



Resolving Conflicts In The Caucasus And Moldova: Perspectives On Next Steps

Conference Report

6-7 May 2002

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Introduction

On 6-7 May 2002, the National Intelligence Council and the Department of State's Bureau of Intelligence and Research sponsored a conference that examined the prospects for resolving regional conflicts involving four states of the former Soviet Union: Georgia, Armenia, Azerbaijan, and Moldova. The conference brought together outside scholars, regional experts and officials to discuss the conflicts in Abkhazia, South Ossetia, Nagorno-Karabakh, and Transnistria. The purpose was not to arrive at a consensus but to deepen understanding of the complex geopolitical dynamics at work in the region.

This conference report is intended to capture the salient points and original arguments of the proceedings. It consists of two major addresses, a précis of each speaker's on-the-record presentation, and a summary of the ensuing not-for-attribution discussions. During the panel discussions no attempt was made to ascertain the general view of the panel or audience. Many of the points highlighted in these summaries of the panel discussions were noted because they were thought-provoking or outside the conventional wisdom. They illustrate the richness of the discussion, but they do not necessarily reflect accepted or prevailing views at the conference.

Unresolved Conflicts in the South Caucasus and Moldova



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Executive Summary Keynote speaker Ambassador Rudolf Perina reviewed similarities and differences among the conflicts, factors that might motivate change—such as new peace proposals or new leadership—and the role of mediators in encouraging compromise and providing interim conflict management. Luncheon speaker Ambassador Joseph Presel focused on lessons of the United States as mediator, the need to work with Russia, and the challenges of working with local leaders who have not prepared their populations for peace.

Institutionalization of the Conflicts

The major issues that led to the outbreak of violence during the collapse of the Soviet Union have largely faded into memory. New interests and identities have emerged that pose obstacles to resolving underlying social, economic, and political problems. As a result, successful settlement of the “frozen” conflicts in Abkhazia, South Ossetia, Nagorno-Karabakh, and Transnistria will require a shift in the current equilibrium.

Each of these conflicts has produced isolated societies that engage in mutual recrimination and hold distorted views of developments across the conflict divide. Peace processes have been largely the domain of elites, who often seem to be out of touch with their societies and sometimes act as if they are more intent on consolidating their own positions than resolving the conflict and transforming their societies. Having contributed to the mobilization of their populations against one another, leaders on both sides have become trapped in an adversarial culture that reduces their receptivity to compromise. A variety of mediation strategies, both formal and informal, are required to overcome these obstacles.

Abkhazia is the most intractable conflict and the most subject to renewed violence. It differs from the other conflicts in that the ethnic Abkhaz minority expelled the Georgian majority—with Russian and Chechen assistance. The Abkhaz fear retribution if displaced Georgians return. Russian policies characterized by inconsistencies and disincentives for peace further complicate the conflict.

The fate of Abkhazia may be tied indirectly to that of **South Ossetia** in the sense that a successful resolution in one case is likely to affect the other. In both cases, economic issues are crucial. Illegal trade across cease-fire lines is considerable, creating incentives for the preservation of the *status quo*. Opportunities for enduring solutions will increase with economic development.

Armenia and Azerbaijan are close to a settlement of their dispute over

Nagorno-Karabakh. The near-term may offer the best opportunities for a balanced settlement because a prolongation of the dispute favors hard-liners on both sides. Over the longer-term disparate economic and demographic trends that favor Azerbaijan over Armenia also may preclude a settlement. Each year the Azerbaijani economy expands while Armenia's economy stagnates and its population dwindles. Perceptions that the Armenian negotiating position is deteriorating may encourage an uncompromising and tough posture in Baku that is likely to generate an equally uncompromising response in Yerevan. Economic emigration from Armenia increases the influence of the relatively more hard-line Armenian diaspora and further diminishes opportunities for a compromise settlement.

Displaced populations from the conflicts in Azerbaijan and South Ossetia do not present serious pressures for settlements. In Azerbaijan, only ten percent of the internally displaced persons (IDPs) live in camps. Others live primarily in urban and suburban areas, where many show signs of economic adaptation. This integration is due, in part, to programs sponsored by the Azerbaijani government and international organizations that target local economic development and job placement. The Azerbaijani government does not acknowledge its policy of integrating IDPs into mainstream Azerbaijani society, however, since this might be interpreted as acquiescence to the occupation of Azerbaijani territory. In the case of South Ossetia, many of the refugees—under 50,000—have settled into new roles in North Ossetia.

The conflict in **Transnistria** is close to resolution and probably will not pose long-term problems. The original reasons for the conflict have grown less salient, and the dispute now is framed largely in terms of the private interests of elites. The conflict may prove tractable to settlement by traditional bargaining methods. External parties can play a helpful role by providing incentives to both sides; multiple mediators, however, have complicated the process in the past, and better coordination will be required. The recent election of a Russophone head of state in Moldova offers new opportunities for progress.

The Role of Outside Players

Iran is focusing internally on its national security, economic, and geopolitical interests. The Caucasus is looming larger on the Iranian horizon, however, because of the region's energy reserves. Iran seeks to resist its marginalization in the region, which Tehran perceives as an US objective. Some in Iran argue that the US anti-terrorist campaign is a ruse and that increasing US interest in Afghanistan, Pakistan, Iraq, and Azerbaijan is an effort to encircle Iran as a prelude to hostilities.

Nonetheless, Iran's present economic difficulties are an impetus for greater cooperation with the United States. Iran is likely to pursue greater cooperation with Russia, including greater coordination of policies in the Caucasus.

Turkey seeks to contain Russian influence in the region, manage difficult relations with Armenia and Iran, and maintain good relations with Azerbaijan and Georgia, especially to ensure the success of current pipeline projects. Turkey's pursuit of closer ties to Georgia and Azerbaijan links its policies to the positions of these governments on the Nagorno-Karabakh, Abkhaz, and Ossetian conflicts, fostering a greater sense of isolation and insecurity in Armenia. Turkey's position prompts Yerevan to seek closer relations with Moscow and Teheran and encourages further cooperation in the Caucasus between Russia and Iran—at once an economic partner and the Islamic antithesis of Turkish secularism.

Although **Russia** will have a key role in resolving each conflict, it is neither completely capable nor willing to play the part. Russia has considerable regional leverage that it has not used effectively, in part because it lacks confidence. As a result, the Russian approach toward these conflicts has been both ambivalent and inconsistent and is likely to remain so, barring incentives for change. From a security standpoint, the Caucasus is among Moscow's top priorities, but under the current administration the economic dimension is becoming more salient and distinct from regional political goals. An increasingly pragmatic and flexible Russian posture may lead to more opportunities for cooperation and constructive engagement in regional peace processes.

The current geopolitical climate presents an opportunity for constructive engagement with Russia. Russians are concerned about US activities in the region, and many expect the United States to act unilaterally. There would be psychological leverage in public statements from US officials declaring commitment to a multilateral approach to regional development in which Russia has a key role. If offered a choice between constructive engagement and exclusion, Moscow would be likely to choose the former. Because the Caucasus, in particular, is crucial to Russia's security and economic interests, the fear of marginalization and the opportunity to preserve or expand Moscow's influence there might help overcome domestic political resistance.

The current geopolitical situation is opportune since most countries of the region want to work on the US side. They might be prepared to cooperate with one another for the sake of cooperation with the United States in its struggle against terrorism. In the present geopolitical climate, the metaphor of a "Great Game" is anachronistic.

Compatibility and cooperation among US, Russian, British and French interests offer significant opportunities. Cooperation, particularly between Russia and Western governments, may provide a new basis for encouraging cooperation within the South Caucasus region.

Prospects for Peace

The South Caucasus retains infrastructure that once made it a crossroads for trade. The potential exists to look beyond past disputes and current dilemmas toward a regional strategy of shared advantage. History can be used in the interest of peace because it shows how much these populations hold in common and teaches that no political entity can achieve security and prosperity in isolation from its neighbors. These societies should be encouraged to shift the discussion from a rehearsal of hatred, grievance, and fear toward a recognition of shared futures, joint security, and mutual prosperity in a climate of democracy and economic development.

Contents

	<i>Page</i>
Introduction	1
Executive Summary	3
Keynote Address	9
Ambassador Rudolf Perina, Special Negotiator for Nagorno-Karabakh and Eurasian Conflicts, Department of State	9
Panel I: Abkhazia	12
Paula Garb, University of California at Irvine	12
Jonathan Cohen, Conciliation Resources	13
Highlights of the Discussion	14
Panel II: South Ossetia	15
Arthur Martirosyan, Conflict Management Group	15
Highlights of the Discussion	15
Luncheon Address	18
Ambassador Joe Presel	18
Highlights of the Discussion	19
Panel III: Nagorno-Karabakh	21
Marc Spurling, UNHCR	21
Highlights of the Discussion	22
Panel IV: Transnistria	24
Ambassador William Hill, Woodrow Wilson International Center, Smithsonian Institution	24
P. Terrence Hopman, Brown University	25
Highlights of the Discussion	26
Panel V: Roundtable on the Role of Outside Players: Iran, Turkey, and Russia	28
Iran: Tom King, Department of State	28
Turkey: Bulent Aliriza, Center for Strategic and International Studies	29
Russia: Anne Herr, Department of State	31
Highlights of the Discussion	32
Panel VI: Wrap-Up Session	34
Highlights of the Discussion	34
Annexes	
A. Conference Agenda	36
B. Participants	38

Resolving Conflicts In The Caucasus And Moldova: Perspectives On Next Steps

Conference Report

Keynote Address

**Ambassador Rudolf
Perina**

*Special Negotiator
for Nagorno-
Karabakh and
Eurasian Conflicts,
Department of State*

This conference focuses upon the next steps in the resolution of conflicts in the South Caucasus and Moldova. At first glance these conflicts share a number of similarities, but as they have developed over several years they also have diverged from one another. While we will consider them together, we may ultimately conclude that the differences among these conflicts are greater than their similarities and that a comparative approach is consequently limited.

Among their similarities are their occurrence in the territories of the former Soviet Union, following upon the Cold War, and feeding upon complex histories that go back decades or even centuries. In each of these conflicts, Russia has played a role that is complex and sometimes contradictory, due to the many strong voices that influence her policy. Yet if Russian policy is sometimes difficult to understand it is certain to remain important in all of these cases. And if each of these conflicts is currently frozen, they each have potential for stabilization and for escalation, and they all involve publics that are unprepared for the compromises that are necessary if their escalation is to be averted.

While there are similarities in their origins, these conflicts have been sustained by factors that differ significantly from one another. In Transnistria, corruption plays a major role. In Abkhazia, the perpetuation of the conflict ensures the self-preservation of political elites and of those who were originally responsible for the conflict. In Nagorno-Karabakh, there are more traditional causes, including nationalism and the role of the diaspora.

There are also substantial differences in degrees of progress that have been made toward the resolution of these conflicts. Abkhazia is one of the most difficult situations and perhaps the one that is furthest from constructive dialogue. Transnistria is somewhere in the middle. It has seen some interesting new developments in the last few years, including the Istanbul commitments, which have had a major impact on the conflict and the election of a new president.

Nagorno-Karabakh is the major one, the one that gets the most international attention and the one that has come closest to resolution at various times through the years. Many proposals have been put

forward, but in the end one side or the other always seems to pull back. The United States certainly has not given up. After the Key West meeting there was disappointment with the follow-up, and some have concluded that these negotiations are dead. Yet the two sides are incredibly close. The issues of principle have been decided, and what is left are technical differences. Both countries will hold elections in 2003, and this opens a window of opportunity. There has been some success in setting up a third tier of negotiations in Prague to look at confidence-building measures. That has been a step forward, but clearly there has not been a resolution of this conflict, nor for any of the others.

When a conflict remains unresolved after ten years of negotiation one must ask what is needed to move forward. The most obvious answer is political will. Yet while the political will of key parties plays a critical role in each of these conflicts, it is also more complicated than that.

We must not overlook the possibility of new factors that might play a pivotal role. Cyprus, for example, had long been a frozen conflict until new movement occurred in recent months in response to an opportunity to join the European Union. There are a number of factors that can change the dynamics of a conflict, and, as in this case, they are often external.

New ideas and new proposals may be among these motivational factors. Yet in the case of Nagorno-Karabakh the anticipation of new approaches has also led to disappointment and frustration. During ten years of negotiation, most ideas have already been placed on the table. People are looking for a magical solution that will spare them the burdens of compromise. Of course no one can offer that. One can juggle and readjust the old proposals, but the basic concepts for resolution are already out there.

A second possible factor is new leadership. Leaders individually can have an enormous impact upon the fate of nations, especially in terms of conflicts, where the attitudes of leaders are vitally important. Consider the case of South Africa, where no one envisioned the emergence of F. W. deKlerk and Nelson Mandela as peacemakers. The Balkans saw the opposite result when leaders undermined the peace.

Emerging outside influences are another factor. Some people thought progress would result from the development of the pipeline and exploitation of the region's energy reserves. Perhaps one day they will. It is also possible that progress will result from the geopolitical shift that occurred after 11 September and especially from changing relations between the United States and Russia.

External influences are often associated with unrealistic expectations for outside intervention. We hear people asking when the world will step in and write the terms of peace to resolve these conflicts. Most sides say such things with the silent hope that outside mediators will shove their proposals down the throats of the other side. The disputants may call for a Dayton-style conference, but it was a long and dusty road that led to Dayton. The situation in the former Yugoslavia differed from this part of the world in terms of a heated conflict that included military action, massive troop deployments, and bombing.

More realistically, outside intervention means convincing both sides in a conflict that they will ultimately not get their way and that they will have to compromise. We have not achieved that recognition in the present cases. In all of these conflicts, there are players who think they can achieve their ideal solutions. When we try to persuade secessionist leaders that the world will never recognize them as an independent sovereignty, they remain unconvinced that the historical window has closed. They draw encouragement from events in Kosovo and cling to the belief that there is still an opportunity for the break-up of states.

These conflicts will be solved, but their costs will increase as long as their solutions are delayed. Azerbaijan alone has a promising economic future and might weather the impact of these conflicts. For the other countries involved, these disputes have devastating consequences that should be of great concern to us. If any of these countries fail, the consequences would be extremely serious.

The negotiator's task can be frustrating, but it also brings achievements. Proactive mediation in Nagorno-Karabakh has probably prevented another war. Ultimately, we have to be realistic about the nature of a settlement and the interim management of these conflicts.

Panel I: Abkhazia

This panel examined the current state of play in Georgia's breakaway Abkhazia region, including prospects for bringing an end to the conflict there.

Paula Garb

*Associate Director, Center for Global Peace and Conflict Studies,
University of California at Irvine*

Professor Garb presented her paper, "The Impact of Abkhaz-Georgian Citizen Peacebuilding Initiatives." She made the following major points.

- Conventional peace processes are sometimes hindered by popular perceptions of deep social wounds. Grassroots peace initiatives are needed before people can accept agreements made at official levels.
- The University of California at Irvine project on peacebuilding provides a forum for constructive analysis of and presents valuable insights into the perspectives of both Georgian and Abkhazian sides. At first, the discussion topics were not political. As trust grew, it became increasingly easier to discuss the history and roots of the conflict and solutions for the future.
- A key achievement has been that the participants own the process; they set the agenda and move at their own speed and in ways that are familiar to them. After the first dialogues, the participants took over the tasks of facilitation, alternating between Georgian and Abkhaz facilitators in consecutive sessions during each conference.
- Reflecting upon some of the breakthroughs that we have achieved, we believe it was crucial that the Georgian side responded with understanding to demands that were made by the Abkhazian side. When the Abkhazians found that they were met with understanding, compromise was possible.
- After last October's military crisis in the Kodori Gorge, it has been more difficult for the Abkhaz to participate in this process. They expose themselves to local criticism and risk their reputations but because they have built up trusting relationships with the Georgians, they continue to meet, albeit cautiously. If there is a resumption of military action, the Abkhaz may feel the need to withdraw, at least temporarily.
- Discussions of policy options have been successful in generating various alternatives where once there was little flexibility. The Georgian participants recognize the *de facto* independence of Abkhazia, and the Abkhaz side was prepared to consider confederal relations with Georgia before the October 2001 attacks in Abkhazia.
- Participants share several key concerns: the desire to protect human rights, promote democratic processes and institutions, and ensure regional stability and security. These concerns suggest that both communities face similar challenges and are searching for ways to promote national identity and protect the security of minorities within their territories. Increased numbers recognize that they will be more successful if both sides achieve

their goals and discuss options for addressing the concerns of both sides.

Jonathan Cohen

*Caucasus Program Manager,
Conciliation Resources*

Mr. Cohen delivered his paper, “Some Thoughts on NGO Peace Building in the Georgian-Abkhaz Conflict.” He made the following major points.

- At a fundamental level, conflict-related work in the Caucasus is about politics and social change. It is helpful to think of these conflicts in terms of transformation processes that look beyond the termination of violence and encompass key issues such as economic development, democratization, and social justice.
- A broad-based approach is especially important in the Georgian-Abkhazian conflict. Obstacles to social transformation often include people in positions of power on both sides, but in this case patterns of endemic polarization have appeared at all levels of society. A polarized mindset is deeply ingrained not only in formal relations between Georgia and Abkhazia but also within the political cultures of the respective societies.
- In many ways, the conflict has become institutionalized. The peace process has been the exclusive domain of elites who often seem to be out of touch with their societies and sometimes act as if they are more intent on consolidating their own positions than in either resolving the conflict or developing greater social well-being.
- Over the past decade, the parties have grown comfortable in postures of incompatibility, using familiar levers to

pressure the other side toward a favorable outcome. For instance, the Georgian strategy of perpetuating low-level military activity as a source of leverage undermines the good faith of the negotiation process, while the Abkhaz strategy avoids engaging with Georgian internally displaced persons (IDPs), hoping that they will abandon their aspirations to return, and utilizes Russia as an essential prop. Such strategies perpetuate intransigence and preclude a genuine commitment to the negotiation process.

- Conciliation Resources (CR) recognizes that a broad range of approaches is required to transform relationships not only between the leaders of the two societies but also among a broad range of social and political structures within each society. CR takes a people-centered, “bottom up” approach, supporting the development of community groups, NGOs, and other civic actors to enable them to address the challenges of their societies, whether developmental, governmental, or conflict-related.
- CR also takes a “middle out” approach, working with influential social and political groups and individuals to enhance their capacity for broader interactions with community groups, especially with marginalized or vulnerable populations and with decisionmakers.
- It also is critical to work with decision-makers to facilitate dialogue within and between the disputant societies.
- Although a peace process that relies exclusively upon negotiations between leaders might result in an agreement that satisfies their core interests, it is questionable whether it would address

underlying issues of concern to the public. This failure might exacerbate public mistrust, undermine the legitimacy of any agreement, and complicate implementation. These concerns militate against genuine reconciliation and demand greater public participation in the peace process.

- Greater access to information diminishes isolation and breaks down the narratives of hate and fear within these societies. Information can help to undermine mutually antagonistic depictions and myths that often appear to preserve the separation of the two sides and to constrain the space for genuine negotiation.
- A number of lessons have emerged from CR's dialogue process. First, it is a long-term process that has required an integrated and flexible approach—working on wider issues of social change. Second, the relationship to the parties and questions of ownership are crucial. Third, participant selection is important. Moderates may help to initiate dialogue, mainstream participants lend substance to the process, but progress is unlikely without hardliners. Fourth, there are also implications for the wider political scene, notably that Russia has vital interests in the region but can also act as a spoiler; ultimately it will be necessary to craft a joint engagement that moves toward collective strategy.

Highlights of the Discussion

Abkhazia has differed from other conflicts in which a majority population “cleansed” a territory of an ethnic minority and subsequent discussions aimed at a peaceful return of the minority. In Abkhazia, a minority removed a majority with Russian and Chechen assistance. The Abkhaz know there is a risk of

retribution if the Georgian IDPs return; yet the IDP issue may not prove an absolute impediment to any resolution.

Despite this unusual feature, the fate of Abkhazia may be tied indirectly to that of South Ossetia in the sense that a successful resolution in one case is likely to affect the other. In both cases, economic issues are crucial: trade across cease-fire lines is considerable, creating incentives for the preservation of the *status quo*. Many people have a stake in the trade, including officials on both sides, and much conflict has resulted from the division of territory for purposes of drug-running and other criminal activities. Opportunities for enduring solutions increase with economic development.

At some point, Georgians will have to determine the future shape of the country. While Georgia is presently a centralized state, a federal or confederal system will be required to resolve problems in Abkhazia, South Ossetia, and in other parts of the country where problems are developing. Such an approach will require that Georgians reconsider their relations with minority groups and help to establish terms of equality, reciprocity, and mutual respect. A short-term moratorium on questions of ultimate status could encourage the transformation of unofficial relationships among groups.

Russia has sought to perpetuate the Georgian-Abkhazian conflict in order to divide and control. A working partnership with Russia will be key to any solution.

Panel II: South Ossetia

This panel examined the still-unresolved differences between South Ossetia and the Georgian central government and prospects for future resolution.

Arthur Martirosyan

*Program Manager,
Conflict Management Group*

Mr. Martirosyan made the following points.

- Unlike other conflicts in the Caucasus, there is no clear border between Georgia and South Ossetia, and there are relatively few cultural barriers. Indeed, it can be difficult to distinguish between Ossetians and other Georgians due to high levels of inter-marriage and assimilation. Ossetians have been more a part of the Georgian state than other minorities.
- Georgians and Ossetians have been divided by their differing orientations toward Russia. For example, South Ossetians insisted that Russians take part in the mediation process sponsored by the Conflict Management Group (CMG) while the Georgians were adamant about excluding the Russians. The Russian government conceded that the CMG mediation process would not impinge upon Russia's role in formal negotiations and agreed to be informed about the process without directly participating.
- At an early stage in the process, Georgian participants regarded the South Ossetian position as little more than an extension of the Russian viewpoint and were surprised as differences began to emerge. In 1998, for example, when the Russians pushed for more checkpoints in the formal

negotiations, the South Ossetians agreed with the Georgians, who wanted fewer checkpoints.

- The two sides also found common ground on economic issues, law enforcement, and refugees. Initially, cooperation between criminal organizations in Georgia and South Ossetia was greater than that between respective law enforcement agencies, but the situation has improved.
- Coordination between formal and informal mediation processes is essential. The situation has its own dynamic and is sensitive to changes, as illustrated by the efforts of Georgian officials to reestablish earlier levels of confidence with a new South Ossetian regime following the 2001 "presidential" elections in South Ossetia.
- The CMG mediation process has sought to build personal relationships and to accommodate sensitivities in a variety of ways. For example, when CMG mediators initially arrived in the region, they first visited officials in Tskhinvali (*de facto* capital of South Ossetia) in an effort to assuage South Ossetian fears that the mediators would tilt toward Tbilisi.
- The CMG approach focused upon the mediation process and permitted substantive positions to develop gradually through the interactions of participants.

Highlights of the Discussion

Personal relationships established by participants in the CMG process have been markedly congenial. In one case, joint efforts by delegates to recover a participant's stolen car foreshadowed subsequent coordination of

law enforcement. Children's programs have been a successful part of this process as well.

Generally, the conflict in South Ossetia has been lower in its intensity and has involved less antagonism than the conflict in Abkhazia. The social wounds do not run as deep. Still, a sense of betrayal exists among the South Ossetian population. They were once the most loyal of Georgia's minorities, and many did not foresee the conflict.

There were under 50,000 Ossetian refugees from the conflict, most of whom have fled to the Russian Republic of North Ossetia. Many are not anxious to return because of greater economic opportunities in North Ossetia, and some have found new roles in Russia's shadow economy. Refugee return will be complicated by the relocation of Georgians into some of the areas that refugees previously inhabited. It is possible that Georgian refugees from Abkhazia will settle on property belonging to South Ossetians who have fled to North Ossetia. Georgian law, however, entitles owners to their property regardless of whether they return.

Due to these factors, the South Ossetian diaspora has played a lesser role than have diasporas from other Caucasian conflicts, which have tended to acquire a symbolic significance and have often become more militant than their brethren in the homeland.

Yet if deep antagonisms and militant diasporas play a lesser role in the South Ossetian conflict, economics plays a greater role. As is the case with other regional conflicts, new economic opportunities, often in the shadow economy, have opened on both sides. In the case of Ossetia, they also have opened up on both sides of the Russian border. Smuggling operations run in all directions, and Russia's interest in a settlement is, in part, connected to contraband

entering Russia from South Ossetia. Corruption is a serious impediment on all sides of the conflict. Many in Russia, Georgia, and South Ossetia have an economic interest in the preservation of the *status quo*.

Also, as in other regional conflicts, South Ossetia faces a procedural conundrum. Resolving the conflict without prior agreement on final status and related political issues is difficult, but the parties cannot agree on these issues until the conflict is resolved. Varieties of federal and confederal arrangements have been proposed, but further work is needed in this area. In particular, the Georgian side needs to consider concrete arrangements involving such technical issues as security services and customs as well as broader matters of principle such as the limits of autonomy. These issues may require a wider public discussion, especially in Georgia. The South Ossetian side must consider concrete provisions for the guarantees it seeks.

The South Ossetians are watching the situation in Abkhazia, and any solution for the latter probably would serve as a catalyst for a solution in South Ossetia. The situation in Abkhazia is especially challenging, however, and the relationship between the two conflicts is a conundrum unto itself. Though the two conflicts are substantially different and must be addressed separately, they merit some joint consideration as a consequence of their mutual influence as well as their other commonalities.

Some observers believe that US aid to Georgia has tended to support a corrupt old guard entrenched and opposed to the democratic reforms necessary for any solution in Abkhazia and South Ossetia. US aid has aimed to promote Georgia's democratic transition, and there will be further opportunities to support grassroots programs.

Inevitably, a complex process of social and economic transition will surpass the tenure and the talents of any given set of local leaders.

Like the policies of any government, the US approach to Georgia often has been reactive, attempting to address immediate problems. For the most part, a comprehensive, long-term strategy toward the development of the region as a whole has been lacking. This is among the challenges that we face.

Peacemaking in the NIS and Lessons Learned

Luncheon Address

**Ambassador
Joe Presel**

The case of Tajikistan demonstrates that it is possible to resolve conflicts in the former Soviet Union. The United States has a genuine role as peacemaker in the region, and we are probably better than most. We are strong, resourceful, and fairly well informed. We are confident and accustomed to getting things done. Our domestic politicians take an interest in our activities in this part of the world.

Yet as peacemakers we sometimes carry a double-edged sword. Our confidence can spill over into arrogance and impatience. It is difficult to resist us when we want to get something done, and overconfidence can ensnare us in some fairly serious difficulties. Some in the region are uneasy with our presence. Because we are the United States, the opportunities for success increase with our involvement, but any failure diminishes our stature. So we must tend to our reputation and choose our tasks with care.

In the Newly Independent States, most of our peacemaking has been done in concert with others, though our partnerships have often been cultivated in pragmatic response to the dictates of diplomacy. We worked with the OSCE in Nagorno-Karabakh and with the UN in Abkhazia, but our involvement can be overwhelming to those with whom we work. We don't necessarily know better than anyone else, but we tend to work harder as a country and as a government. We try to do it ourselves when we think we have a chance at success.

We cannot succeed at peacemaking in the NIS without the Russians. This seems self-evident. Yet at first we thought we could do it without them, since we saw them as part of the problem. Since their involvement is a prerequisite for effective peacemaking, we have to put in time with the Russians from the very start, get to know them, and understand what they are doing. When we do this we learn three lessons.

First, we tend to think that there is a Russian policy because there was once a Soviet policy. But there is not a Russian policy any more than there is a US policy. The Russian policy towards Nagorno-Karabakh depends on what part of the bureaucracy you are talking to, and perhaps it depends what day of the week you talk to them.

A second lesson is that the Russians were the region's most recent colonialists, and this inevitably places constraints upon their peacemaking capacities.

The third lesson is that the Russians do not really trust us. They tend to operate on the assumption that we will attempt to take advantage of them. We know why we are there and that we are trying to do the best for everybody, but they do not trust us.

Domestic politics matter to us in a ways they don't matter, for example, in the EU countries. At times we find that our efforts in the region are forced by events.

There are also difficulties with local leaders, particularly when they fail to prepare their populations for the eventuality of a major agreement. Everyone knows how to solve these conflicts. All of the local leaders know what a settlement is going to look like, but they cannot bring themselves to accept it. So agreements break down over details.

The problem is that we are not very good at history. We think the Soviet Union ended along with Communism, but for the local populations it was the end of colonialism far more than the end of Communism. The Russians ended their last colonial empire, and the way that the people who inhabited that empire view the Russians and their problems differs from the way that we view the Russians and their problems. Of course, the history of the region goes back much further.

I have learned that whatever countries say about their goals, the real motto of all these groups is: "What use is it to me?" The only weapon that some of them have is stubbornness. We must learn stubbornness.

There are two final lessons. First, you probably won't succeed; and lastly, we Americans say that time is money, but money is money, and time is time. We Americans don't think enough about the importance of time when we try to make these settlements happen.

Highlights of the Discussion

On Chechnya. Our fundamental views on Chechnya have not changed since 11 September, but there are some additional nuances. Clearly, Chechnya matters and will continue to matter desperately because of its immediate impact on all the other conflicts. We will find it harder to get cooperation from the Russians if we don't cooperate with them on the Chechnya settlement.

On the role of NGOs. Inevitably there are limitations to official US assistance, and the NGOs can address those limitations. Sometimes they may point out our shortcomings. Theoretical discussions are not of immediate use to us, but we are open to creative approaches, and we will look at anything that can be shown to bring concrete results. NGOs can be useful. We probably don't use them enough.

On US-Russian cooperation in these three conflicts. Most factors that can contribute to US-Russian cooperation are external to the conflicts themselves. If the Russian economy does well and Russia moves closer to NATO, and its policies on nuclear weapons are compatible with ours, then Russia will look with favor on cooperating with us on these issues. Putin is a superb realist, and Russians understand that the world has changed. If our overall relationship with them goes well, so will our cooperation on these conflicts. It will go best in Transnistria, but they will have a harder time accepting our long-term involvement in the Caucasus. We tend to look at Central Asia as Russia's equivalent of our own Far West, but Russia's Far West is essentially the Caucasus. Central Asia is almost accidental to Russia; it doesn't matter to them in the same way that the Caucasus matters. The Caucasus has a significance in Russian history, culture, and literature similar to that of our own westward expansion.

Panel III: Nagorno-Karabakh

This panel investigated the still-simmering Azerbaijani-Armenian conflict over Nagorno-Karabakh and a possible framework for an enduring peace.

Marc Spurling

*Associate Field Officer,
United Nations High Commissioner for
Refugees in Azerbaijan*

Mr. Spurling presented his paper, “The Conflict Over Nagorno Karabakh: Perspectives on Next Steps.” He made the following major points.

- Resolution of the longstanding dispute in Nagorno-Karabakh eventually may be influenced by economic and demographic trends in Armenia and Azerbaijan. Examination of these trends suggests that the near-term may offer some of the best opportunities for a balanced settlement.
 - Many observers have concluded that the Azerbaijani Government does not support the integration of IDPs into mainstream Azeri society because it uses the camps as a reminder that the conflict is unresolved and that Azeri territory remains occupied. They have suggested that benefits extended to the IDPs by the Azeri government are simply the means by which the government resists their integration and maintains them in their present status.
 - These perceptions result, in part, from the fact that the Azerbaijani Government does not acknowledge the policy of integration that it has been quietly promoting—to the point that only 10 percent of the IDP population currently lives in the camps.
- The others live primarily in urban and suburban areas.
- Many of the latter population are showing signs of economic adaptation as a result of government programs that provide job placement and other programs such as the World Bank social investment fund. These policies and trends argue against the view that poor living conditions provide a strong impetus for Azerbaijani officials to seek a resolution that would enable IDP resettlement.
 - There are more than 1,400 foreign business in Azerbaijan and over 900 joint ventures. No corresponding figures are available for Armenia, but certainly Western oil companies are absent, as are many of the other indicators of Western economic development. Annual foreign investment in Azerbaijan is three to five times greater than in Armenia.
 - Overseas development aid during the last decade has totaled \$2-3 billion for Armenia and less than \$1 billion for Azerbaijan. Moreover, Armenia’s lack of economic opportunities contributes to an outward migration that has emptied some villages.
 - Perceptions that the Armenian negotiating position is deteriorating may discourage compromise in Baku and embolden a tougher posture, as reflected in recent hard-line rhetoric.
 - The dynamics of the situation favor hard-liners on both sides, but economic and demographic trends favor Azerbaijan. There may be no better time than the

present for the two sides to reach a balanced settlement.

Highlights of the Discussion

Some observers see substantial strengths in the Armenian position, since the Armenians occupy the territory and over time their possession may be consolidated in *de facto* terms. Although Azerbaijan has the economic advantage, economic indicators may not be a deciding factor for at least three reasons:

- First, Azerbaijan's relative economic strength is also its vulnerability since the Armenians understand that another war will interfere with petroleum transport, undermine regional investment, and compromise Azerbaijan's economic momentum.
- Second, many Armenians have concluded on the basis of their troubled history that they cannot safely reside in territory controlled by Azerbaijan, and they are consequently resolute.
- Third, Armenians are prepared to sustain high levels of suffering. The rhetoric of Azeri hard-liners may therefore accomplish little beyond reducing Armenia's capacity for compromise. One of the difficulties in the conflict is that both parties regard time as being on their side. In each case, this is a fallacy. Yet it is difficult for either party to see around a long history of mutual grievance and mistrust.

When a conflict has endured for more than a decade and traditional strategies of mediation have produced limited results, certain risks may be required, and a creative approach may find its place.

It may be helpful to consider opportunities for a shift in the conceptual framework that

governs the approach of the respective populations as well as the elites on both sides. Both sides might come to reconsider the manner in which they define themselves and their place in the region. Mediators might offer incentives by emphasizing and perhaps augmenting the mutual benefits of a compromise settlement. This approach also would offer substantial benefits to neighboring states, including Iran, Turkey, Russia, and those of Central Asia.

Existing infrastructure once made the South Caucasus a crossroads for regional trade, and a potential dynamic might look beyond past disputes and current dilemmas toward a regional strategy of shared advantage. History can be turned toward the interest of peace, for it shows how much these populations hold in common from their past, their present, and possibly their future, and teaches that no political entity can achieve security and prosperity in isolation from its neighbors.

These are grounds to shift the discussion from a rehearsal of hatred, grievance, and fear toward a recognition of shared futures, joint security, and mutual prosperity in a climate of democracy, economic development, business investment, and increasing employment.

Personal relationships can play an important role in a conceptual shift of this sort; Armenians and Azeris often do well together on a personal level. NGOs might play a larger role in building those relationships and in offering incentives for broader forms of engagement from both sides.

Business communities throughout the region are vastly more receptive than political elites. Key business interests could play a larger role in the peace process and could help to shift the discussion from demands for the division of the pie to proposals for its expansion.

Many local institutions are vastly underutilized. Regional journalism groups get together regularly and are changing the terms of the debate. Various non-elites, who currently have no voice, might play a greater role in the process. Diaspora organizations all over the world might be brought into the peace process, talking to one another on a business level. Embassies and regional representatives might validate and encourage activities such as these.

The current geopolitical situation is opportune since all the countries of the region want to work on the US side. They might be prepared to cooperate with one another for the sake of cooperation with the United States in its struggle against terrorism. In the present geopolitical climate, the metaphor of a “Great Game” is an anachronism. In fact, there is significant compatibility and cooperation among US, Russian, British and French interests. Current geopolitical cooperation, particularly between Russia and Western governments, may provide a new basis for encouraging cooperation within the South Caucasus region.

Panel IV: Transnistria

This panel examined the current state of play between Chisinau and the breakaway region of Transnistria.

Ambassador William Hill

Woodrow Wilson International Center for Scholars, Smithsonian Institution, Washington, D.C.

Ambassador Hill presented his paper, “Frozen Peace Along the Dniestr: Internal and External Dynamics of the Transnistrian Conflict.” He made the following major points.

- The identification of incentives for reconciliation has contributed to the peace process and will have a further role to play. Yet because economic and political elites on both sides of the dispute have grown comfortable with the *status quo*, how this conflict can be shifted from its present equilibrium is not immediately clear.
- Initially, the Organization for Security and Cooperation in Europe (OSCE) mission to Moldova had two mandates: first, to help create conditions for achieving a political settlement of the conflict, and, second, to assist in the withdrawal of Russian troops. Because it was clear that neither of these objectives could be achieved without Russian cooperation, Russian and US negotiators sought to forge a common position that would prevent the local disputants from playing them off against each other. The US side also sought to engage larger and mid-sized European states to provide political and logistical support for peace initiatives.
- That the basic options for a solution had already been determined was clear to all. These involved variations of autonomy, devolution, or federalism in order to give Transnistria educational or economic authority free from the central Moldovan government. Local leaders who had grown comfortable with the *status quo*, however, avoided commitments to proposed solutions.
- The circumstances required a pragmatic regime of “sticks and carrots,” providing incentives for movement on each of the two sides. For example, the Russians might turn off the gas in Transnistria or deny Transnistrian students entrance to Russian military academies. The process also required positive incentives for Transnistrian officials despite concerns about local corruption.
- The Istanbul OSCE summit also provided the process with powerful incentives. It established a deadline for the removal of Russian troops and tied the Russian fulfillment of withdrawal requirements to improving relations with the United States and others in the West. Russian officials were thereby encouraged to help with the destruction of weapons, with the removal of troops, with the abolition of a separate Transnistrian customs authority, and with initiatives to improve the effectiveness of the joint peacekeeping forces.
- Both Russia and Ukraine have played ambivalent and sometimes counterproductive roles, serving to mediate the dispute while also competing with one another as interested parties. The Ukrainians, for example, undermined

efforts to create a united customs service through their assistance to the Transnistrians.

- The original reasons for the conflict have largely been overtaken by events. History is helpful in understanding the origins of the dispute but does not account for its continuation. Progress may depend upon the development of further incentives for the disputants to move away from the *status quo*, much as incentives were previously offered for Russian cooperation.
- Many political and business elites on both sides are relatively comfortable with present arrangements, so real motivation for change and reunification may come only if the situation destabilizes itself through an economic or political crisis or if an external actor, whether Russia, Ukraine, or the international community, renders the *status quo* untenable.
- Although a formal political settlement is the paramount objective, NGOs can play an important role. The “track two” diplomacy of these organizations can help to prevent the parties from moving further apart, while shedding new light upon the current nature of the conflict and the views of the participants.

P. Terrence Hopman

Director of the Program on Global Security, Thomas J. Watson, Jr. Institute for International Studies, Brown University

Professor Hopman presented his paper, “Prospects for Resolving the Transnistrian Conflict: Some Preliminary Suggestions.” He made the following major points.

- The major issues that led to the outbreak of violence during the collapse of the

Soviet Union have largely faded into memory, and other interests and identities have been created that pose new obstacles to a settlement of underlying issues. This has given rise to “frozen conflicts” in regions such as Abkhazia, Nagorno-Karabakh, and Transnistria. As a result, initiating a genuine process of resolution for the underlying conflicts becomes more difficult. The initiation of that process requires a shift in the current equilibrium.

- Long-lasting conflicts are particularly “ripe for resolution” when they reach a “hurting stalemate,” which affords the parties “mutually enticing opportunities” that impart “a sense of the way out” of the deadlock. Transnistria reached a stalemate long ago, but a sense of “hurt” sufficient to move it toward a resolution has been lacking. Considerable economic pain is felt by many residents along the Dniestr River, but it is doubtful that many people on either side attribute this primarily to the to the present-day division of Moldova. Stalemates usually offer mutual opportunities, but in this case they are difficult to find.
- Multiple mediators can cause additional problems. In the Transnistrian conflict, the OSCE is the central mediator. Yet Russia and Ukraine have also provided mediation at the same time that they have acted as interested parties to the conflict. This presents the disputants with opportunities to play the mediators against one another.
- How might Russia and Ukraine be persuaded to work through the OSCE instead of working alongside it? This realignment may require a major effort by the United States and other Western countries to strengthen the overall role of the OSCE. A perception exists,

particularly on the part of Russian officials, that the role of the OSCE has been devalued in the West and that Western states regard NATO as the paramount security organization.

- As NATO expands, there is a danger that Russia and Ukraine will become increasingly isolated from European security structures. The OSCE, not NATO, is responsible for conflict mediation and prevention, however. The OSCE provides a unique venue for these activities because its membership includes all of the interested parties, most significantly, Ukraine and Russia.
- The Transnistrian dispute has come to be framed in terms of the material interests of elites. For this reason, it may prove tractable to settlement by traditional bargaining methods, including offers of rewards, mutual enticements, and warnings about future suffering in the absence of a settlement. External parties may play a role in providing these incentives to both sides of the dispute. Similar incentives might encourage Romania, Ukraine, and Russia to play more concerted and constructive roles.
- It may be counterproductive to focus on proposals for final status—autonomous, federal, or confederal arrangements—since some party will resist any concrete proposal. In such cases, it is often preferable to build an agreement from the bottom up, one step at a time, focusing upon mutually advantageous tradeoffs and working with specific issues rather than with an overall framework for agreement.
- A relevant model for such a negotiation may be found in the efforts by the central government of the Russian Federation and the Republic of Tartarstan to define their mutual relationship in a long series of

negotiations between 1992 and 1994. In that case, competencies were divided largely according to technical criteria depending upon which level of government could perform a given function most effectively. In Transnistria, as in Tartarstan, the final arrangements may vary from those that anyone has foreseen.

Highlights of the Discussion

The conflict between Moldova and Transnistria is close to a solution. The final steps will be difficult, but recent movement has been positive. Under the leadership of Russophone President Vladimir Voronin, Moldova has accepted Russian as a second official language. Voronin is from Transnistria, where previously he was head of a municipal administration and where some of his family members still reside. He is a Communist, and if his party obtains enough votes it might grant Transnistrians the autonomy that they have been seeking.

President Voronin has applied economic leverage toward a resolution, but the private interests of his Transnistrian counterpart, Igor Smirnov, do not provide incentives for an agreement. Indeed, Smirnov currently has everything to gain from maintaining the *status quo*. Predictably, he has been resisting Russia's withdrawal of munitions stored in Transnistria.

Voronin may be open to some variant of a Tartarstan model, and others on the Moldovan side also might be agreeable as long as the result were a single state. There may be advantages, however, in avoiding discussions of final status. Much may depend upon whether Transnistrians are able to trust President Voronin, and that trust may develop over time.

Mediator shopping on the part of the disputants has complicated the peace process in Transnistria. Following Russia's commitments at Istanbul in 1999 to withdraw or destroy Russian armaments located in Transnistria, the Transnistrians felt betrayed and have been shifting their strategic alliance from Russia to Ukraine. None of the conflicts in the region can be resolved without Russia, but conflict in Transnistria also requires coordination with Ukraine.

If Russia and Ukraine were to join in a concerted approach to the problem, the *status quo* might prove less alluring to Transnistrian officials. For example, if Russia continues to require Transnistria to pay for its energy supply, as it did in the winter of 2002 and as it does in the case of Moldova, then Transnistrians might be moved toward an agreement. Without the cover provided by competition between Russia and Ukraine, corrupt local officials could be brought to justice, or forced, at the very least, to make tougher choices. Russia and Ukraine are seeking certain benefits from the West; Transnistria is seeking certain benefits from Russia and Ukraine. Leverage is available for the conclusion of the process.

Some Transnistrians would be happy to achieve a status similar to that of Taiwan, but such an arrangement would not be a genuine solution since it would leave an open door for corruption and criminal activity and would legitimize the further disintegration of former Soviet republics into unmanageable ethnic microstates. Moreover, Moldova needs Transnistria's economic resources, including tax revenues. It cannot afford to have "Europe's largest duty-free shop" on its territory.

Panel V: Roundtable on the Role of Outside Players: Iran, Turkey, and Russia

Iran

Tom King

*Bureau of Intelligence and Research,
Department of State*

Mr. King made the following major points.

- The Caucasus is not among Iran's primary concerns at the present time. Iranians are focused upon national security, the economy, and geopolitics. They view their country as an up-and-coming regional superpower, a self-conception that draws upon the heritage of their twenty-year Islamic revolution and their desire to share its legacy with the Muslim world.
- Iranians have an older legacy of hegemony in the Caucasus and a sense that Iran sits at the crossroads of a number of different regions. They see themselves as a bridge between the Middle East and South Asia and between Central Asia and the Persian Gulf. They are well positioned for various intermediary roles among the diverse interests of these regions. They draw upon this point in their efforts to improve their foreign relations and especially in their efforts to engage with Europe and China.
- They also draw upon their Indo-European roots and their cultural uniqueness to set themselves apart from surrounding states. Within the Muslim world, they are distinguished by their practice of Shiite Islam. For all of these reasons, they say they are not beholden to anyone and can make alliances based on national interest

alone. They have been fairly successful at selling that notion to the region. In

general, President Khatami has met with some success in his efforts to restore Iran's international image.

- National security is the number one priority for the regime, especially for the conservatives who control the national security apparatus, but much of this focus translates into an insular mentality. They see themselves as the odd man out, surrounded by potential enemies and the victim of countless invasions. They became pawns in the "Great Game" between Britain and Russia and later in the Cold War struggle between the United States and the Soviet Union. Part of the impetus for their revolution was their weariness with foreign domination.
- Oil and gas are the foundation of Iranian income, accounting for 80 percent of its export economy. Trade is the other major source of foreign currency, though it is limited to exports such as textiles and carpets, iron, steel, and agricultural products. Iran's major economic goal is self-sufficiency, and it is far from achieving it.
- With regard to its neighbors, Iran's immediate concern is the security of its borders. Because it does not perceive a threat from its immediate north, there is little discussion of Caucasus issues, and that may be advantageous from a US standpoint. Iran sees the Caucasus as a buffer between Russia and Turkey, which it does not trust. In particular, Iran is uneasy about Turkey's growing alliance

with the United States and its relative ease with Israel. These relations tend to place Iran on Armenia's side in its conflict with Azerbaijan, even though Iran has strong religious ties to the latter.

- Azeri nationalism and its potential for irredentist claims are not regarded as a significant threat. In particular, the Azeri population in northwestern Iran is unlikely to seek to join Azerbaijan. Despite growing prosperity in Azerbaijan, it will remain with Iran due, in part, to Iran's significance as a major regional actor.
- The Caucasus is starting to loom larger on the Iranian horizon from an economic standpoint as a consequence of the region's energy reserves, however. Iran will resist its marginalization in the region, which it sees as an US objective.
- During the last few years the United States also has loomed larger on the Iranian horizon. Iranians see the situation in Afghanistan as a double-edged sword. They are glad to be rid of the Taliban but are disturbed by the growing US presence in the region.
- Iranians have played both positive and negative roles in the US war on terrorism. Notably, they have helped some of America's adversaries to evade apprehension, as part of their standard tactic to maintain pressure upon the United States. Some in Iran argue that the US anti-terrorist campaign is a ruse and that increasing US interest in Afghanistan, Pakistan, Iraq, and Azerbaijan is an effort to encircle Iran as a prelude to US action against it. Iranians also see the US as attempting to hem them in with sanctions.

Turkey

Bulent Aliriza

Senior Associate and Director of the Turkish Program, Center for Strategic and International Studies

Mr. Aliriza made the following major points.

- Turkey's current priorities are not in foreign policy and have not been for most of the past decade. This situation is a product of internal preoccupations, including its long struggle with Kurdish separatists and a floundering economy. Its international influence has been diminishing steadily, even as its overall geostrategic importance has been enhanced by international developments.
- Hobbled by foreign and domestic debts that have reduced living standards and increased unemployment, Turkey once again may face a confrontation between a popular Islamist party and the vigorously secular military. The Islamists are taking advantage of the economic problems, mismanagement, and corruption to open a substantial lead in recent opinion polls.
- The main priorities in Turkish foreign policy are the future of its European Union application—due for a decision this year; the long-running Cyprus problem, which has serious implications for relations with Greece and the rest of the EU; the possible extension of the war against terrorism to neighboring Iraq; and the worsening situation in the Middle East. In addition, Turkey is engaged in an ongoing redefinition of relations with the United States and the Western Alliance after the Cold War.

- Following the collapse of the USSR, the emergence of the Caucasus sub-system on Turkey's borders required the formulation of a new regional policy, or, more correctly, a series of policies towards the three new countries with a regional veneer.
- Though still a work in progress, Turkey's role in the Caucasus is assured by the physical proximity and weakness of the Caucasian states, the need of Azeri and Georgian leaders for Turkish support to shore up their positions against internal foes and external pressures, and support from the United States—particularly regarding the transportation of Caspian oil through the projected Baku-Tbilisi-Ceyhan pipeline.
- Turkey's goals in the Caucasus include maintaining good relations with Azerbaijan and Georgia; managing difficult relationships with Armenia and Iran—the latter at once an economic partner and the Islamic antithesis of Turkish secularism—ensuring the success of current pipeline projects, and containing Russian influence in the region.
- Since 1991 Turkey has participated in multilateral diplomatic efforts to resolve the conflict in Nagorno-Karabakh. Although tilting toward Azerbaijan, Turkey initially sought pragmatic accommodation with Armenia and supported efforts to achieve a settlement of the crisis. Relations soured with Armenia following its alliance with Russia in 1992, however, and Ankara's influence in Baku declined after Heydar Aliyev came to power there in 1993. Relations with Armenia further declined due to increasing salience of the Armenian genocide issue and a regime change in Yerevan. Gradually Baku began to gain influence in Ankara due to Turkey's eagerness to transport Azeri oil through its territory.
- Turkey is pursuing closer relations with Baku and Tbilisi. Despite the activities of the Abkhaz diaspora, Turkey has consistently backed Tbilisi. This stance puts Turkey at odds with Russia, but Ankara has been careful to avoid any possible spillover into its bilateral relationship with Moscow. Paradoxically, its reluctance to support Abkhaz insurgents, who have been backed by Moscow, is rationalized in terms of its general policy of avoiding support for separatists in the Caucasus, which, to Russia's satisfaction, includes the Chechens.
- Involvement in the Ossetian issue, which has little resonance in Turkey, has been even less notable, although Turkey has participated in OSCE missions in a low-key manner. Turkish involvement in Moldova has been negligible.
- In the near term, Turkish efforts are not likely to help resolve the Nagorno-Karabakh dispute or the conflicts in Georgia. Theoretically, the growing Turkish interaction with the governments in Tbilisi and Baku, especially in energy and military matters, could give it some positive leverage in peace negotiations. In practice, however, the reverse seems to be happening, as the leaders in the two countries have become convinced that they can count on virtually unquestioned Turkish support for their positions.
- Ankara surely recognizes that closer relations with Baku and Tbilisi will foster an even greater sense of isolation and insecurity in Armenia. A growing sense

of isolation will prompt Yerevan to seek closer relations with Moscow and Teheran and will encourage further cooperation in the Caucasus between Russia and Iran, both of which will perceive a greater threat to their interests.

- Despite the very real changes brought about in the region by the post-11 September situation, including the recent deployment of US military advisers in Georgia, the Turkish foreign policy elite and, more importantly, the military establishment will continue to be averse to risky diplomatic or military moves in the Caucasus.

Russia

Anne Herr

*Bureau of Intelligence and Research,
Department of State*

Ms. Herr made the following major points.

- Russia's weakness poses a dilemma for peacemaking in the Caucasus and Moldova. Although Moscow will have a key role in any resolution of these conflicts, it is neither entirely able nor entirely willing to play the part.
- Russia is key to the resolution of these conflicts in the sense that it is difficult to imagine any solutions that do not require Russian cooperation. Russians have relationships on all sides of these conflicts from the top levels down to the grassroots. They have played an historical role in each of these conflicts, since the Soviet period at least, and their proximity means not only that Russia will remain important to all of the disputants but that these disputes will remain important to Russia.
- Russia's considerable leverage in this region has not been effectively exerted, however. This is, in part, because Russia recognizes the delicacy of its situation and lacks confidence both in its ability and in the reliability of international support should the situation in the region deteriorate. Each of these conflicts involves issues—trade, energy, and troop withdrawals, *inter alia*—that might be played to Russia's advantage, but specific actions on any of these issues run the risk of an undesirable outcome that would undermine Russia's prestige and detract from its influence.
- Moreover, the various parties to these regional disputes have their own agendas, and many of them would be willing to call Moscow's bluff. Abkhazia, for example, is already isolated and would have little to lose by ignoring Russia.
- Given Russia's current weakness, the intransigence of these conflicts, and the opportunities for failure, serious involvement is risky and unattractive from a Russian perspective. Because Moscow is currently seeking to avoid risk, it is prepared to accept the *status quo* and might conclude that it has more to gain from the advertisement of its political leverage than from its concrete application. As a result, the Russian approach toward these conflicts has been both ambivalent and inconsistent and is likely to remain so unless there are strong incentives for a different approach.
- Generally, Russia's interest in the CIS countries is closely connected with the preservation of stability and Russian influence. These factors have led Moscow to accept broader responsibilities for regional stability and peacekeeping. The two strategies are not always

compatible, and Russia's present weak position sometimes forces it to choose. When stability is a concern it opts for one set of policies, but when security is assured Moscow begins to maneuver for greater influence. Currently, stability is a key issue because Russia is overextended in Chechnya and does not wish to become involved in other conflicts.

- From a security standpoint, the Caucasus is among Russia's top foreign policy priorities, possibly more important to Moscow than any other region. Yet there also is an economic dimension to Russia's involvement in the Caucasus, and under the current Moscow administration this dimension is becoming gradually more distinct from Russia's political goals in the region. The result may be an increasingly pragmatic and flexible posture with more opportunities for cooperation and constructive engagement in regional peace processes.

Highlights of the Discussion

President Putin's policy toward separatists remains ambiguous. Although he has not supported separatism, he has been inconsistent in his discussion of separatism elsewhere in the CIS, creating a potential for misunderstanding. In this regard, the situation in Abkhazia could be dangerous because of a lag between perceptions of Abkhaz leaders and political developments in Russia. Putin is cracking down on political "freelancers" in Russia, but Abkhaz leaders may not get that message until they are in the midst of a crisis. Abkhaz misconceptions also may result from inflammatory statements of members of the Russian Duma. The potential exists for some Russian factions to drag Russia into Abkhazia regardless of official policies.

The Russian response to the Abkhazian military crisis of October 2001 should not be interpreted as an indication that the Russians will help the Abkhaz. Rather, it shows that Russia will fight Chechens wherever they may appear. Indisputably, the Caucasus is important for Russia. Russia tends to look at Iran and Turkey from the perspective of its interests in Central Asia and the Caucasus.

The Iranian revolution has failed economically. The growing unemployment problem is seriously exacerbated by an explosion in the population of young people. This situation is a highly volatile and will pose a more strenuous test for the current Iranian regime than will any aspects of US policy. This problem is an incentive toward rapprochement with the United States. The Iranians are pragmatists, as illustrated by their silence on the war in Chechnya, and they have shown potential for cooperation with the United States. Yet despite their antipathy toward Baghdad, they prefer to avoid military conflict in any of their neighboring states and remain concerned about US policy toward Iraq.

The Turks perceive the region's energy pipelines from a strategic standpoint and have become involved in Georgia's internal politics in an effort to protect the transit corridor. Otherwise, they have yet to establish coherent policies toward the Caucasus. Apart from trading their own silence on the Chechens for Russia's silence on the Kurds, they also have yet to establish a policy towards Russia's presence in the region. They seek an opportunity to play a constructive role in Nagorno-Karabakh and, to a lesser extent, in Abkhazia, but they are uncertain as to how to proceed in either case. The Turkish military is a conservative institution and is not likely to get involved in the Caucasus. Turkey recognizes a responsibility for concerted action as a

member of NATO, however, and is looking toward the United States for strategic guidance.

Iran, Turkey, and Russia are alike in several ways. First, they have interests in the Caucasus. Second, they recognize their current weakness. Third, they are seeking some basis for a coherent and productive approach to the region. To what extent might it be possible to cultivate a regional approach by moving away from a traditional zero-sum framework and focusing instead upon shared interests in stability and economic development? The cultivation of such a regional approach on the part of the larger regional players might contribute to a similar approach on the part of the disputants in each of these conflicts.

Panel VI: Wrap-Up Session

Highlights of the Discussion

There was a consensus among the conference participants that Transnistria was most likely to be resolved in the next five years and that its duration would pose the least danger to regional and international communities. Participants generally saw little possibility that the Abkhazian conflict would be resolved in the near term. Most agreed that further fighting in Abkhazia could contribute to the collapse of Georgia. Although there was less consensus on the prospects for Nagorno-Karabakh, most participants thought that it posed intermediate-level opportunities for resolution and dangers of intensification.

Some participants thought that a genuinely regional approach in the South Caucasus might help to transcend the conflicts in much the same way that membership in the European Union might eventually make British devolution irrelevant. As state sovereignty is gradually superseded by regional institutions, ethno-separatism may seem an anachronism. For this and many other reasons, a long-term regional approach is important in the South Caucasus, particularly in terms of shifting the discussion away from the present zero-sum mindset toward a recognition of shared interests and mutual benefits.

Other participants thought that a regional approach might not be as suited to the South Caucasus as in Europe because of the vast differences between the two regions. The South Caucasus lacks the same economic incentives for cooperation as well as the political will. Too many local actors have capitalized on their own intractability, turning political stalemates into opportunism, corruption, and criminality.

Given the movement toward regional organizations in other parts of the world, support for micro-political fragmentation is waning. Instead there is general anticipation that these statelets eventually will recognize the inevitability of returning to the fold of their parent states. Yet the expectation that a separatist society should quietly lose the peace after paying dearly to win the war is a recipe for future conflicts, since their members surely will be dissatisfied with the result.

Generally, it is important for mediators to listen to the disputants and to avoid an imposition of externally formulated arrangements. Unofficial mediation processes can be particularly helpful in developing creative new approaches based on a diversity of viewpoints. Yet outside leadership is sometimes crucial and can ensure that international standards and principles are upheld. All these conflicts occur within an international context that sometimes precludes the equal status of the parties. Georgia, for example, is an internationally recognized state while Abkhazia is a secessionist entity.

Following the breakup of Yugoslavia, the international community has shown greater caution about the disintegration of states and a resolve that the fragmentation of sovereignty should not continue beyond the level of the Soviet Union republics and the Yugoslav republics. The breakup of the Soviet Union did not go the way of Yugoslavia. From this perspective, Russian leadership played an historic role in preventing far greater problems than those we are currently facing, but how can Russia be engaged toward a solution for these regional conflicts?

Moscow, with its many contacts on all sides of these disputes, can do a great deal to help. Russia has already wielded leverage through a variety of strategies, such as the manipulation of energy supplies and visa regimes, yet Russian domestic politics places constraints upon its international policies. For example, some Russian officials have responded to the strong Transnistrian lobby in Moscow. For the most part, Russia's internal political dynamics remain somewhat obscure, though they are often important from the standpoint of US negotiations in the field. At times it appears that some Russian officials are working toward a solution while others are working against it. Some in Moscow are convinced that the United States wants Russia to use its influence today so that it will lose that influence in the future.

It also is in Russia's interest to resolve these conflicts because they represent pockets of potential instability and lawlessness on its doorstep. The current geopolitical climate presents an unanticipated opportunity for constructive engagement with Russia. Because Russians are extremely concerned about recent US activities in the region and many Russians expect the United States to act in a unilateral manner, there would be psychological leverage in public statements from US officials declaring commitment to a multilateral approach in which Russia has a key role to play. Current Russian anxiety about US involvement in the region would provide its own inducements for constructive multilateral engagement if a framework for that engagement were available. If offered a choice between constructive engagement or exclusion, Moscow would be likely to choose the former. Because the region is crucial to Russia's security and economic interests, the fear of marginalization and the opportunity to preserve or expand its influence in the region might be sufficient incentives to overcome domestic political resistance.

Appendix A

Conference Agenda

Resolving Conflicts in the Caucasus and Moldova: Perspectives on Next Steps

Meridian International Center
6-7 May 2002

6 May 2002

Day One

8:30 AM – 9:00 AM

Chairman: **John Parker**, Office of Analysis for Russia and Eurasia,
Bureau of Intelligence and Research, Department of State

Coffee and Registration

9:00 AM – 9:15 AM

Opening Remarks

Christopher Kojm, Deputy Assistant Secretary of State, Bureau of
Intelligence and Research, Department of State

George Kolt, National Intelligence Officer for Russia and Eurasia,
National Intelligence Council

9:15 AM – 9:35 AM

Keynote Address

Ambassador Rudolf Perina, Special Negotiator for Nagorno-
Karabakh and Eurasian Conflicts, Department of State

9:35 – 10:45 AM

Panel I: *Abkhazia*

Paula Garb, University of California at Irvine
Jonathan Cohen, Conciliation Resources

Discussant: **Susan Allen Nan**, Alliance for Conflict Transformation

10:45 AM – 11:00 AM

Break

11:00 AM – 12:15 PM

Panel II: *South Ossetia*

Arthur Martirosyan, Conflict Management Group

Discussant: **Susan Allen Nan**, Alliance for Conflict Transformation

12:15 PM - 1:30 PM Luncheon

Ambassador Joe Presel
 “Peacemaking in the NIS and Lessons Learned”

1:30 PM - 2:24 PM Panel III: *Nagorno-Karabakh*

Marc Spurling, UNHCR, Azerbaijan

Discussant: **Theresa Grecik**, Advisor, Office of the Special Negotiator for Nagorno-Karabakh and Eurasian Conflicts, Department of State

2:45 PM - 3:00 PM Break

3:00 PM - 4:00 PM Panel IV: *Transnistria*

Ambassador William Hill, Woodrow Wilson International Center for Scholars;
P. Terrence Hopmann, Brown University

Discussant: **Julianne Paunescu**, Office of Analysis for Russia and Eurasia, Bureau of Intelligence and Research, Department of State

4:00 PM Adjournment

7 May 2002 Day Two

8:30 AM – 9:00 AM Chairman: **George Kolt**, National Intelligence Officer for Russia and Eurasia

Coffee and Registration

9:00 AM – 10:30 AM Panel V: *Roundtable on the Role of Outside Players (Iran, Turkey, and Russia)*

Anne Herr, Bureau of Intelligence and Research, Department of State
Thomas King, Bureau of Intelligence and Research, Department of State
Bulent Aliriza, Center for Strategic and International Studies

10:30 AM – 10:45 AM Break

10:45 – 12:00 PM Wrap-Up Session

12: 00 PM Adjournment

Annex B

Participants

John Parker is Chief of the Regional Analysis and Eastern Republics Division at the Department of State's Bureau of Intelligence and Research (INR). He has been an analyst of Soviet and post-Soviet politics and national security issues for the State Department since 1974, including several tours in the US Embassy in Moscow. He is the author of the two-volume work *Kremlin in Transition*.

Christopher Kojm is Deputy Assistant Secretary of State for Intelligence Policy and Coordination. He previously served in Congress on the staff of the House International Relations Committee, under Ranking Member Lee Hamilton as Deputy Director of the Democratic Staff (1997-98) and Coordinator of Regional Security Issues (1995-96); under Chairman Hamilton as Director of Regional Affairs (1993-94); and under Subcommittee Chairman Hamilton on the staff of the Europe and Middle East Subcommittee (1984-92).

Ambassador Rudolf Perina is the Special Negotiator for Nagorno-Karabakh and Eurasian Conflicts. Before assuming this position in October 2001, he served as the US Ambassador to the Republic of Moldova from 1998-2001. Ambassador Perina is a career member of the Senior Foreign Service and has specialized in Russian, East European, German and NATO affairs. He has served in Ottawa, on the NATO desk of the State Department, in Moscow, the US Mission in Berlin, the US Mission to NATO in Brussels, and in Belgrade as Chief of Mission. He also served as Director for European and Soviet Affairs on the National Security Council, as Deputy Chairman of the US Delegation to the Vienna Negotiations on Confidence and Security-Building Measures in Europe, and as Senior Deputy Assistant Secretary of State for European and Canadian Affairs.

Paula Garb is Associate Director of the Center for Global Peace and Conflict Studies and Associate Adjunct Professor of Anthropology at the University of California, Irvine. Since 1979 she has conducted extensive anthropological fieldwork in the former Soviet republics, most frequently in the Caucasus. For the past six years she has facilitated dialogue projects between Abkhaz and Georgian academics, journalists, government representatives, and non-governmental organizations.

Jonathan Cohen is Caucasus Program Manager for the London-based non-governmental organization Conciliation Resources. His work focuses on peace-building and dialogue initiatives in regard to the Georgia-Abkhazia conflict. He joined Conciliation Resources in 1997, having served as Deputy Director of the Foundation on Inter-Ethnic Relations in The Hague, working with the OSCE High Commissioner on National Minorities. Previously he worked as Former Soviet Union Program Officer at International Alert in London.

Susan Allen Nan is Director of the Alliance for Conflict Transformation based in Fairfax, Virginia. Previously she was the Senior Program Associate for Conflict Resolution at the Carter Center in Atlanta. Since 1991, Dr. Nan has regularly mediated, facilitated, and evaluated conflict resolution efforts in interpersonal, inter-group, and international conflicts both within the US and abroad. She specializes in multiple conflict management roles in inter-group conflicts.

Arthur Martirosyan is a Program Manager for the Conflict Management Group (CMG) and Director of the Momentum Program: Leadership and Negotiation Culture Change in the Former Soviet Union. At CMG, Mr. Martirosyan has been involved in the design of assistance programs in Chechnya, South Ossetia, and Abkhazia. Before joining CMG, he was a program associate with the Civic Education Project.

Ambassador Joe Presel joined the Foreign Service in 1963. He has served in various capacities in Ankara, Paris, Moscow, and the US Missions in Geneva, Vienna, Belgrade, and Uzbekistan. His final post was as Ambassador to Uzbekistan from October 1997 to October 2000. From 1994 to 1997, he was coordinator for regional issues in the former Soviet Union. This position involved formulating and implementing US policy with respect to the conflicts in Nagorno-Karabakh, Georgia, Moldova, and Tajikistan. Now retired, Ambassador Presel is a private consultant.

Marc Spurling is Associate Field Officer for the United Nations High Commissioner for Refugees (UNHCR) in Azerbaijan. As such he is responsible for monitoring and evaluating all projects implemented by partner NGOs in the field of income generation, vocational training, and agricultural inputs. Before joining UNHCR, Mr. Spurling worked as a Senior Field Representative, Regional Sector Advisor, and Project Manager for the CARE International Azerbaijan country program.

Theresa Grencik, a Department of State Foreign Service Officer, is currently serving as an Advisor in the Department's Office of the Special Negotiator for Eurasian Conflicts. Previously she served as the political/economic officer in the US Office in Pristina, Kosovo, as Special Assistant to the Ambassador at the US Embassy in New Delhi, and as Vice Consul in the US Embassy in Sofia.

Ambassador William Hill is a Public Policy Scholar at the Woodrow Wilson International Center for Scholars. A career foreign service officer, he has served in Moscow, Leningrad, Belgrade, the US CSCE delegation in Vienna, and Dhaka. From 1999 to 2001, Ambassador Hill was Head of the OSCE Mission to Moldova, where he was responsible for conducting negotiations on the Transnistrian conflict and facilitating the withdrawal of Russian forces, arms, and ammunition from Moldova.

P. Terrence Hopmann is Professor of Political Science and Director of the Program on Global Security of the Thomas J. Watson, Jr. Institute for International Studies at Brown University. Dr. Hopmann's research focuses on the processes of negotiation and conflict resolution on security issues within states, regionally within Eurasia, and globally. Recent publications include *Building Security in Post-Cold War Eurasia: The OSCE and U.S. Foreign Policy*. His most recent work has focused on the role of the OSCE in conflict prevention and resolution in the post-communist regions of Europe and Eurasia.

Julianne Paunescu, a Department of State Foreign Service Officer, is currently serving in the Office of Analysis for Russia and Eurasia of the Department of State's Bureau of Intelligence and Research as the analyst for Moldova and Belarus. Previously, she served in Romania, Algeria, the Philippines, Panama and, most recently, as the Public Affairs Officer in Chisinau.

George Kolt has served since 1992 as National Intelligence Officer for Russia and Eurasia in the National Intelligence Council. Early in his career, he specialized in Soviet and European Affairs while serving in politico-military, intelligence and academic assignments in the Air Force. He was detailed to the National Intelligence Council in 1981, first as the Assistant National Intelligence Officer for the USSR and then, from 1984 to 1986, as the National Intelligence Officer for Europe. After retiring from the Air Force, he headed the Directorate of Intelligence's Office of Soviet and then Slavic and Eurasian Analysis from 1986 to 1989.

Anne Herr is the Russia and Caucasus analyst in the Office of Analysis for Russia and Eurasia in the Department of State's Bureau of Intelligence and Research. She has covered Russian and Soviet foreign policy issues in that office since 1989 and has focused on Russia's relations with the other Newly Independent States since the collapse of the Soviet Union in 1991.

Thomas King is the Iran analyst for the Bureau of Intelligence and Research. Previously he has served as a political analyst for Afghanistan, staff aide to the Assistant Secretary, and as a Watch Officer. Before joining INR, Mr. King served overseas in Mexico and Peru as a US Foreign Service officer.

Bulent Aliriza is Senior Associate and Director of the Turkish Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C. He also is co-director of the CSIS Caspian Sea Oil Study Group, looking at the problems in the extraction and transportation of oil and gas from the ex-Soviet Turkic Republics to the world market. Dr. Aliriza is an expert in Turkish politics and foreign policy, relations between Turkey and the wider Turkic world, and the politics and transportation of ex-Soviet oil. He previously served for a number of years as a diplomat with posts at the United Nations and in Washington.

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