

ENGLISH only

**Statement by the EUSR for the South Caucasus Peter Semneby
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INTRODUCTION

I have had the great privilege of holding the position of **the European Union's Special Representative for the South Caucasus since March 2006**; at the end of this month, I anticipate that my mandate runs out. I am extremely grateful to the Lithuanian Chairmanship for giving me this opportunity to address this distinguished body for the sixth time in this capacity.

Much as was the case in 2006 when I first addressed the Permanent Council as EU Special Representative, the South Caucasus unfortunately continues to be **a region characterised by volatility and instability**. Secessionism, an unstable neighbourhood, and contradictory interests of powerful states make for a precarious mix.

But of course **much has changed in these past five years**. The war between Russia and Georgia in August 2008 was a decisive moment. The launch of the Eastern Partnership in May 2009 was another key event for the South Caucasus. All three countries have gone through intense periods, with uneven results, in their democratic transition.

In this statement I will address **the current state of play in the region and consider what we need to do, as well as lessons I have drawn from my own engagement over the past five years**. I will also touch upon EU and OSCE cooperation as seen from my vantage point. I will pay particular attention to the highly troubling issue of the conflicts, and notably the issue of conflict prevention. I am convinced that we should work not only at conflict resolution, but also dedicate more resources to conflict prevention. The risk for open hostilities in the South Caucasus is a real one.

STATE OF PLAY

EU approximation

It is remarkable how much **more present** the South Caucasus is in Brussels today than five years ago. At that time, the region was perceived as an obscure outpost beyond the borders of Europe. Today, in particular following the latest round of enlargement, the countries of the South Caucasus are not only neighbours but also partner countries. They feature prominently on the EU's agenda.

The launch of the **Eastern Partnership** in May 2009 was an important step for the EU and the South Caucasus. The EaP has created a new framework for our relations with our Eastern partners, providing more instruments to satisfy our mutual expectations. The EaP reflects the EU's deep interest in a stable, secure, and prosperous Eastern neighbourhood, and its growing ambitions in this region. It is a recognition of the fact that since the latest round of enlargement in 2007, which brought the Union to the shores of the Black Sea, the interdependence of the EU and the Eastern neighbourhood is greater than ever before. It will give us better possibilities to take account of the aspirations of each one of our Eastern neighbours and will improve our possibilities to encourage intra-regional cooperation.

While the EaP is not premised on a **membership perspective**, it also does not exclude the possibility of future membership for the Eastern neighbours. But through the new Partnership, and in return for political and economic reforms undertaken by our eastern partners, the EU will substantially upgrade its contractual relationship with each of its partners through Association

Agreements. In order for the EU to be effective in the region and have leverage, it is important not to close any doors.

The current negotiations on **Association Agreements** will bring these countries closer to the EU politically and economically. I worked closely with the Swedish presidency of the EU in 2009 to pave the way for the decision to start these negotiations. This process is ultimately about reform. I believe that there is more scope to use the inherent leverage that this process contains to accelerate the pace of reform in Armenia, Azerbaijan, and Georgia.

Regional Stability

The EU continues to make a substantial **contribution to regional stability**, although this has been uneven. The EU's structural engagement with the South Caucasus has both created incentives for reform and provided a vision for the countries. It has given them similar objectives as guidance for their policies and development, and has added a layer of identity, a European one, which, I am convinced, will ultimately bring them closer together. The upgrading of political relations, increased mobility, and economic integration, are important parts of bringing Armenia, Azerbaijan, and Georgia closer to the EU. By providing reassurance and promoting reform and stability in Georgia, the EU helps to create the foundations for an eventual resolution to the conflicts. This in turn has contributed to overall stability in the region.

The unresolved conflicts in the South Caucasus continue to represent the primary **threats to the region's** stability. The status quo is inherently unstable. The conflicts are dangerous in their current state as they have the potential to escalate and adversely affect the EU's interests in the region. But they pose even greater challenges: the conflicts are also a formidable obstacle to a better overall security climate in Europe, since they represent challenges to the principles and values on which the European security order after the Helsinki Final Act are built. The international actors therefore need to remain fully committed in efforts to stabilise, manage, and resolve the conflicts. In particular this includes a strong engagement of the OSCE throughout the region. The loss of the OSCE Mission in Georgia has been very keenly felt by OSCE's partners.

The South Caucasus is today a **region of closed borders**. Closed borders between Armenia and Azerbaijan, Armenia and Turkey, as well as the absence of functional relations between Russian and Georgia, severely hamper the full potential of the region. All three conflicts block some of the most strategic communications links through the region. This is of profound importance in a region that is historically an intersection of strategic communications links running both from north to south and from east to west. If regional integration was to be pursued more forcefully, the potential benefits in economic terms from solving the conflicts might become apparent to the stakeholders.

The conflicts are **contributing to a nervous and charged political atmosphere**, where the conflicts and their victims, in particular the displaced persons, are often instrumentalised in political struggles. These closed borders are not only a consequence of the conflicts, but are increasingly also becoming a source of conflict, as many of them have now been closed for more than a decade. People on each side of the borders are at best growing up in ignorance about each other, but at worst with reinforced enemy images. The new generation on each side of the confrontation lines will therefore not only be divided by ethnicity, but also by lack of knowledge about each other, and often not even sharing a common language any more. The EU has an important role to play in contributing to a culture of dialogue in the region and in promoting regional cooperation and development opportunities.

Georgia

Two and a half years after the EU-brokered ceasefire, we are still **dealing with the consequences of the war between Russia and Georgia**, and we are far away from a resolution to the conflict. The security situation in and around Abkhazia and South Ossetia has improved but remains fundamentally fragile and unstable. The continuation of detentions remains a particularly serious problem. I have worked to secure the release and exchange of detainees on both sides of the ABL. But these detentions are highly detrimental to the conflict resolution process. There will be a need to maintain the EUMM in theatre for some time to come as the mission is currently the only international organisation providing stabilisation in Georgia. It is clear that the stalemate over Abkhazia and South Ossetia will continue in the long term.

We witnessed some **modest steps towards improved Georgia-Russia relations** during 2010. The withdrawal of Russian troops from Perevi checkpoint in October, the opening of the Upper Lars border crossing in March, and the resumption of limited flights were positive signs. The commitment by President Saakashvili to not resort to force against the separatist entities was also a welcome step. We have furthermore seen a slight toning down of rhetoric. Tbilisi has publicly expressed its readiness to conduct dialogue with Moscow. This is conditioned, however, on acceptance by Moscow that all topics are on the table, including the presence of Russian troops in Abkhazia and South Ossetia. Russia has also gradually changed its rhetoric, insisting less overtly on regime change in Georgia.

But despite these positive signs, we are **far away from open, formal contacts** between the sides. I am pessimistic about whether we will see any significant change in the near term. Upcoming presidential elections in both Russia and Georgia in the next two years do not necessarily provide for an improved environment for reaching out to the other side.

The **situation in the North Caucasus** is alarming in itself, but it is also dangerous with regard to Georgia-Russia relations. While there have been no indications of spill-over from the North Caucasus to Georgia, Russia has accused Georgia of harbouring terrorists, in particular in Pankisi Gorge. The EUSR Border Support Team, which took over from the OSCE Border Monitoring Operation in 2005, regularly monitors the state border and Pankisi Gorge. The EU has an interest in continuing to monitor the situation and provide an early warning function.

It is tempting to argue that we have **relative stability** in Georgia today simply because we have reached a period of status quo following the war in 2008. But this is only the surface. I would argue that the status quo does not equate to stability and that it is inherently dangerous since it runs the risk of deluding policy-makers outside the region to conclude that the situation is under control and that attention can be paid elsewhere. I would also argue against the hypothesis that the situation is more stable because statistically we have a decrease in the number of serious incidents around the Georgian conflict zones.

Nagorno-Karabakh conflict

The **Nagorno-Karabakh conflict** is of particular concern. It is interesting to contrast our engagement with Georgia post-August 2008 with our lack of engagement in Nagorno-Karabakh. The parties to the conflict are engaged in an unrelenting arms race; the ceasefire is not regulated; and there are recurring deadly incidents along the Line of Contact. The inherent logic and dynamic of the Nagorno-Karabakh conflict points to considerable dangers, and there is a real risk of precipitous escalation of tensions.

The **continued increase in defence spending** by both countries, is also contributing to the volatile situation. This arms-race could ultimately alter the precarious military balance, which is all the

more volatile since the ceasefire is an unregulated one. The threshold for offensive action and pre-emption may be lowered as a result.

Mediation efforts by the OSCE Minsk Group Co-Chairs during 2010 resulted in **little progress in bringing the parties closer together**, notwithstanding personal intervention by President Medvedev. The rejection of the Basic Principles has furthermore resulted in increased mistrust between Armenia and Azerbaijan. The OSCE Astana summit demonstrated how far apart the sides are.

Turkey-Armenia normalisation

The failure of the **Turkey-Armenia normalisation** process has been a big disappointment. This process has ground to a halt and the net outcome so far has probably been negative for the region. The withdrawal of the protocols would likely scuttle the prospect for normalisation for the foreseeable future and further entrench already firm positions.

The EU continues to **support the normalisation process** politically and is ready to offer technical support for its implementation, in particular on the rehabilitation of border crossings and border management. However, more needs to be done by the sides to salvage the normalisation process. I believe that the implementation of some limited elements of the protocols could serve as a positive confidence-building measure.

Democracy in the region

The democratic development of the region remains a difficult one. In part the conflicts undermine our efforts to promote **political reform and economic development** in the three countries. An absence of good faith political dialogue and a lack of trust between governing parties and opposition in the three countries continue to have a negative impact on the domestic environment throughout the region. Democracy and the rule of law are far from being consolidated in the region, despite general progress. Elections held over recent years have demonstrated that despite progress in organizing elections in a transparent and professional manner, significant shortcomings remain, as identified by OSCE/ODIHR.

Georgia has advanced the furthest in **creating democratic institutions**, but here as well there are question-marks relating to the independence of the judiciary, the media situation, and the implications of the rather abnormal situation with one party having a constitutional majority in Parliament and controlling every municipal council in the country. Armenia has still not overcome the consequences of the state of emergency following the presidential elections and opposition demonstrations in early 2008. In Azerbaijan the opposition has gradually been marginalised through a variety of means.

Nevertheless, the **political situation is more stable** than it was two or three years ago, but not out of the danger zone. The EU has made a contribution to this by promoting reform and intervening directly on crucial occasion in the domestic political developments, in particular in Georgia and Armenia. I engaged in the facilitation of dialogue between government and opposition in these countries, and also pursued a dialogue on human rights and media issues, especially with the authorities in Armenia and Azerbaijan.

WHAT NEEDS TO BE DONE

It is clear that the conflict in Georgia cannot be solved without **broader contacts between Georgia and Russia**. Only through a policy of good-faith engagement by all sides and dialogue can the

causes of the war be properly dealt with. The political process to resolve the conflict has proven a difficult one. Positions are entrenched, and mutual trust is at low. The Geneva talks remain the primary venue where all parties to the conflict meet. Beyond this, however, there is little contact between the sides. The situation therefore remains a dangerous one. The international community and the EU, in particular, must remain vigilant and stay committed to stabilisation and conflict resolution.

The **unresolved conflicts in Georgia remain a serious security threat to the EU**. It may be tempting to try to refreeze the conflicts. This, however, would be a serious mistake. Not only is it an illusion to think that frozen conflicts are stable; a refreeze would also continue to make the conflicts a major stumbling block in our relations with Russia. Since a large part of the EU's relations with Russia will be determined in the space between us, it is imperative that the EU steps up its engagement. Russia should also recognise that resolving these conflicts would lead to stability in our common neighbourhood, which is surely in Russia's interest.

Russia must also **abide by its international obligations**, in particular the full implementation of the Sarkozy-Medvedev ceasefire agreement, including the withdrawal of Russian troops to pre-war positions and unhindered humanitarian access. Needless to say, the EU also calls on Russia to respect Georgia's territorial integrity.

Georgia should also become **more forthcoming on engagement with Abkhazia and South Ossetia**. While this conflict has an inter-state dimension, it also has an inter-communal one. The conflict can only be resolved if Tbilisi is able and willing to engage with the entities and the people living there. I believe that Georgia can do this without crossing any of its red lines. In fact, engagement will in the long run serve Georgia's interests. This has to be done through dialogue, and cannot be done through take-it-or-leave-it offers. Georgia also needs the support and involvement of its international partners, and needs to trust them.

The EU itself has an interest in engaging Abkhazia and South Ossetia within the framework of the EU's respect for Georgia's territorial integrity. The EU **cannot afford white spots to develop** on the map of its immediate neighbourhood. The 2008 war and its aftermath have made this abundantly clear. Following the war, my focus has therefore been on promoting engagement, primarily with Abkhazia, as well as working with Georgia on its strategy for the Occupied Territories. A policy that seeks to isolate the entities is bound to fail given Russia's role there.

The **EU's non-recognition and engagement policy** rests on two mutually supporting pillars: the EU's firm commitment to Georgia's territorial integrity within its internationally recognised borders and the EU's interest in engaging with Abkhazia and South Ossetia. One pillar is not thinkable without the other. Non-recognition without engagement is sterile and counterproductive; engagement without a firm line on non-recognition is a potential slippery slope. This twin-pillar policy creates the political and legal space within which the EU can relate to the separatist regions without compromising its adherence to Georgia's territorial integrity. The EU's Political and Security Committee formally supported this policy in December 2009. In December 2010, the EU together with the Paris-based EU Institute for Strategic Studies organised an expert seminar to refine and come up with ideas for the engagement policy.

The **purpose of engagement** with the separatist regions of Abkhazia and South Ossetia is clear: by engaging the entities, the EU can open up these territories, increase its footprint and leverage, provide an alternative perspective to the predominant Russian one, and, ultimately, move closer towards a resolution of the conflicts. In essence this is about doing what the EU does best, namely to use its soft power to nudge societies in the direction of Europe while fostering a stronger European identity. Again, this engagement policy is premised on the EU's firm commitment to the

sovereignty and territorial integrity of Georgia. But being firm on principle does not exclude being pragmatic in practice.

The EU has to engage to **find common ground between the Georgians and the people living in the separatist territories**. Humanitarian activities are necessary but not sufficient. But even they run the risk of being politicised and therefore difficult to defend on either side. The implementation of other types of projects, even limited ones such as establishing economic and business links, remain difficult. The Abkhaz reject all cooperation that run through Tbilisi, while Georgia wants nothing to bypass Tbilisi's control. There is a fear in Tbilisi that our engagement policy will water down our position on non-recognition. The Abkhaz fear that EU engagement may be a trap of some kind. I believe that both these fears are exaggerated.

The **deteriorating security situation in Nagorno-Karabakh** represents the primary threat to regional stability and should be cause for serious concern. In recent months there has been a worrying increase in violent incidents along the Line of Contact resulting in a number of deaths. The lack of a comprehensive ceasefire regime, coupled with a limited OSCE monitoring capacity, entails a self-regulating and fragile ceasefire.

While the EU currently has no direct role in the peace talks, the EU's increased engagement in the South Caucasus during the past ten years suggests that **the EU could play a much more assertive role**. Also, it is hardly tenable for the EU to remain a passive bystander without even having access to the conflict region at a time when its relations with and stakes in the South Caucasus region are increasing rapidly. In the wake of unsuccessful efforts by the Minsk Group to reach agreement at the Astana Summit, the EU should make practical and political contributions in support of conflict resolution and Minsk Group efforts.

So far our engagement is modest. The EU has begun to fund a **package of soft confidence-building measures** which I have been part of initiating, and which includes projects promoting people-to-people contacts, media development, and public awareness in Armenia and Azerbaijan, including Nagorno-Karabakh. There is a particular need to work with the populations since there is a disconnect between the highest levels - those conducting negotiations - and the wider populations, which are still very much entrenched in their positions, relying on old enemy stereotypes.

The **ceasefire arrangement needs to be strengthened**. It is unacceptable that potentially destabilising skirmishes take place along the Line of Contact. These often result in deaths and injuries - though this is almost never reported in the international media. It is a mistake to assume that this status quo is stable. The sides to the conflict should recognise that they have an interest in greater stability and withdraw their troops from the frontline. Steps need to be taken to build greater confidence and trust on the ground.

The EU should also be allowed greater **access to Nagorno-Karabakh and the adjacent territories**. We have tried to visit the territory on a number of occasions, but have been prevented from doing so. For all intents and purposes, Nagorno-Karabakh remains a white spot for the EU. It is only through being allowed to engage with the people living there that we can have leverage and influence. Ultimately it should also be in the interest of Azerbaijan that the siege mentality in Nagorno-Karabakh is mitigated in this way.

The dangerous situation in and around Nagorno-Karabakh should be **cause for concern** for us all. The EU must not repeat the mistakes it made in Georgia ahead of the August 2008 war when it under-delivered in the area of conflict prevention. It is clear that the current trajectory is a dangerous one. If there is violence, this would come at a major cost for the EU in particular given the strategic importance of the region.

Due to further conflict potential in the region, **conflict prevention** remains an indispensable priority alongside the handling of the existing protracted conflicts. Conflict prevention and mitigation require a human security approach in addition to the political approach of official negotiations and security-related deployments. This approach focuses on the role of individuals and requires a different set of instruments by the international community, such as support to civil society to allow for a strengthened civic culture and community dialogue.

In particular, there are **many potential flashpoints in the South Caucasus**: the Azeri and Armenian minority areas in Georgia, where unemployment and social problems could acquire an ethnic conflict dimension if not handled correctly; some areas of Azerbaijan, where both Sunni and Shiite religious revival is creating concerns; the danger of spill-over from the increasingly precarious situation in the economically depressed and ethnically diverse Russian North Caucasus, etc. Many EU programmes are geared toward regional development in depressed minority areas, and we are also working on legislation, institution-building, education, and other rights issues together with the OSCE, including the High Commissioner on National Minorities, and the Council of Europe. But we need to raise awareness of the risks to be really effective.

LESSONS LEARNT

I would like to focus on **some lessons** that I believe we should take with us when looking at the South Caucasus over the past few years, not least on conflict prevention. I would also like to consider the EU's role in facilitating political dialogue in the South Caucasus, something I have been involved in during my tenure.

While I think that our response to the outbreak of war in Georgia was successful, I cannot say the same for our **ability to prevent the war** in the first place. Much more could have been done to prevent the situation that we found ourselves in August 2008. Prior to the war, the EU played a secondary and supportive role in the conflict resolution process. In line with my mandate, I advocated a reinforced EU presence on the ground, but without much response at the time. The increasing tension also required me, often along with individual member states, to defuse the situation, for instance persuading the Georgian leadership not to declare the CIS peacekeeping presence illegal. These efforts, however, should have been followed up by a more concerted effort to deploy an EU presence as reassurance and deterrent.

Our approach prior to the war was to **increase the EU's footprint in the separatist regions** Abkhazia and South Ossetia. The aim was to demonstrate that the EU cares about the regions, to reassure the local communities and to contribute to building trust between the sides. Our focus was the implementation of a broad package of confidence-building measures agreed by EU Member States following a high level fact finding mission to both conflict regions in January 2007. An important rationale behind this engagement was that the EU footprint and presence on the ground would raise the price for irresponsible acts for all sides. Another key objective was to increase people to people contacts and to decrease the isolation of the populations in the conflict zones.

The **proposed confidence-building measures** at that time included capacity building such as technical assistance to the Georgian Ministry of Conflict Resolution and Civic Integration to promote minority protection; EU information offices in the separatist regions; EU police liaison officers to be deployed with UNOMIG in Abkhazia and the OSCE in South Ossetia; the restoration of broken transport links through the rehabilitation of sea and rail lines; strengthening of the operational capacities of the customs authorities; other measures for the benefit of IDPs and refugees; support for education and health; academic exchanges with EU institutions; seminars on business techniques; information campaigns in the breakaway regions informing the populations

about the EU and the European Neighbourhood Policy; international conferences on conflict resolution and on minority rights; as well as strengthening of civil society.

It is worth recalling that the measures **built on previous EU contributions**. The European Commission was at that time the largest single donor in South Ossetia and Abkhazia. The EU was heavily involved in the important OSCE-led economic rehabilitation programme in South Ossetia, which was launched in 2006. In 2004 the EU also carried out the THEMIS mission to support the promotion of the rule of law. In 2005 the EU launched a Border Support Team which assisted the Georgian Border Guard and other relevant Georgian government institutions to pursue reforms and to develop their own capabilities.

While all these measures contributed to some extent to conflict prevention, they ultimately **fell short of preventing war**. It was clear to those of us working on the Georgia conflict that the situation was becoming increasingly dangerous in mid-2007, in particular following an incident in August 2007 which involved a Russian missile landing in central Georgia. This urgency was not, however, felt beyond the relatively small group of individuals working on the conflicts in Georgia. Georgia was a faraway place. Engagement in what was perceived as Russia's back yard was considered by some to carry the risk of provoking a conflict with Russia. But in the end, the opposite was true: the lack of engagement allowed and precipitated the build-up toward the most dangerous confrontation since the end of the Cold War.

There were numerous **warnings about an impending conflict** in 2007 and the first half of 2008: Russia's suspension of its implementation of the CFE Treaty; the Russian presidential decrees to build closer relations with Abkhazia and South Ossetia; the deployment of Russian railway troops in Abkhazia; the equipment of the CIS peacekeepers with artillery and deployment of paratroopers; the large Georgian deployments of security personnel in the Upper Kodori Valley; Georgian use of unmanned aerial vehicles in Abkhazia and the shooting down of at least one such vehicle by a Russian fighter jet; and the deliberate over-flight by several Russian military planes in July 2008. The Russian positions on the conflict regions seemed to harden following Kosovo's declaration of independence and the deterministic yet open-ended conclusions on Ukraine and Georgia at the NATO summit in Bucharest.

There were **several high-level interventions** in the spring and summer of 2008: a group of EU foreign ministers including the then President of the Council Rupel; High Representative Solana; German Foreign Minister Steinmeier on behalf of the now defunct Group of Friends of the UN Secretary-General; and, from the United States, Secretary of State Rice. Yet there was little interest in dedicating even modest resources to conflict prevention and resolution efforts on the ground in Georgia. I recommended the deployment of EU police, but only at the end of July - two weeks before the war - did the EU finally decide to deploy a very limited number of police liaison officers. I believe that had the EU done more on the ground, we could have been in a substantially different and much more benign situation.

Democracy in the region

In a volatile region, prevention may also need to **focus on the domestic political situation**. I have spent much time and effort facilitating talks between government and opposition during acute political crises and dealing with the aftermath of violent political confrontation throughout the last few years, in particular in Georgia and Armenia. This demonstrates that the EU has a role to play in facilitating political dialogue in the South Caucasus. In general this requires an envoy who is able to devote time and energy, has the standing among the local political establishment, and is seen as an honest broker by both sides.

In particular, I worked in a facilitation capacity during **domestic political crises in Georgia** between 2007 and 2009. There were three main periods of involvement. During and immediately after the authorities declared a state of emergency in November 2007, I engaged Adam Michnik to assist in the re-opening of Imedi TV, which the authorities had closed down. He also highlighted issues related to free media and in particular the role of the public broadcaster, not least through a group of experts that took part in a series of talk-shows on the public broadcaster long after the immediate intervention was over.

In the second and third periods I **facilitated talks between the government and opposition**. The second period of involvement followed after the presidential election in early 2008 and before the parliamentary election in May 2008, as I encouraged dialogue on electoral issues. Ultimately, the talks broke down after, but the talks themselves provided an outlet to defuse an acutely dangerous situation. Finally, during the demonstrations between April and July 2009, I was actively engaged in intensive discussions with the government and opposition trying to prevent the demonstrations from turning violent and the government from overreacting to the demonstrators. In the end, this intervention was successful and violence was avoided.

My domestic activities in Armenia and Azerbaijan have focused on **detentions of political personalities and media representatives**. I was involved in facilitation between government and opposition after the presidential elections and state of emergency in Armenia in February and March 2008. I contributed to the release of opposition detainees through talks at the highest political level and was involved in preventing further violence and detentions of senior opposition leaders in March 2008. In Azerbaijan, I worked to secure the release of the two bloggers in Azerbaijan; I have also maintained contacts with and highlighted the case of imprisoned journalist Eynulla Fatullayev.

HOW CAN EU WORK WITH AND IN THE OSCE?

The OSCE remains a **key partner and platform for the EU** in the South Caucasus. The OSCE also has a role in the conflicts. The clearest example of where the OSCE and the EU cooperate closely is in the Geneva talks where both organisations along with the UN co-chair the discussions, as well as the Minsk Group negotiations. There is untapped potential for further involvement of the EU with the Nagorno-Karabakh file and support to the Minsk Group.

But I believe that central and obvious role for the organisation remains in the area of **democracy promotion, rule of law, human rights, and freedom of the media**. In fact, the OSCE is an indispensable partner for human dimension activities in the field. Nobody does this better than the OSCE. The field work by the missions gives additional strength to work by other institutions, including ODIHR and the Representative on Freedom of Media.

I am therefore convinced that the OSCE needs to find a way **re-launch its human dimensions activities in Georgia**. These activities should not be held hostage by the conflict agenda. The termination of the mission left not only a vacuum in the field of conflict prevention and resolution but also in the area of democratisation and human rights.

The OSCE **High Commissioner on National Minorities** also has a particularly important role to play in the area of conflict prevention and resolution. As mentioned, the Caucasus is a complex web of ethnic minorities. The tailored engagement of the HCNM contributes to improving their situation, addressing many of their grievances, and thereby fostering greater stability.

I am saying this from the vantage point of **my own long-standing involvement with the OSCE**. As Head of Mission in Latvia and Croatia, I was at the other side of the table, collaborating with the EU, and learned how much the two organisations can achieve if the substantive work of the OSCE

is leveraged through the EU. I was also part of the first team that was dispatched to Georgia in November 1992 to establish one of the first missions of the then CSCE. The sad experience of having to deal with the same issues almost 20 years alter adds to my conviction that we need to make reinforced joint efforts to get out of the stalemate in the region, lest we face another confrontation in a few years' time.

CONCLUSIONS

The situation in the South Caucasus remains fragile and unpredictable. The EU therefore needs to strengthen its security and regional cooperation related efforts with the purpose of **transforming the conflicts**. Conflict management and resolution efforts need to be complemented by an enhanced focus on conflict prevention.

Despite some improvements in the Georgian conflict areas, it is imperative to remain vigilant and impress upon all parties the **importance of abiding by commitments** they have entered into. The full implementation of the six-point plan and implementing modalities will be key for future stability.

Having established the parameters within which the EU **engages with separatist entities in Georgia**, our engagement should increase through more far-reaching measures, within the framework of remaining firm on our respect for Georgia's territorial integrity.

Whilst continuing to support OSCE Minsk Group efforts to find a solution to the Nagorno-Karabakh conflict, it is crucial that the EU adopts a much more **assertive role regarding Nagorno-Karabakh**, not least given increased EU interests and engagement in the region, coupled with recently launched projects aimed at rebuilding confidence.

The **democratic reform agenda** in the region is proceeding, but with difficulty; we should continue to urge governments that the Eastern Partnership can provide an incentive and a framework within which the countries can move towards a consolidation of their democracies.

EU **engagement in the South Caucasus** must continue to be visible, strong and consistent. Any downgrading of relations - or the perception that relations are being downgraded by the EU - would be counterproductive to our interest in the region, resulting in the countries moving away from their EU approximation process and contributing negatively to stability in the region. While the establishment of the EU's future external relations structures provides a welcome opportunity to ensure greater institutional coherence in the EU's foreign affairs, this should allow for the continuation of a regional envoy function to provide visibility, impact and coherence in our engagement with this strategically important region.

The nature of the conflicts in the South Caucasus, in particular the involvement of Russia and the interests of Turkey, requires the EU to take a **regional approach to the conflict resolution**. The complex and intertwined conflicts in the South Caucasus require the sort of comprehensive and multi-faceted solutions that only a regional approach can provide. A regional approach may also facilitate contacts with separatist territories.

The OSCE remains a **partner of choice and an indispensable forum** for achieving these objectives. I believe that the multiple challenges in the South Caucasus can provide an opportunity for the OSCE if it focuses primarily on the deficits that I have mentioned here and takes advantage of synergies with the EU. There are opportunities in many areas: conflict prevention, regional cooperation, democracy, media freedom, and other human dimension issues. The developing EU relations with the South Caucasus countries involving negotiations on Association Agreements give

opportunities for leverage. In most of these fields, the OSCE's added value in the field and its institutional knowledge - for the EU as well as for other partners - remains unparalleled.

Our Eastern neighbourhood including the South Caucasus is the last part of European space where the architecture is not settled. It is the region where Western and Russian interests intersect most clearly. This involves risks and opportunities. If we do not increase our efforts to put this region on a positive trajectory in terms of security, democracy and the economy, the individual countries may backslide. Beyond this, an unsettled region may continue to be a major source of friction between the EU and Russia. The opportunities lie in the possibility to focus on a long term vision, the completion of Europe, and joint interests involving the EU, Russia and Turkey, in developing the South Caucasus into a prosperous and stable neighbouring region and a strategic corridor between North and South as well as East and West.

Thank you for your attention.