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NOTE

**The Consequences of the South Ossetia War
First Tentative Conclusions**

Abstract: This note first sketches the local, regional and global significance of the current events in Georgia. It then draws a series of conclusions on what has actually happened so far - and why. This is followed by an attempt to identify consequences of the current developments, with some remarks about how these consequences could possibly be handled.

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The Consequences of the South Ossetia War

First Tentative Conclusions

This note first sketches the local, regional and global significance of the current events in Georgia and then draws a series of conclusions on what has actually happened so far - and why. This is followed by an attempt to identify consequences of the current developments, with some remarks about how these consequences could possibly be handled. Given the constantly changing situation, identifying consequences is a difficult and risky enterprise. It should nevertheless be attempted, since sound policy-making presupposes foresight. The author is fully aware that other consequences than those discussed in this note are also possible or even likely.

In the absence of a better name, 'the South Ossetia War' is used as a denotation of *all* the current violence in Georgia, i.e. in and around the region of South Ossetia as well as elsewhere in the country.

A map, with the administrative border of South Ossetia clearly marked, is provided as an annexe (South Ossetia is in central Georgia, Abkhazia in the east).

This note does *not* provide any comprehensive account of the dramatic developments in Georgia, since timelines and news archives are easy to find e.g. on the websites of most major news media.

A re-defining moment

The South Ossetia War is fundamentally changing the realities on the ground in and around South Ossetia, in Abkhazia (the second breakaway region in Georgia) and in 'mainland' Georgia, where the political, economic and social repercussions will be huge.

The war and the peace arrangements that will hopefully be agreed will also create a new geopolitical situation in the South Caucasus. Russia looks set to gain a much stronger position, which it is likely to use to gain influence on oil and gas transit through the region.

For the EU, the developments just mentioned may well decide the fate of the already deeply troubled pursuit of greater energy security through increased access to Caspian gas and oil via the South Caucasus.

The repercussions of the South Ossetia War will, however, reach much wider still. In a bigger perspective, what this war and the current reshaping of the geopolitical situation in the South Caucasus are about is:

- Russia's coercive capacity vis-à-vis its ex-Soviet neighbours in general,
- its ability to stop further Nato expansion in particular,
- its overall capacity to shape events on the global stage and to command respect,
- the degree to which its actions will further undermine the already battered status and authority of international law.

When formulating its reaction to the South Ossetia War, the European Parliament should be mindful of the far-reaching impact of the issues at stake and avoid seeing this war in its regional context only.

What has happened so far - and why?

It appears that the following conclusions can be drawn:

- Prior to the war, Russia dramatically accelerated its policy of creeping annexation of Abkhazia and South Ossetia. This could be explained in particular by:
 - the ever more assertive character of Russia's foreign policy, intended not least to mark the definitive end of the era of humiliations that peaked during the Yeltsin years and to make clear that Russia is back as a great power,
 - Russia's aversion to Georgian (as well as Ukrainian) NATO membership and the Kremlin's quite openly admitted hostage-taking tactics to stop this development¹;
 - the Kosovo precedent, which cannot easily be dismissed;
 - possibly also a perception that increased Georgian activism in relation to the breakaway regions could complicate the hostage-taking if not responded to.
- President Saakashvili no doubt felt pressed to respond to Russia's acceleration of its annexation policy. But the measures taken by Saakashvili and the Georgian authorities were hardly *reactive* only - there is every reason to believe that they were also *proactive*, with the objective being to reintegrate South Ossetia by force.
- Although no definitive verdict can be passed on the massive Georgian artillery assault on Tskhinvali until the prelude to this event has been better clarified, it does seem extremely difficult to justify. The use of indiscriminate force raises the question how far a government can go in risking the lives of people belonging to a minority population, and possibly killing very many, without this affecting the right to exercise sovereignty over the relevant region. It is, however, still very unclear to what extent civilians were killed or wounded. Georgia claims that the entire civilian population had been evacuated by the South Ossetian de facto authorities before the dramatic escalation of the violence in the region and clear evidence of a major evacuation operation reportedly exists. Ossetians and Russia claim that massive losses of lives of civilians occurred. Greater clarity, also about all other violence affecting ethnic Ossetian as well as ethnic Georgian civilians during the war, is needed.
- Georgia's calculation that its increased military capability and the geography of South Ossetia, with a single road linking it to Russia, would make a quick victory in South Ossetia possible proved catastrophically wrong. Saakashvili and the Georgian military establishment obviously totally miscalculated Russia's readiness to intervene, the scale on which Russia would do this and the speed with which it would be able to pour troops, tanks, rocket launchers and other military hardware into South Ossetia.
- While the massive shelling of Tskhinvali provided some credibility to Russian claims that it had to intervene, Russia's subsequent actions clearly go far beyond what can be defended through any references to international law. As not only military, but apparently also economic and – by accident or not – civilian targets almost all over Georgia have been struck and these attacks continued also long after Georgia offered withdrawal of its troops from South Ossetia and implemented this, it is absolutely obvious that Russia's war objectives were far more

¹ In connection with the NATO summit in April 2008, Russian representatives made several statements linking Georgia's and Ukraine's territorial integrity to the NATO accession ambitions of these countries. Russia's NATO ambassador Dmitri Rogozin bluntly declared that Georgia would lose Abkhazia and South Ossetia and that Ukraine would lose the eastern part of the country if they persevered in their pursuit of NATO membership.

comprehensive than peace enforcement in South Ossetia (if this was ever a significant objective). Peace-keeping Russian style is clearly nothing more than a sinister joke.

- The domestic political scene in Georgia, which since a year ago has been characterised by extremely bitter and intense confrontation between the government and a motley collection of opposition parties, has been transformed - albeit hardly in an irreversible way. The opposition has declared a 'moratorium' on criticism against the government. Since its positions before the war overall were at least as bellicose as those of the government, the opposition may be seen to have about as much responsibility for the huge strategic error to try to re-conquer South Ossetia as the government has. Discontent has reportedly started to brew in Tbilisi

What consequences can already be expected? And how should we handle them?

Consequences for South Ossetia

- Georgia lost the war and has been driven out of South Ossetia, as well as of the small area in Abkhazia (the Kodori Gorge) that it controlled. Any suggestion that a *fait accompli* has been created and has to be accepted would, however, fly in the face of international law. Georgia's and the international community's efforts to prevent the emergence of a *fait accompli* may be helped by the fact that for Russia, depriving Georgia of any control of South Ossetia is mainly a means to reach other objectives, rather than an important objective in itself. Russian policy objectives with a link to the South Ossetia war include:

- a halt to further NATO enlargement. Here, the focus is now on Ukraine, since Georgian NATO accession now must have become politically and strategically even more difficult, as well as practically impossible for a considerable time to come, given Russia's destruction of Georgia's military apparatus. In return for a halt to NATO enlargement, the Kremlin might make some concession in relation to South Ossetia, together with other concessions. The USA and other NATO powers are, however, likely to regard South Ossetia as significant in a deal with Russia only if arrangements in relation to this region are crucial to the viability of Georgia as a sovereign state (which *will* be a real issue, as discussed below),
- strengthening Russia's position in the South Caucasus region.

Russia is also likely to be interested in:

- securing some continued relevance of international law in international affairs, since Russia can derive some benefits from this. Being regarded as a leading assassin of the international legal order would not be helpful, but the Kremlin can certainly limit that risk by reminding the world of the shaky and arguably in-existent legal basis for US and NATO actions in Kosovo and Iraq,
- preventing that the secession of South Ossetia encourages separatism on the Russian side of the border. This risk will, however, probably be met with the coupling of a very firm and visible Russian grip on South Ossetia, rather than with acceptance of any important *de facto* or *de jure* links to Georgia. A referendum in South Ossetia, formally arranged by its 'government', on accession to the Russian Federation might quickly be held. In this way, a *fait accompli* which dissuades rather than inspires any separatist dreams in Russia's Northern Caucasus could rapidly be established. However, a similar 'solution' for Abkhazia would be much more difficult. Moreover, if reaching a deal on an end to NATO's eastern enlargement is indeed a dominating objective, this also lowers the likelihood of the rapid *fait accompli* scenario.

- If there was any sympathy among South Ossetians (and Abkhazians) for the idea of reintegration into Georgia before the war, that sympathy is extremely unlikely to have survived. If the idea of re-integration into Georgia is met by Ossetians with genuine fear and compact fury, defending that idea, even if only in order to trade a retreat from it against some concession from Russia, will be difficult.
- At the same time, it should be remembered that South Ossetia also has a significant ethnic Georgian population. These people used to live in Georgian-controlled villages within the region. To what extent they have now left or been driven away from their homes is for the moment very unclear and one can only speculate about how interested ethnic Georgian internally displaced persons are in returning to South Ossetia. Their right to do so should anyway certainly be defended.

Consequences for the Georgian domestic policy scene and for the Georgian economy

- A general state of chock, indignation over the Russian actions and fear of what may still come are now ensuring that Georgians are focused on their common fate. But the national unity that has suddenly been achieved may not be sustainable. The nation will certainly ask itself how things could go so catastrophically wrong and it seems very unlikely that it will reach the conclusion that the responsibility for the miscalculation must be equally shared among the members of the political class and between it and the citizenry. If it will first be concluded that almost everyone thought that forceful action in South Ossetia was necessary and that it would produce a very different result, the question *why* almost everyone thought so will then have to be answered. Some politicians openly stated that a war to re-establish control over South Ossetia would be easy to win. They are obvious targets for criticism and bitterness. President Saakashvili may not have made any clear such statement, but through a number of declarations that rapid reintegration could be achieved and that this would happen with him as president, he certainly played a crucial role in raising expectations to a sky-high level. Saakashvili must, of course, also shoulder the responsibility for the decision to launch the assault on Tskhinvali, which provided Russia with a reason - or pretext - for launching its massive campaign.
- In addition to the crucial issue of the strategic miscalculation, some more limited but very concrete issues may become subjects of heated debates. One such issue is why the Georgian forces failed to cut off the only road-link between Russia and South Ossetia. Via this road, which on the South Ossetian side starts in a tunnel and then continues in mountainous and difficult terrain, Russia poured in troops and hardware. Some of those who used to describe a war to retake South Ossetia as easily winnable may use the cut-off failure as an explanation to the actual outcome, but that failure can probably only help to explain the speed with which the Georgian troops in South Ossetia were routed. Another sensitive issue concerns the Georgian reservists that were sent into the conflict zone. There are rumours that they were ill-equipped, poorly led and that they partly because of this suffered heavy casualties.
- A resurgence in domestic opposition is almost certain to come sooner or later. The opposition may focus both on directly war-related issues and, as earlier, on social issues. It is probably inevitable that the social situation will deteriorate as a result of the war. This could provoke even stronger discontent. On the other hand, an external actor can now be identified as at least partly responsible for the creation of the situation. This, as well as a perception of a continued need to maintain national unity, may help to prevent tensions from running out of control. Saakashvili's defence strategy against resurgence in domestic opposition is likely to focus on the need for unity. This may also make him abstain from depicting opposition leaders as

'traitors', as he did when protesters filled the main street in the capital last autumn and he dealt a blow to his own democratic credentials by responding with force and imposing a state of emergency. Escalation of tensions up to a critical level may anyway occur. The risk that Saakashvili once more over-reacts to protests will be bigger if he assumes that the US and the EU this time will limit their criticisms. And such an assumption might be realistic, since Georgia's ability to withstand Russian coercion will probably move to the top of the US' and EU's Georgia agendas, while promoting democracy and human rights in Georgia are likely to move down. On the other hand, since unnecessary escalation of domestic tensions will harm Georgia's external strength, the US and the EU will anyway have reason to try to prevent re-appearance of Saakashvilian heavy-handedness.

- In the face of Russian statements about Saakashvili, it needs to be emphasised that it is not for Russia or any other outside actor to decide who should be Georgia's President and its leading representative vis-à-vis other nations. At the same time, nobody should be blind to the fact that Saakashvili may seek to bolster his position by presenting himself as particularly able to handle relations with outside actors. A situation in which it could be appropriate to counteract such attempts could arise.
- If appropriate in order to support Georgia's basic interests, the West should facilitate a decision by President Saakashvili to step down by helping him to do so in a dignified way, emphasizing his unquestionable huge achievements in the economic sphere and remain silent, in this context, on his catastrophic miscalculation in South Ossetia.
- Georgia's impressive economic growth since the Rose Revolution in 2003 has in no small part been driven by inflow of foreign direct investment (FDI). The war must already have worsened Georgia's scores in risk assessments used by international investors and there is a risk of a precipitous fall in FDI inflow.

Consequences for the geo-political situation in the South Caucasus

The Russian Foreign Minister Sergei Lavrov in a press conference on 12 August gave some clues in relation to Russia's real war objectives. The presentation of a demand for demilitarisation of the town of Gori, south of South Ossetia, was particularly interesting. This town appears to be strategically located in relation to pipelines that bring oil and gas from Azerbaijan via Georgia to Turkey (with much of the oil, and in the future possibly also the gas, then being shipped from Turkey to the EU)¹. Moreover, Gori is not far from the Samtskhe-Javakheti region in southern Georgia, which has a big Armenian minority population that could become increasingly restive towards the Georgian government. If Russia wants to further destabilise Georgia, the already present tension in Samtskhe-Javakheti provides an opportunity.

- Russia could offer Armenia more support in relation to the Nagorno-Karabakh conflict in return for Armenian help to manipulate the situation in Samtskhe-Javakheti. It could be remarked that a possibility to strike a deal already existed and that this never happened, but we are now in a new situation. Most importantly, Georgia's capacity to dissuade Armenia from such behaviour has with all likelihood gone down. Would Georgia still be able to close its border with Armenia and thereby strangulate Armenia's foreign trade (for which no other ground transport option than transport through Iran would then remain, as the borders with Turkey and

¹ What is referred to are the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Baku-Tbilisi-Erzurum (BTE) gas pipeline (both already existing) and the 'Nabucco' Turkey-EU gas pipeline (planned, but may never be built). The BTE is, also called the South Caucasus Pipeline (SCP).

Azerbaijan are closed)? The likelihood of a major Russian attempt to interfere, via Armenia, in Samtskhe-Javakheti is, however, reduced by the risk that increased separatist activism there could contribute to a general rise in such activism in the region that also affects the North Caucasus, i.e. republics of the Russian Federation such as Ingushetia, Dagestan and Kabardino-Balkaria. In any case, a watchful eye should be kept on Samtskhe-Javakheti, where the ethnic Armenian population may well feel encouraged to oppose Tbilisi even if nobody outside their region tells them to do so.

- The risk that the Nagorno-Karabakh conflict escalates into a new war - a risk that has been growing the last years¹ - is now probably going down. Azerbaijan now has to calculate with a much bigger probability of a large-scale Russian intervention on the Armenian side if Azerbaijan starts a war to retake the Nagorno-Karabakh region and adjacent Armenian-occupied provinces of Azerbaijan.
- The oil and gas pipelines that run from Azerbaijan via Georgia to Turkey now look considerably more vulnerable than before the South Ossetia War. Developing new infrastructure in the same corridor now seems more risky and therefore less attractive².
- The increased credibility of any Russian threat to thwart Azerbaijani ambitions in relation to Nagorno-Karabakh, together with the reduction of the value of the transport corridor through Georgia (as it has become less safe), gives Russia stronger leverage on Azerbaijan. It looks more than likely that Russia will use this leverage to try to reach a deal with Azerbaijan that effectively gives Russia control of oil and gas transit through the region.
- The US and EU attempts to loosen Russia's grip on oil and gas in the CIS region are therefore now risking to receive a fatal blow.
- The EP, as well as the Parliamentary Assembly of the Council of Europe (PACE), has sometimes pointed to the inter-relatedness of a number of problems in the South Caucasus region and the desirability of a comprehensive solution in the form of a stability pact, with the involvement also of the major external actors. Russia may now try on its own to create a new order in the region, using coercion as well as incentives. Although the EU is likely to be invited to play a big role in reconstruction in South Ossetia and elsewhere, it may have to struggle to get a place less than a mile away from the tables at which the most crucial issues will be negotiated.

Consequences for EU policies towards Georgia and the region

- The EU, as well as the US, will have to rethink their policies towards all the countries of the South Caucasus, as well as Ukraine - not to mention our policies towards Russia.
- For our policy towards **Georgia**, the new situation should probably lead us to concentrate on making the Georgian state as able as possible to withstand further Russian attempts to weaken and destabilise it in order to bring it to heel. Unfortunately, there may be less room for promoting pluralism and democracy - especially if the opposition fails to transform itself into a

¹ Azerbaijan has multiplied its defence budget and keeps further increasing it, using a part of its sky-rocketing oil export revenues. President Aliyev's has stepped up his rhetoric on ensuring reintegration of the Armenian occupied N-K region (as well as adjacent provinces of Azerbaijan).

² An additional pipeline would be necessary if a significant volume of gas is to be transported from Turkmenistan and/or Kazakhstan to the EU via the South Caucasus. The completion of a railway link in the same corridor recently started.

more responsible opposition. On the other hand, trying to make Saakashvili step back if he once more starts to use heavy-handed methods against the opposition may be a necessary element in a policy to support Georgia's external strength, since unnecessary escalation of domestic tensions will reduce that strength.

- The case for concluding a 'deep free trade agreement (DFTA)' with Georgia should now be stronger, given the importance for stability in Georgia of continued economic development and the risk of a precipitous fall in FDI as a consequence of the war.
- In relation to **Armenia**, an important EU objective must now be to get it to limit as far as possible its contribution to the implementation of bad Kremlin-designs for the region. Ensuring that Armenia continues to act responsibly in relation to Samtskhe-Javakheti must be an important priority.
- As regards **Azerbaijan**, the dramatic turn that the geopolitical competition in the region has taken will unfortunately mean that it will be even more difficult to apply pressure on President Aliyev to mend his at least semi-authoritarian ways and to care more about his citizens. Azerbaijan is squandering much of its oil wealth. A weak commitment to improving the living conditions of poor and vulnerable citizens, in conjunction with ever starker income disparities, risk to lead, in time, to large-scale Islamic radicalisation.

Consequences beyond the South Caucasus

- Russia has always rejected the notion of a 'common neighbourhood'. Through the South Ossetia War, it made its claim to a sphere of influence even clearer. The war has further sharpened the confrontation between this claim and policies for western integration conducted by the West and, even more strongly, by Georgia and Ukraine. Russia has demonstrated its capacity to impose its will, while contemptuously dismissing suggestions that it should limit its actions. Unless the West and its most interested partners in Russia's claimed sphere of influence now endeavour to demonstrate their capacity to advance on the paths they have chosen and succeed in this, the conclusion will tend to be that this *de facto* is Russia's sphere of influence. And Russia may feel encouraged to build on that victory by dealing more forcefully also with other neighbours and issues.
- Much attention should now be focused on **Ukraine**. The EU-Ukraine summit already on 9 September will be a crucial test for the EU's readiness to defend Ukraine's 'European choice' - and that of other countries in Russia's claimed sphere of influence (primarily Georgia and Moldova; the issue is, however, also critically important for the confidence and morale of democrats and reformers in all the other countries of 'the EU's eastern neighbourhood').

Dag Sourander
13 August 2008

MAP OF GEORGIA

Annexe 1

