

EU AND RUSSIA IN THE BLACK SEA REGION: INCREASINGLY COMPETING INTERESTS?

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Abstract. *This article examines two fields of geopolitical competition in the Black Sea region, in which an increasing EU involvement is increasingly challenging Russian interests. First, the EU's effort to diversify its energy sources through new transportation routes is meeting competition in the form of Russian-sponsored projects. The EU has realized the partial incompatibility of Russian and EU interests in this regard; however, the lack of cohesion within the EU prevents the formation of common external energy policies. Second, the EU is increasingly recognizing its interest in engaging with conflict resolution in the region. This also runs contrary to Russian strategy, which strives to maintain the status quo in the conflicts rather than working for solutions, in order to maintain Russian leverage over the South Caucasus and Moldova. In this field, the EU has yet to officially recognize its interest conflict with Russia. However, due to the intertwinement of the conflict resolution processes with the EU's deeper policy goals in the Black Sea region, namely the promotion of a stable, secure and democratic European neighborhood, the EU will likely find it increasingly difficult to pursue its key interests in the region, while simultaneously maintaining a passive stance towards Russian policies in the region.*

Key words: *Black Sea, energy strategy, South Caucasus, Russia*

Introduction

The EU has over the last few years increasingly become a geopolitical player in the Black Sea region, with growing abilities to project its interests in its South-Eastern neighbourhood. While the EU's policies towards the region were long pursued in an *ad hoc* manner, treating the region as peripheral and cautious not to challenge Russian interests, preparations for the 2007 enlargement with Romania and Bulgaria brought a gradual realization of the region's importance to European security. However, EU interests in the region in several instances contradict those of the region's major player, Russia, which defines its economic, political,

and security interests in the region in a manner that is in many instances incompatible with the emerging strategy of the EU. Therefore, increasing and deepening EU involvement in the region will likely give rise to increasing competition with Russia over soft power and influence in the regional states.¹ This article examines two aspects of geopolitical competition in the Black Sea region to which, it is argued, the EU is increasingly becoming part. These are, first, the increasing competition for energy transportation routes in light of the EU's efforts of diversifying its supply sources and, second, the need for EU involvement in the conflict resolution processes of the region's unresolved conflicts.

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¹ See discussion in Bruce P. Jackson, "The Soft War for Europe's East", in Ronald D. Asmus (Ed.), *Next Steps in Forging a Euroatlantic Strategy for the Wider Black Sea*, German Marshall Fund of the United States, 2006.

An Evolving Regional Strategy and the Interconnections between EU Interests

The increasing strategic significance of the Black Sea Region for European security has highlighted the relevance of regional approaches to several of the challenges that the regional states and the EU are facing in the region. This was not least manifested through the initiatives taken toward engaging with the non-EU Black Sea states and Central Asia during the Finnish and German EU presidencies in 2006-2007. Previous EU policies toward the regional states have included three strategies: enlargement with Romania and Bulgaria with prospects for the eventual inclusion of Turkey, the EU's strategic partnership with Russia, and the European Neighbourhood Policy (ENP) including Ukraine, Moldova and the three South Caucasian states. These strategies have all been largely bilateral in nature; however, the EU's post-enlargement abilities to function as a geopolitical player in the region have provided the rationale for a set of regional cooperation initiatives on part of the EU, envisioned as "Black Sea Synergy" and released on April 11, 2007. The document outlines key sectors which require coordinated action on a regional level as energy, transport, environment and security.² The initiative was not envisioned as an "EU strategy" toward the Black Sea region, but rather as complementary to current policies, in areas where regional approaches are deemed as beneficial.

The EU's emerging strategic thinking on the Black Sea region evolves from a realization that meeting several of the EU's security concerns, broadly understood,

² Communication from the Commission to the Council and the European Parliament, "Black Sea Synergy – A New Regional Cooperation Initiative", Brussels, 11 April 2007, p 2.

necessitates a deeper engagement with the regional states, on a bilateral as well as a multilateral basis. These concerns range from energy security and resource access, the risk of flare-ups and spill-over of the region's unresolved conflicts, combating organized crime and terrorism and promoting a stable and secure European neighbourhood, through encouraging democratization processes and the integration of the regional states with European and Transatlantic cooperation structures.

However, regarding several of these security interests, the EU is increasingly facing a dilemma of engaging with the region and pursuing its security interests without simultaneously challenging those of Russia, especially considering the direction in which Russia's policies toward the region have developed over the last several years. It is in this sense increasingly clear that EU and Russian approaches to the region are incompatible in several areas. Subsequent sections will examine two particular areas where EU and Russian interests contradict each other, and where increasing EU engagement with the regional states will compete with Russian interests. The specific areas examined are energy diversification and conflict resolution. So far, energy diversification is the field where the EU has most clearly realized this conflict of interest, while it has been reluctant to challenge Russian interests regarding the unresolved conflicts, Transnistria being a partial exception. These are key areas of EU involvement, which are also closely tied to the EU's abilities of pursuing its deeper objectives in the region, regarding the development of a stable, secure, and democratic European neighbourhood.

The interconnections between these EU interests in the Black Sea region should be underlined. While the stability of the Black Sea

region has due to its geographical proximity become central to European security, all EU strategies for diversifying its energy supply through access to resources in the Caspian region are also dependent on the existence of a chain of stable, Western-oriented states in the European neighbourhood, through which these resources will transit. Thus, the EU's engagement in the Black Sea region for boosting energy security cannot be disconnected from the resolution of the region's conflicts, which constitutes a key precondition for the consolidation of stability and sound state building processes in the region. These processes are in turn linked to another challenge to Russian interests, namely the integration of the Black Sea states within European and Transatlantic institutions, which is nevertheless a precondition for providing security and prospects for democratization to the regional states. Moscow has reacted with suspicion towards the democratic revolutions in Ukraine and Georgia and does not wish to see similar developments elsewhere. Rather, it prefers the consolidation of authoritarian and Russia-oriented regimes which it can control; making EU and Russian interests incompatible also when considering EU interests not only in a stable, but also in a democratic neighbourhood. In this regard, the development of infrastructure for energy transit and export independent from Russia, as was achieved with the Baku-Tbilisi-Ceyhan and South Caucasus pipelines, serves to anchor producer and transit states in the Black Sea region more firmly to the West, and to reinforce the independence of especially Azerbaijan and Georgia.³

³ S. Frederich Starr and Svante E. Cornell (Eds.), "The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West", Central Asia-Caucasus Institute & Silk Road Studies Program, 2005.

Conversely, the resolution of the region's conflicts and the consolidation of stability, statehood and democratization in the region require a firm EU involvement in these processes, an involvement which is, in addition to the EU's overall interest in a stable and secure neighbourhood, also motivated through the EU's pursuit of energy security. While the EU's increasing energy dependence on Russia may also allow Russia the leverage to make EU states think twice about their level of involvement in those Black Sea states Russia considers as within its orbit, the diversification of energy sources may allow the EU increased room for maneuver regarding its other policy goals in the region.

Thus, a key challenge for the EU's engagement with the Black Sea region, given the interconnections between these interests, is therefore to balance these against each other in the development of a broad and coherent strategy toward the region, taking advantage of the opportunities offered through each possible form of engagement, while not allowing one to take precedence over another.⁴

Energy Security and the EU's Struggle for Diversified Energy Sources

With an already high and rising European import demand for oil and gas, securing a safe supply of energy can be termed one of the EU's primary security concerns. The EU currently receives close to half its natural gas imports and 30% of its oil imports from Russia.⁵ Due to a lack of investment in

⁴ See Svante E. Cornell and S. Frederick Starr, "The Caucasus: A Challenge for Europe", Central Asia-Caucasus Institute & Silk Road Studies Program, June 2006, p 23-24.

⁵ Ariel Cohen, "Europe's Strategic Dependence on Russian Energy", Heritage Foundation, November 5, 2007.

production and infrastructure, it is doubtful whether Russian production will in the future be able to meet European demand. This fact has put high hopes to the exploration and development of gas fields in Turkmenistan and oil fields in Kazakhstan and Azerbaijan, and it seems that energy from these countries will provide an important share of Europe's future energy supply. The significance of the Black Sea region in this regard is in large part due to the region's potential for constituting a transit area for Caspian energy resources to Europe.

The focus of geopolitical competition between on the one hand Russia, on the other the U.S. and the EU over energy transit through the region is above all the question of which routes will supply Caspian energy to the European market. In this regard, the U.S. and the EU are seeking to construct transit routes which will ensure access to Caspian supplies without reliance on the Russian pipeline network. The perceived need for "diversifying" European energy supply gained increased vigor with the Ukrainian gas crisis in January 2006, and subsequent occasions where Russia has utilized its monopoly position as energy supplier for geopolitical leverage against the Baltic States, Belorussia and Georgia. This has made several EU states increasingly concerned over the implications of depending too heavily on Russia as an energy supplier. The EU has thus increased its efforts of developing a common external energy policy, stressing the need for diversifying supply sources and for EU members to coordinate their energy policy objectives through "developing a common external policy approach".⁶ The European Commission's document "An External Policy to Serve Europe's Energy Interests" of 2006,

⁶ Council of the European Union, "Brussels European Council 23/24 March 2006: Presidency Conclusions", May 18, 2006, 7775/1/06, p. 14.

identifies risks to European energy security as reliance on suppliers in unstable regions, producers who use energy as a political lever, and external actors neither adhering to market rules, nor facing competition on domestic markets.⁷ These formulations do identify import dependence on Russia and the Middle East as risks to European energy security.⁸ The "An Energy Policy for Europe" document of September 2007 underlines that while the EU hopes to develop its energy relationships with the traditional suppliers Russia and Algeria, the EU must "promote diversity with regard to source, supplier, transport route and transport method".⁹

The EU has in accordance sought to revitalize its strategies for diversifying its energy supply through developing the "East-West Energy Corridor" to the Caspian region through Turkey and the South Caucasus. In order to diversify EU energy supply, it is vital that infrastructure for energy transport is developed which allows energy to be transported from the Caspian region without relying on Russia's pipeline network. For oil, the inauguration of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline in May 2005 represented a milestone in providing European access to Caspian oil from Azerbaijan, and the pipeline can also be fueled through transports of Caspian oil by tanker across the Caspian Sea. The construction of the South Caucasus Pipeline (SCP) between Baku and Erzurum and the Turkey-Greece Interconnector will in a similar manner provide Europe with Caspian gas, however in limited volumes. Substantial

⁷ EU Commission, "An External Policy to Serve Europe's Energy Interests", *European Union*, S160/06, 2006, p 1.

⁸ Robert Larsson, "Tackling Dependency: The EU and its Energy Security Challenges", Swedish Defence Research Agency (FOI), October 2007, pp 20-21.

⁹ EU Commission, "Communication from the Commission to the European Council and the European Parliament: An Energy Policy for Europe", COM (2007), September 1, 2007, p 10.

access to Caspian gas, however, requires the construction of new transportation infrastructure. The main EU project in this regard is the Nabucco pipeline, initiated in 2002. If built, the pipeline will transport gas from Turkey to Austria, via Bulgaria, Romania and Hungary. In order to come forth as economically rational, it however also requires securing Caspian gas in Iran or Turkmenistan, where access in the latter case is largely dependent on the future of the U.S.-backed Trans-Caspian pipeline project.

The divergence of Russian and EU interests, and the competition between these, however lies in how these resources are to reach Europe. In this regard, the Black Sea Region is increasingly becoming the focal point for EU-Russian competition for the control over energy transit and infrastructure. Russia's energy security strategy strives to as far as possible secure European energy demand, through controlling as large a part of upstream resources, transportation infrastructure, and downstream markets as possible. Recent agreements with Kazakhstan and Turkmenistan on pipeline construction along the East Caspian coast served to secure the export of large quantities of oil and gas from Kazakhstan and Turkmenistan through Russia's pipeline network, and reducing supplies available for Nabucco.¹⁰

Russia has also engaged in several projects designed to compete with new gas infrastructure to Europe. The most recent effort in this regard is the South Stream pipeline, which was initiated in June 2007 as a joint venture between Gazprom and Italy's ENI. The pipeline will, if built, run under the Black Sea coast from Russia to Bulgaria. It will also reduce Russia's dependence on transit states

¹⁰ "Russia, Kazakhstan and Turkmenistan Sign Caspian Gas Pipeline Deal", International Herald Tribune, December 20, 2007.

such as Turkey and Ukraine.¹¹ South Stream constitutes serious competition to Nabucco, and Russian efforts to promote the pipeline since summer 2007 have rendered several successes in the Nabucco partner countries. Bulgaria officially joined the project on January 18 and Hungary on February 28, 2008.¹² On January 25, 2008, Austrian OMV and Gazprom also agreed to turn the gas distribution site at Baumgarten, planned to be the arrival point of gas through Nabucco, into a joint venture.¹³ While Serbia is not a Nabucco partner, its inclusion into the South Stream project enables the pipeline to access Hungary from the South¹⁴ and circumvent Nabucco's staunchest supporter, Romania.

While it is evident that EU and Russian strategies for energy security increasingly compete in the Black Sea region, the EU seems unable to meet Russian challenges to its energy diversification strategy. This is in large part due to a lack of cohesion within the EU and discrepancies in the external energy strategies of the EU and several of its member states, and of Brussels' inability to coordinate EU efforts of diversifying energy supply.

Unresolved Conflicts in the South Caucasus: Toward Increasing Instability?

EU and Russian interests also increasingly conflict regarding the unresolved, or "frozen", conflicts in the Black Sea region.

¹¹ Pavel Baev, "Putin and Medvedev Open the Bulgarian Gate for Gazprom", Eurasia Daily Monitor, January 22, 2008.

¹² "Bulgaria and Russia Sign Pipeline Deal", International Herald Tribune, January 18, 2008; "Hungary Officially Joins South Stream Project", RIA Novosti, February 28, 2008.

¹³ Vladimir Socor, "OMV Joins with Gazprom to Undercut Nabucco", Eurasia Daily Monitor, January 25, 2008.

¹⁴ Vladimir Socor, "Nabucco Project Facing a Cascade of Defections", Eurasia Daily Monitor, February 28, 2008.

The region was among the most seriously affected by the collapse of the Soviet Union, with conflicts erupting in Transnistria in Moldova, Abkhazia and South Ossetia in Georgia, and the Armenian-Azerbaijani conflict over Mountainous Karabakh. All conflicts remain unsettled along unsteady cease-fire lines, and remain the key security challenges to the regional states affected. The conflicts also pose significant security concerns to the EU. After the 2007 enlargement with Romania and Bulgaria, the Transnistrian conflict is located just off the EU's border, while the South Caucasian conflicts are sited just across the Black Sea.

Especially regarding the South Caucasian conflicts, the term "frozen conflict" is inaccurate, since all three conflicts have over the last decade displayed increased risks of relapses into violence. Situations that came very close to renewed full scale conflict occurred in Abkhazia in 1998 and 2001, and during a Georgian attempt to reassert control over South Ossetia in 2004. In Mountainous Karabakh, the situation has remained relatively stable; however, skirmishes have occurred along the Contact Line between Armenian and Azerbaijani troops, most recently on March 4-5 in the wake of the turmoil following the Armenian presidential election.¹⁵ The strategies followed by the states involved in the conflict over Mountainous Karabakh provide for a logic which may well lead to renewed confrontation on a larger scale in the future, as both sides deem time to be on their side and thus display little interest in negotiated solutions.¹⁶ Azerbaijan is increasingly confident that its

rapid oil-propelled growth, allowing for a buildup of both military and economic strength, will gradually improve its position in negotiations on the conflict and, if negotiations fail to produce results, grant it a capacity to retake the region by force.¹⁷ Simultaneously, Armenia estimates that with time, acceptance will increase within the international community for a status of Mountainous Karabakh as separate from Azerbaijan, hopes which are reinforced by the Kosovo's declaration of independence in February 2008, and its international recognition. An additional strain on the prospects for successful negotiations is the recent political instability in Armenia, which has eroded the legitimacy of, and seriously weakened, the Armenian leadership. This has likely further undermined the ability of the Armenian government both to negotiate on the conflict, and to sell potential solutions domestically. Thus, the deadlock over Nagorno-Karabakh is as severe as ever. As time passes, the parties are actually moving closer to confrontation, rather than conflict resolution.

The situation in Abkhazia and South Ossetia has been closely dependent on Georgian-Russian relations ever since their inception, due to Russia's involvement in the conflicts on the side of the leaderships of these regions, and its subsequent support for their assertion of *de facto* statehood. Georgia's Rose Revolution in 2003 and the pronounced Western orientation of the new leadership marked a downturn of the country's relations with Russia which had an obvious effect on the conflicts. These relations reached an all time low during 2006, manifested in Russia's boycott of Georgian wines and mineral water and, following Georgia's arrest of four Russian officers

¹⁵ Lada Yevgrashina and Hasmik Mkrtychyan, "Azerbaijan, Armenia Spar over Karabakh Shootout", Reuters, March 5, 2008.

¹⁶ International Crisis Group, "Nagorno-Karabakh: Risking War", Europe Report No 187, November 14, 2007.

¹⁷ See statements in "Nagorno-Karabakh: Azerbaijan Up For a Fight, But Armenia Unbowed", RFE/RL, February 8, 2008.

accused of espionage, the imposition of an economic blockade, cutting all direct air, land and sea communications between the two countries. Limited air traffic was resumed in March 2008. During 2006, Georgia also became more vocal in its calls for internationalization of the peacekeeping formats in the two conflicts and drastically increased its defense spending, which has been understood as preparations for a resumption of armed conflict by the separatist leaderships. Georgia's reassertion of control over the Upper Kodori gorge in Abkhazia in July 2006 effectively ended all official contacts between the Georgian government and the Abkhaz leadership and hawkish rhetoric by then Minister of Defense Irakli Okruashvili forecasted a military solution to the South Ossetian conflict. After parallel presidential elections and independence referenda in the South Ossetian- and Georgian controlled parts of South Ossetia in November 2006, Georgia established an alternative government on the South Ossetian territory it controls,¹⁸ and has intensified its efforts of investing in and providing assistance to its parts of South Ossetia, in order to establish an attractive alternative to the *de facto* authorities. Both the *de facto* South Ossetian authorities and the Russian Ministry of Foreign Affairs have termed this alternative government a puppet of Tbilisi which risks destabilizing the region and derailing the peace process.¹⁹

The increase in tensions in both conflict zones can further be noticed through regularly recurring skirmishes between Georgian troops and South Ossetian militias in South Ossetia,

and occasional clashes between Russian peacekeepers and Georgian police in Abkhazia.²⁰ A helicopter attack on Georgian controlled villages in Upper Abkhazia in March 2007, and the dropping of a missile in close proximity of South Ossetia in August the same year, convincing evidence pointing towards Russian involvement in both incidents, severely added to existing tensions.²¹ In addition, Kosovo's declaration of independence has, like in Mountainous Karabakh, provided the *de facto* authorities of Abkhazia and South Ossetia with new hopes for international recognition, a fact that has further reduced their interest in negotiated solutions. Events during 2006 and onwards, coupled with Georgia's deeply troubled relations with Russia, point to the fragility of the present status quo, and have made obvious that the prospects for a future resumption of violence in the conflicts cannot be ruled out.

EU-Russian Interests and Prospects for Conflict Resolution

The EU's interest in helping bring forward sustainable solutions to these conflicts stems from, first, the risks attached to the presence of unresolved and increasingly unstable conflicts in the EU's immediate neighborhood, which may in a worst case scenario be moving closer to resumed large scale hostilities. Such a development would have significant implications for European security. Confrontation in either conflict zone would hold severe consequences for the entire

¹⁸ Molly Corso and Elizabeth Owen, "Georgia's South Ossetia: One Unrecognized State, Two Unrecognized Governments", *Eurasianet*, 13 November 2006.

¹⁹ Kahka Jibladze, "Tensions Rise over Alternative Government in South Ossetia", *Central Asia-Caucasus Analyst*, 16 May 2007.

²⁰ See for example "Confrontation in Ganmkhuri", *Civil Georgia*, October 30, 2007.

²¹ See Svante E. Cornell, David J. Smith and S. Frederick Starr, "The August 6 Bombing Incident in Georgia: Implications for the Euro-Atlantic Region", *Central Asia-Caucasus Institute & Silk Road Studies Program*, October 2007.

region, due both to significant risks of spillover and to the likelihood of this taking the form of interstate conflict, between Armenia and Azerbaijan over Mountainous Karabakh and possibly between Georgia and Russia in Abkhazia or South Ossetia. Under such a scenario, the EU would be obliged to deal with significant refugee flows and take an active part in mediation and peacekeeping. Second, the conflicts pose significant obstacles to the realization of other EU objectives in the region, as their persistence clearly hinders stability and sustainable economic development in the affected states, and constitute free zones for smuggling and organized crime.

However, in spite of the EU's legitimate and increasingly recognized interests in engaging with these conflicts and seeking ways to bring forth sustainable solutions, the EU has yet to address one of the primary obstacles to conflict resolution in these cases, namely the role Russian strategic interests play in the conflict dynamics, and their incompatibility with EU interests.

Russian engagement in the unresolved conflicts is an important component of its overall strategies toward the South Caucasus and Moldova, which is aimed at maintaining these within the sphere of Russian influence and preventing their integration with Euro-Atlantic institutions. Control over the South Caucasus is also perceived as necessary for maintaining stability in Russia's North Caucasian republics.²² In this regard, Russian control over the conflicts serves as leverage over the affected states, keeping them dependent on Russia and functioning as a rationale for maintaining a Russian military

presence within their borders in the form of peacekeepers. Thus, Russia is interested in maintaining the *status quo* in the conflicts, rather than working constructively for their peaceful solutions.

This tendency can especially be observed in Russia's relations with Georgia, where the conflicts are frequently utilized for counteracting Georgia's efforts of gaining NATO membership. The most recent example is Moscow's attempts to influence NATO's decision on granting Georgia a Membership Action Plan through the conflicts. In this regard, Moscow reinforced its support for South Ossetia and Abkhazia following Kosovo's declaration of independence, insisting on Kosovo's importance as a precedent for other ethnopolitical conflicts.²³ In March 2008, Russia withdrew from the 1996 CIS treaty imposing economic sanctions on Abkhazia and has held discussions in the state Duma on the possible recognition of the independence of the two regions. Moscow then moved to directly connect this decision to the issue of Georgia's prospects for obtaining a MAP. Russia's envoy to NATO on March 11, 2008, claimed a positive verdict on a MAP risked resulting in the final secessions of these regions from Georgia, and that Russia might in this case see itself as obliged to recognize their independence.²⁴ This line of reasoning on part of Moscow seemed quite successful during the NATO summit in Bucharest on April 2-4, 2008. In direct reference to the conflicts, Germany took the lead in opposing Georgia's MAP at the summit, followed by France and the BeNeLux

²² See Svante E. Cornell and S. Frederick Starr, "The Caucasus: A Challenge for Europe", Washington and Uppsala: Central Asia-Caucasus Institute & Silk Road Studies Program, June 2006, p 49ff.

²³ C.J. Chivers, "Russia Warns It May Back Breakaway Republics in Georgia", The New York Times, February 16, 2008.

²⁴ Russia's NATO envoy says offering Georgia membership track would bolster separatists, International Herald Tribune, March 11, 2008.

states. Especially Germany's position was clearly influenced by its consideration of Russia's position on the issue, deeming offering MAPs to both Georgia and Ukraine as unnecessary provocations to Russia.²⁵ In the end, the Bucharest summit did commit to NATO's open door policy, granting both Georgia and Ukraine clear prospects for future membership. Still, the rejection of MAPs for these states displayed Russia's ability to indirectly affect NATO's decision-making process, not least through its control over Georgia's unresolved conflicts.

Russia's control over the conflicts, especially in Abkhazia, South Ossetia and Transnistria, is manifested in negotiation- and peacekeeping formats, which to date largely reflect realities on the ground in the early 1990s. The Nagorno-Karabakh conflict has seen more international engagement, largely due to the fact that it constitutes a conflict between two states, with its conflict resolution process under the mandate of the OSCE Minsk group, co-chaired by Russia, the U.S. and France. Cooperation between the Minsk group co-chairs has nevertheless often been extremely difficult, not least due to incompatible strategic interests on part of the co-chairs. Russia has been able to utilize the conflict and its role in the negotiation process for both maintaining its close ties with Armenia and applying political pressure on Armenia and Azerbaijan respectively, however the credibility of the U.S. and France as mediators has also been questioned. The Minsk group has accomplished very little and especially Azerbaijan displays increasing frustration with the lack of progress in negotiations. A recent controversy developed around the passing of a resolution adopted by the United Nations General Assembly on March 14, 2008,

²⁵ See "NATO's Eastward Expansion Rift to Dominate Summit", Deutsche Welle, April 2, 2008.

demanding the withdrawal of Armenian troops from Azerbaijani territory. The fact that all three Minsk group members voted against this resolution, rather than abstaining from voting, fueled annoyance in Azerbaijan, leading many to question both the neutrality on part of the co-chairs, and the legitimacy of the Minsk Group as a conflict resolution format.²⁶

In Abkhazia and South Ossetia, the UN and OSCE respectively, are formally mandated to lead the conflict resolution processes. However, the Russian veto rights in these organizations grants it the ultimate control over their activities. The Joint Control Commission (JCC), responsible for monitoring the South Ossetian cease-fire effectively leaves Georgia against Russia, South Ossetia and the Republic of North Ossetia, thus constituting the least internationalized negotiation format in any of the regional conflicts. Russia has hosted all negotiations and there is no established role for the OSCE or other international bodies in these. Peacekeeping in South Ossetia is conducted by a Joint Peacekeeping Force, consisting of Russian, Ossetian and Georgian battalions. In Abkhazia, the UN has an established presence through the UN Observer Mission in Georgia (UNOMIG), however limited due to Russian opposition to UN peacekeeping on the territory of the former Soviet Union. The UNOMIG presence in Abkhazia consists of 134 unarmed observers and 18 police.²⁷ The deployed CIS peacekeeping force, however, solely consists of Russian soldiers. Georgia has over the last few years increasingly advocated the internationalization of these

²⁶ Fariz Ismailzade, "Azerbaijan's Relations with Minsk Group Hit New Low", Eurasia Daily Monitor, March 26, 2008.

²⁷ Figures as of November 30, 2007. Available at UNOMIG's webpage: <http://www.un.org/Depts/dpko/missions/unomig/facts.html>.

negotiation and peacekeeping formats. The strongest proclamation in this regard so far came in early March, 2008, as Tbilisi announced its withdrawal from the JCC and proposed a new negotiation format, involving the Tbilisi-backed provisional government of South Ossetia, as well as reinforced international presence in the form of EU and OSCE representation.²⁸ Tbilisi also in late March put forward a series of proposals for the resolution of the Abkhazian conflict, including internationalization of the peacekeeping format.²⁹

The negotiation and peacekeeping formats of Abkhazia and South Ossetia are seriously flawed, above all due to the fact that Russia is an obvious party to the conflicts which it has exclusively taken on the task of resolving. Russia has in an increasingly open fashion supported these regions politically, economically and militarily. It has seconded security personnel to their leaderships, has supplied Abkhazian and South Ossetian militias with arms and training, and has provided inhabitants of these regions with Russian citizenship. Furthermore, the Russian peacekeeping forces in these regions regularly fail to display neutrality and have in several cases sided with the breakaway regions in the event of increasing tension.³⁰ While the format for Mountainous Karabakh is more internationalized, it still displays serious deficiencies and its lack of progress is

seemingly bringing Armenia and Azerbaijan closer to a resumption of hostilities. Overall, neither conflict resolution process is in its current state viewed as legitimate by the conflicting parties, providing for increasing frustration and arguably risks of renewed confrontation.

While the EU has still to address the problematic conflict resolution processes in Abkhazia and South Ossetia, more engagement can be observed in the case of Transnistria. At large, the Transnistrian conflict resolution format displays the same problems as that of South Ossetia. A tripartite peacekeeping force is deployed, consisting of Russian, Transnistrian and Moldovan troops. The negotiation process takes place within a five-sided format, consisting of Russia, Moldova, Transnistria, Ukraine and the OSCE, albeit the format has since 2005 seen increased international presence, due to its inclusion of the EU and US as observers. In this case, the EU has pursued an increasingly active role since 2004, when Moldova was included in the European Neighbourhood Policy. Subsequently, the EU has, together with the U.S., gained observer status in the five-sided negotiation format over Transnistria, appointed a special EU representative for Moldova mandated to take the lead in forming EU policy toward the conflict, and engaged in discussions on creating an internationalized peacekeeping force. Furthermore, the 2005 success in establishing the EU Border Assistance Mission to Moldova and Ukraine and Ukraine's introduction of a customs regime on its border with Transnistria implied important contextual changes to the conflict.³¹ Russia has reacted negatively to what it perceives as

²⁸ See Niklas Nilsson, "Tbilisi Withdraws from the Joint Control Commission; Proposes New Format for South Ossetia", *Central Asia-Caucasus Analyst*, March 19, 2008.

²⁹ "Saakashvili Outlines Tbilisi's Abkhaz initiatives", *Civil Georgia*, March 28, 2008.

³⁰ See Svante Cornell, Anna Jonsson, Niklas Nilsson, and Per Haggström, "The Wider Black Sea Region: An Emerging hub in European Security", *Central Asia-Caucasus Institute & Silk Road Studies Program*, December 2006, pp 57-59.

³¹ See International Crisis Group, "Moldova's Uncertain Future", Chisinau/Brussels: Europe Report no 175, 17 August 2006.

external meddling in the conflict, including officially criticizing the EU and the U.S. for obstructing the negotiating process, and vocal condemnation of the customs regime as a blockade of Transnistria, claiming that this in turn constitutes an infringement on legitimate Russian interests.³² While EU engagement in Transnistria has so far not been sufficient to stimulate any breakthrough, its increased involvement nevertheless signals an increasing realization of the flaws of the current conflict resolution process, and of the EU's legitimate interest in asserting a role for itself therein. A similar EU engagement with the South Caucasian conflict resolution processes would go a long way to grant these processes renewed legitimacy, considering the EU's positive image in the region and its capability to come forth as a credible mediator.

The persistence of these conflicts not only constitutes threats to the EU's security through the risk of renewed warfare. They also constitute a core obstacle to the development of strong, stable and democratic statehood for the states of the South Caucasus and Moldova, the promotion of which is one of the EU's primary goals in the region. However, while the resolution of these conflicts constitutes a precondition for the realization of the EU's deeper interests in the region, an increased EU involvement in these would also contradict Russian strategy toward the affected states. As the EU's increasing involvement with the region would logically bring about increased engagement with the conflicts in some form, as envisioned by the Black Sea Synergy document, it is conceivable that EU and Russian interests will see increasing competition also in this area.

³² Vladimir Socor, "Russia-West Standoff in Transnistria: Overall Post-Soviet Order at Stake", *Eurasia Daily Monitor*, 24 March 2006.

Obstacles to the Pursuit of EU Interests

In the policy fields discussed, Russian strategies and interests pose serious challenges to a deeper EU engagement, an engagement which would require not only consensual approaches to areas where EU and Russian policy differ, but also, where required, principal stances against Russian strategies where this is motivated. This would include stances against unjust Russian competition on the energy market and Russia's use of energy as a geopolitical instrument, against Russia's utilization of the unresolved conflicts for leverage over the regional states, and the means applied by Russia to stall democratization processes and Western integration of the regional states. Ultimately, the EU may well see itself increasingly struggling to find ways of a deeper engagement with the region, capable of developing a constructive relationship with Russia, while at the same time ensuring that such a relationship does not sacrifice the EU's own legitimate interests.

The prospects for such a deepened EU role in the Black Sea region face serious obstacles, above all ones emanating from within the EU itself. The EU's governing institutions, above all the Commission, have taken on a leading role in promoting deepened relations with the EU's Eastern neighbourhood, through advocating a more comprehensive European Neighbourhood Policy, coordinated EU energy policies, and asserting a multilateral EU role in Black Sea regional cooperation. Moreover, EU special representatives have been appointed for both the South Caucasus and Central Asia. However, the existing divisions within the EU on the preferred nature of the Union's engagement in the region provide for immense difficulties in realizing these policies.

A rift can be observed within the EU on the desired level of engagement in the Black Sea region, in which the newer EU members, with the Baltic States and Romania as the most active examples, are generally the most energetic supporters of a proactive EU engagement with the post-Soviet states in its neighbourhood. These are accompanied by the Scandinavian members Sweden, Finland and Denmark which, in spite of their small size and geographical distance from the region in question, have become increasingly active in their lobbying for increased engagement with the Black Sea region at the EU level. The United Kingdom generally supports these policy goals, but takes few initiatives of its own on the issue. Against these proponents of increased integration of the EU's Eastern neighbourhood into Euro-Atlantic cooperation structures stand a grouping of 'skeptics', consisting of the 'old EU'; Germany, France, Italy, and the BeNeLux countries. It is in the states where the 'enlargement fatigue' is most intensely felt, and where engagement in the Black Sea region is considered desirable only insofar as it does not infringe on these states' relationship with Russia. The disagreement on which approaches should be applied in engaging with Europe's Eastern neighbourhood between these heavyweight EU-members and the more active members in the EU's North and East, is continually hampering the EU's capability for becoming a geopolitical player, and securing the EU's interests in the Black Sea region.

The lack of cohesion is similarly troubling regarding the EU's prospects for successful energy diversification. Recent developments in this field accounted for above, with Hungary, Bulgaria and Austria seemingly abandoning diversification efforts through Nabucco, indicate an ever larger Russian influence in the energy field in Central and

Southeast Europe through the prospects for gas supply presumably made available through the South Stream project. The same can be said for Germany's eagerness to receive direct gas deliveries through the Nord Stream pipeline under the Baltic Sea. These developments are logical from the perspective of national energy security of these states, but are at the same time directly contradicting the EU's interests in energy supply diversification. The rift within the EU stemming from these diverging perceptions of energy security will also have clear implications for the EU's abilities of deeper engagement with the Black Sea states. The more dependent individual EU states become on energy supply from Russia, the less they will be inclined to support EU involvement in the Black Sea region in areas where this would contradict Russian interests, such as taking part in conflict resolution processes.

Preconditions for a Deepened EU Engagement in the Black Sea Region

The outlined divergences between EU and Russian interests in the Black Sea region sets obvious limits to a more proactive EU engagement with the region. As mentioned in the previous section, one precondition for a sustained EU role is the coordination of the EU members' foreign policies toward their Southeastern neighborhood. The success of EU policies toward the Black Sea region is however also dependent on their synchronization with those of other key players in the region.

An opportunity that could be better utilized is the possibilities offered through the Transatlantic link for cooperation. EU and U.S. interests in the region are largely identical, and improved coordination with U.S. policies in order to maximize synergies and taking

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advantage of complementary strengths would also boost the EU's role in the region. Regarding European energy security, the U.S. played a key role in the realization of the BTC and SCP pipelines and has long been a staunch supporter of EU coordination around projects such as Nabucco. Moreover, a strengthened role for the EU in the region's conflict resolution processes would provide these with renewed legitimacy, and would be supported by the U.S.

A second issue decisive to the EU's abilities for realizing its interests in the Black Sea region is its capability of offering two of the region's main players, Turkey and Ukraine, real prospects for integration with Euro-Atlantic institutions. Turkey indeed has the potential for constituting the EU's main partner in stabilizing the region; however, the outcomes of the prolonged and difficult discussion on its EU membership may prove decisive to its role as a regional player. If the EU fails to offer Turkey a clear membership perspective, Turkey may well opt more wholeheartedly for consolidating its already well-developed partnership with Russia. Such a development would be devastating both to the EU's room for maneuver concerning the region's conflicts, and to the prospects for Turkey as a transit hub for Caspian energy resources through networks independent from Russia. Rather, further Turkish/Russian rapprochement would allow these powers to dominate the region, and to a large extent limit the involvement of Western powers. As for Ukraine's future role in the region, several questions are raised by its domestic divisions on foreign policy orientation. Nevertheless,

Ukraine's size and strategic location grants it immense importance in the region, and from the EU's perspective, accomplishing its objectives in the Black Sea region is dependent on Ukraine's increased incorporation into Western institutions. This refers both to its bid for NATO membership, and in the longer term perspective, its prospects for integration with the EU. Ukraine's strategic importance for the EU is further underlined through its role as a key transit state for Russian and Caspian energy to Europe, as well as for suggested alternative transports routes for Azerbaijani oil. In addition, the active participation of Ukraine will be crucial in any resolution of the Transnistrian conflict.

Finally, any EU strategy in the Black Sea region must keep an open door to cooperation with Russia, and avoid alienating Russia from regional development processes. Such cooperation may well develop smoothly on less controversial themes, such as fighting organized crime and terrorism. However, as this article has argued, EU and Russian interests are in several instances incompatible regarding tackling the region's main security concerns. Consequently, if the EU is to pursue its legitimate interests in the region, it must also be prepared to face increasing Russian competition. The EU must of course as far as possible seek to develop a constructive relationship with Russia in the region, however, it is of great importance for both the EU and the regional states that this does not entail sacrificing the EU's key interests regarding stability, democratization, energy security and conflict resolution.

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