cooperative initiatives, wholly owned or initiated in the region.

This restructuring of the Stability Pact would thus have the following key points:

- the EU's leading role would be more clearly and legitimately organised;
- the continued engagement of other international actors would be encouraged;
- regional leadership for inherently regional business would be enhanced;

- present excesses of bureaucratic committee meetings would be cut out.

Shaping a Caucasus Stability Pact

The South Caucasus is a land of frozen conflicts - of Nagorno Karabakh, Abkhazia and South Ossetia - which have resulted in the proliferation of blockaded frontiers almost everywhere. The frozen conflicts have left huge numbers of refugees or displaced persons stranded, or held political hostages in camps. Voluntary emigration has also been on a huge scale. Overall the region is in a desperately impoverished and demoralised condition. Of course this is not Chechnya in the North Caucasus, where an entire province is being physically destroyed. We concentrate here on the South Caucasus.

At the end of 1999, at an OSCE summit in Istanbul, the leaders of the region began to call for some kind of Stability or Security pact for the Caucasus. This included all three South Caucasus leaders - Aliev, Kocharian, Shevardnadze - as well as Demirel of Turkey. However none of them spelt out what this might mean in operational terms, except that the 3+3+2 formula gained prominence: 3 for the South Caucasus states, + 3 for the big neighbours Russia, Turkey and Iran, +2 big outsiders EU and US.

At CEPS we therefore tried to fill this gap, offering a general blue-print as free staff work for the interested parties, whose policy planning departments were inhibited by political or bureaucratic limitations. We formed a CEPS task force and published two reports in May and October 2000 (see Emerson, Celac and Tocci, 2000, and Emerson, Tocci and Prokhorova, 2000). The second report was a substantial refinement of the first, benefiting from a summer of consulting the leaders of the secessionist regions. This incidentally suggested expanding the game into a 3+3+3+2 formation, adding the three secessionist entities. The proposal was structured as follows:

Three chapters headings for the South Caucasus:

- conflict resolution, with fuzzy constitutional settlements for Nagorno-Karabakh and Abkhazia. Both cases would see political solutions closer to confederalism than federalism for Azerbaijan and Georgia in relation to the secessionist entities. The option of secession

would however be excluded. Power structures would be essentially horizontal rather than vertical with only very thin union structures. Asymmetric relations would be provided, notably in the case of Nagorno-Karabakh with co-ethnic Armenia. Refugees (or IDPs) would be able to return to such areas as the Azeri provinces occupied by Armenian forces and the Southern region of Abkhazia;

- a new regional security order, in which the settlements of conflicts would see monitoring and enforcement for a while by military units from OSCE member states, under an OSCE umbrella;

- a South Caucasus Community (SCC) would be initiated, concentrating initially on scrapping the present blockades, then a free trade area and general trade facilitation, and on regional transport and energy infrastructures and networks. The SCC would also offer a distinct role to the autonomous entities (Nagorno Karabak, Abkhazia, South Ossetia) in their fields of competence alongside the three states of the region.

Three chapters would be devoted to wider regional cooperation:

- enhanced cooperation in the Black Sea - Caucasus - Caspian region, strengthening existing organisations such as BSEC;

- development of an EU-Russia 'Southern Dimension' cooperative concept, following the useful launch of the Northern Dimension;

- for the energy sector, completion of missing elements in the international legal environment, such as for the Caspian sea-bed and the Energy Charter Treaty (Russian ratification awaited) and its transit protocol for pipelines.

All together this would amount to a paradigm shift for the region. In our consultations all parties were interested to discuss these ideas. But frequently the response was 'it would be fine, but can it really happen?' More precisely it was questioned whether various vested interests really wanted resolution of the conflicts, both at the level of the secessionist regions, and geo-politically as regards Russia. For the EU and US it was questioned whether they were seriously interested in the region. The EU was preoccupied with the Balkans. The US was seemingly interested mostly in the Baku-Tbilisi-Ceyhan pipeline as a geo-political move to strengthen Western orientations.

In essence, many people judged that the status quo of frozen conflicts and blockaded borders had the properties of a (nasty) political economy equilibrium, with the external powers too divided or disinterested to change that.

As against this sceptical view, there was the unquestioned logic that a settlement of the conflicts and a new cooperative system could improve the welfare of the people of the region, or at least open the way for positive developments and hope for the future.

Around the end of 2000 there were some developments of importance, giving some hope for the Stability Pact advocates, as well as some worries:

- The EU shifted its position from ignoring the Caucasus under the French Presidency to the organisation in February 2001 of a Swedish-led Troika visit, including Chris Patten and Javier Solana as well as the Swedish Foreign Minister, signalling an upgrading of the region in the EU's priorities, and a specific interest in conflict resolution;

- At the same time Turkey succeeded in organising a semi-official seminar in Istanbul bringing together for the first time all the 3+3+2 at senior official level together with independent experts to discuss stabilisation and regional cooperation in the Caucasus;

- Meanwhile, however, Russia's diplomacy towards the region had gone onto the offensive, most sharply by punishing Georgia for alleged uncooperativeness over Chechnyan freedom fighters taking refuge in the Pankisi gorge region. Russian measures included switching gas supplies off and on during the winter, and introducing discriminatory visa requirements for Georgians to enter Russia, except for residents of secessionist Abkhazia and South Ossetia;

- Meetings between Aliiev and Kocharian continued throughout last year at frequent intervals in pursuit of agreement over Nagorno-Karabakh. In April 2001 there was a special summit in Florida for the two leaders with the three Minsk Group co-chairs (US, Russia, France). This signalled some activism in this affair by President Bush, and some near break-through. The Minsk Group is now mandated to submit a full peace proposal for a June meeting in Geneva, and it was even suggested that an historic signing ceremony might be arranged in the margins of the G8 summit held in Genoa in July.

This is a new situation. Let us suppose that Nagorno-Karabakh is settled, the indications being that the solution would be rather along the lines suggested in the second CEPS document, with a fuzzy, horizontal solution constitutionally for Nagorno-Karabakh, the return of the occupied territories, and assurances of strategic passages for road transport both over the Lachin corridor for Armenia and through the Megri district connecting Azerbaijan and its exclave province Nakhichevan. Then there would surely be a programme of reconstruction and assistance for refugee return, and financial support for restoring the East-West transport axes for road and rail. This would probably extend also to new oil and gas pipelines on the East-West axis.

The next question would then be whether or how a peace settlement and deblockading of Abkhazia might be agreed, so as to transform the whole South Caucasus region into a zone of peace, reconciliation and reconstruction. The problem is that the situation in Abkhazia, and in Georgian-Abkhaz and Georgian-Russian relations are all very bad. The Abkhaz leadership feels no incentive to negotiate with Georgia, since 'Russia is bigger and protects us', to use the wording of the Abkhaz leadership. Russia itself seems divided over its South Caucasus policy. Working cooperatively in the Minsk Group now over Nagorno-Karabakh, the message seems to be that Russia wants a settlement there. For Abkhazia the message seems to be that Russia is happy with a situation of creeping unstated annexation of the territory (already in the rouble area, with Russian military presence, Russian citizenship available, visa regime discrimination against other Georgians etc.). This Abkhazia policy follows old-style geo-political thinking, where the priority is to maximise influence to the point of domination, if not annexation. However for Russian policy makers there are also arguments going the other way. One is that the miserable, de-populated and blockaded economic condition of Abkhazia is itself a policy with no respectable future. Secondly, Russia has itself a clear interest in attaching a North-South axis to the East-West Silk Road, with the latter likely to be reconstructed and modernised following a Nagorno-Karabakh settlement. Russia has interests in connecting by efficient land routes with an improving South Caucasus economy and with the major Turkish and Iranian markets. The tourist economy of Abkhazia, especially if opened up alongside the Ajarian coastline linking through to Turkey, is also of interest for Russian consumers. Finally Russia could see a more successful South Caucasus generating positive economic and political spillover benefits for the Northern Caucasus.

The key therefore is whether Russia can be persuaded to turn its view of its own national interest away from old-style geo-political conceptions towards modern economic, social and political objectives. It is a question of what is to be maximised. Geo-political and military occupation and control of (miserably poor) peripheral territories versus joining in international development programmes, which would yield benefits for the welfare of the citizens of Abkhazia, including returning refugees, as well as for the Russian business sector in its trade beyond its Southern frontier, and for Russia consumers who would have a renewed Black Sea tourist facility to enjoy. If Russia saw advantage to make this paradigm shift in its policy, then the way would open to complete the assembly of a comprehensive programme of recovery for the South Caucasus as sketched in the CEPS Stability Pact document. The pay-off for the rest of Europe would be important also for other reasons. If Russia made this paradigm shift, it would amount to a new learning experience for Russia, the EU and the wider Europe about the value of cooperation versus competition.

Strategies of the EU For Its Near Abroad

However, there are implications for strategic re-thinking of policies not only on the Russian side, but for the EU also. The proliferation of regional initiatives for overlapping border regions of the EU, including Stability Pacts, calls for a clarification of the paradigm governing EU policy towards the wider Europe beyond EU enlargement. These regional initiatives in fact contrast with and challenge the prime paradigm of EU policy towards its neighbours, which stresses:

- the distinction between being in or out as full member states;
- EU multilateralism for the 'ins' and bilateral relations for the 'outs'.

The disadvantage of this model is that it renews the divisions of Europe and through disappointment for the excluded, risks feeding the processes of divergence dynamics. In its starkest form the transition process for the excluded is not sustained. For the small and weak states the process leads rather into ethnic-cleansing conflict, kleptocracies and virtual chaos. For the big excluded state, Russia, the tendency is towards xenophobic nationalism and the drive to reconsolidate its near abroad according to its own Realpolitik rules.

The alternative paradigm would be:

- de-emphasis of the differences between the 'ins' and 'outs';
- greater emphasis on multilateralism in the border regions.

These alternative strategies are of fundamental importance for the future of Europe. The first set pushes the EU increasingly towards a state with clearly delimited territory, citizenship and powers. The second set sees a Europe with fuzzy frontiers, the EU voluntarily offering to export its policies for application to the neighbours, reducing perceptions of exclusion, although still limiting participation in key political bodies. Some call this alternative the neo-medieval empire (although the model would surely include the Greek and Roman empires)³, i.e. one with a fuzzy set of peripheral associates, rather than an EU which becomes a clear-cut European neo-Westphalian state. Which of these alternative paradigms is to dominate, since the outcome is surely going to be a blend rather than a pure case? This is a major aspect of the emerging 'future of Europe' debate, but one which is not yet brought out sufficiently clearly. What is clear is that the member states at the periphery - be it Finland to the North or Greece to the South-East - look for substantial regional dimensions to the EU's periphery policies, whereas the institutional status quo of ideas, legal regulations and administrative structures prefer the neo-Westphalian model, leaving the regional initiatives with more symbolism than substance. Maybe this needs to change, if the stability of the European periphery is to be achieved.

Above all, what we observe now is an increasing tendency for the EU and Russian near abroads to come closer together, and even overlap. Will they embrace in cooperation or collide in competition? Some Russia commentators stress the model of symmetry and equal partners between the two big European entities. Such is the precise argument of Dmitri Danilov,⁴ who discusses the Stability Pact propositions in terms of the EU setting the rules for the Balkans, and Russia for the Caucasus. An issue here is that the two big European entities are not really symmetrical, with the EU bigger, richer and representing a more attractive political model, whereas Russia is able to deploy energy plus military strengths. With these asymmetries the EU clearly dominates in the Balkans. But could the EU and Russia (and indeed the US which sustains a leading role in the Minsk Group work) find common cause in a cooperative action in the South Caucasus? If so, that would be a pact of substance.

Conclusions

In summary these are four:

- The Stability Pact, as a generic type of international action, has a serious rationale;
- The Balkan Stability Pact served a certain purpose while Milosevic was still there. But now that EU integration becomes the clear destination for the whole of the region, the Stability Pact should be restructured, down-sized and integrated better with the EU;
- A substantial Caucasus Stability Pact is looking increasingly relevant, although if enacted its name will be different;
- There is a case for EU policies for its near abroad to be shifted in balance, with less bilateralism and discrimination between the 'ins' and 'outs', and more emphasis on regional multilateralism for all classes of neighbour.

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See also www.ceps.be for further notes on the Balkans and Caucasus.

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