

Shared Neighbourhood or New Frontline? The Crossroads in Moldova

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Abstract

In 2005, the EU-Russia strategic dialogue stands troubled. Recent developments highlight the rising salience of the new shared neighbourhood – that is, in Ukraine, Moldova, Belarus and the South Caucasus – as the frontline between the enlarged EU and Russia. This paper examines the state of affairs in the declared 'strategic partnership', before turning to a discussion of the European Neighbourhood Policy. The example of Moldova is explored as a crossroads between divergent EU and Russian interests. In conclusion, the paper puts forward policy proposals for the EU to consider with regard to Moldova and the partnership with Russia.

Shared Neighbourhood or New Frontline? The Crossroads in Moldova

From the decision of the Ukrainian Supreme Court to cancel the results of the November 21 round in the presidential elections to the new vote of December 26, the Orange Revolution marked the last months of 2004. Viktor Yushchenko's victory also signalled the 'return to Europe' of a large Eastern country that is intent on joining as rapidly as possible NATO and the European Union (EU). At a wider level, the Orange Revolution also highlighted the policy salience of the new shared neighbourhood that has emerged between the EU and the EU's strategic partner in the Russian Federation. This neighbourhood in the east, comprising Ukraine, Moldova and Belarus, and also the countries of the South Caucasus, has become a central question in EU-Russian relations. The region is important because it brings together the strategic interests for both the EU and Russia and also because it is tied to the perception of both Brussels and Moscow of themselves as regional actors. The political relations that the EU and Russia develop over the shared neighbourhood will impact not only the region itself but on the overall 'strategic partnership' that has been declared between the Union and Russia since 1999.

Although much quieter than the drum roll of events in Ukraine, Moldova is another key issue in this region. Both the EU and Russia have significant interests in this country. With the prospect of further enlargement in 2007 to include Bulgaria and especially Romania, the Union has recognised its interest in fostering stability in Moldova, including reaching a final settlement of the conflict that opposes the Moldovan central authorities and the separatist region of Transnistria. For its part, Russia has been a leading mediator in this conflict since the deployment of a Russian-led peacekeeping operation in 1992. Overall, the Russian government is intent on developing 'friendly' relations with the Moldovan government – that is, to avoid the rise of an anti-Russian government in Chisinau. Strategically, Russian policy has also been led by the desire to retain a military presence in Moldova as a forward position near the Balkans and on the flank of Ukraine.

During the Orange Revolution, the last months of 2004 saw two other developments related to the shared neighbourhood and Moldova. The first was a non-event. At the EU-Russia summit held at The Hague on 25 November, Moscow and Brussels failed to reach an agreement on the content of the four 'common spaces' that are to become the foundation

pillars for their relations – these are to be a common economic space, a common space of freedom, security and justice, a common space for external security and a common space of culture and research. The second – event, this time – was the publication of the European Commission's proposed *EU/Moldova Action Plan* on 9 December, which sets out the shape of the EU's new neighbourhood policy towards Moldova.¹ This failure and success highlight the importance of the interaction between the EU and Russia in the new shared neighbourhood. One reason behind the failure to reach agreement with Russia at The Hague was disagreement over cooperation in the common neighbourhood. From being a periphery of EU concern throughout the 1990s and Russia's self-declared 'sphere of vital interests,' the shared neighbourhood has become the new frontline.

The differences between Russia and the EU over Moldova and the shared neighbourhood are substantive. 2004 saw a combination of developments that augurs the rise of a new European order. In this (admittedly still very nascent) order, the security architecture that Europe inherited from the Cold War is transforming. NATO is becoming a globally orientated institution, with new roles in Afghanistan and Iraq and less direct involvement in European security. The Organisation of Security and Cooperation in Europe (OSCE) has entered a fundamental crisis, as Participating States debate the question of its enduring utility. At the same time, the EU is rising as a central security provider across the continent. At a wider strategic level, EU enlargement in 2004 marked the increasing convergence of the notions of 'Europe' and the 'EU.' These are worrying developments for Russia, which perceives itself as being left on the periphery of central developments in Europe. Russia has strong relations with NATO, but these matter less and less on the continent itself. The OSCE is seen in Moscow as an instrument being used against Russian interests. More importantly, the declared strategic partnership with the EU has not yet paid dividends for Russia – special relations of the type Moscow has with NATO have not been established with the Union. The crossover of EU and Russia in Moldova brings together these wider currents. In this sense, the ability of Moscow and Brussels to find common ground in this small country has wider importance.

EU-Russia: An Indispensable but Difficult Partnership

Two main reasons can explain The Hague summit failure which was aimed at reaching an agreement on four common spaces (designed at St Petersburg summit in May 2003). First, it

¹ *Proposed EU/Moldova Action Plan* (Brussels: 9 December 2004): http://www.europa.eu.int/comm/world/enp/document_en.htm

became quickly clear that Moscow and Brussels had a different vision of how to approach the negotiations on the common spaces. Russia sought agreement in those spaces where it was possible, whereas the EU sought under the Dutch presidency a package approach of ‘all or nothing.’² EU thinking was straightforward. Agreement on all four spaces was seen to allow the EU to coordinate policy on different areas and across pillars, and also to use linkages to advance EU interests. In the words of the Dutch Foreign Minister, Bernard Bot, the EU sought a ‘balanced’ deal.³ The Russian government was more intent on reaching agreement where it was possible, even at the price of delinking the final package.

More substantively, Brussels and Moscow entertain different views on the contents to fill the common spaces. For example, with regard to Justice and Home Affairs, the EU seeks a regular dialogue on human rights questions. In particular, the Dutch presidency raised the importance of promoting human rights standards in the struggle with international terrorism. For its part, Moscow drew EU attention to the need to promote the rights of Russian-speaking communities in Estonia and Latvia and to avoid giving asylum to Chechens that Russia has declared as terrorists.

Talks on the contents for the common space on external security saw wide differences of view. Since Putin’s arrival to power in 1999, Moscow has been intent on developing a security relationship with the EU that would equal the relations it has developed with NATO, especially after 2002. This would imply substantive cooperation on numerous security questions, and the creation of a fitting institutional framework for the political dialogue. The Russian focus has been on forging cooperation on a wide range of security questions with the EU, ranging from the Middle East, non-proliferation, Iran to the Balkans.

Although not against such wide cooperation, the EU position has focused more on the principle of cooperation in the shared neighbourhood, including on concrete questions of conflict settlement in Moldova and the South Caucasus. The Russian government has been reluctant to allow for the common space on external security to be concentrated mostly on the shared neighbourhood. Moscow has also sought to avoid building into the Roadmap a recognised EU *droit de regard* in this region of Russian special interest. Fundamentally, Russia is not interested in seeing greater EU involvement in its immediate neighbourhood as this is seen as a potential fundamental challenge to Russia’s long-term presence and influence. Certainly, Russia is reluctant to accept a EU *droit de regard* especially if this is not

² See, for example, the GAERC Conclusions of 2 November 2004 (13589/04 Presse 296) that stated: ‘The presidency noted that the four spaces were part of a single package.’

³ Cited in a report by Agence Europe (Brussels: 8 November 2004).

accompanied by the creation of an equal overall security relationship – something not yet accepted by the EU as a whole.

The European Neighbourhood Policy (ENP)

Launched initially in 2003 ENP reflects the birth of the EU as a foreign policy actor.⁴ With enlargement 2004, the shape of the EU has changed quite dramatically. In response, the EU started to think about new policies to states on its borders. For much for the 1990s, EU ‘foreign policy’ revolved around the question of membership/non-membership: if membership was on the cards, the EU had a policy to a state; if it was not, then the EU had little ‘foreign policy’ as such. This is changing. With ENP, we are witnessing the birth of the EU seeking to act beyond the dichotomy of accession/non-accession, drawing on a range of tools to promote its interests.

Moreover, this is intricately tied to the development of EU security policy. The *European Security Strategy*, adopted in December 2003, emphasises the need for the EU to seek to build a belt of well-governed countries on its periphery.⁵ The link between ENP and CFSP is most clear at the conceptual level, where both policies draw constantly on the other. In practice, the application of the linkage is less clear, as ENP has been led and devised – to the objection of many member states – mainly by the Commission. As a result, the CFSP dimension of ENP is less developed than it should be.

One should note that ENP was offered initially to Russia as well. The Russian government, however, rejected participation in the new policy, arguing that Russia already has a ‘strategic partnership’ with the EU that should not be devalued. Moscow is also wary of the degree of intrusiveness that participating in the ENP implies for a country, allowing the EU the right to assess – and therefore to judge – a country’s progress on the full range of shared European values. Since 1999, the Russian government under Putin has been intent on not allowing the EU the right to such ‘intervention’ in Russian domestic affairs. Thus far, Russian views of the significance of ENP are mixed. On the one hand, Moscow is well aware of the weaknesses of the ENP. At the same time, the Orange Revolution has made clear that powerful symbol

⁴ *Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours* (Commission Communication COM(2003), 104 final: Brussels, 11.3.2003). On the genesis and an analysis of the project, see Judy Batt et al (eds) *Partners and Neighbours: a CFSP for a Wider Europe* (Chaillot Paper No. 64: EU ISS, Paris, 2003).

⁵ *A Secure Europe in a Better World – The European Security Strategy* (approved by European Council: Brussels, 12 December, 2003); <http://ue.eu.int/uedocs/cmsUpload/78367.pdf>

that even a long term and vague ‘return to Europe’ may be for a country in the shared neighbourhood. This recognition has conferred a strong note of wariness to Russian thinking about ENP, especially with regard to Ukraine and Moldova. If successful, ENP could support the movement of these countries fundamentally away from the Russian orbit in the former Soviet Union. A fundamental move in the shared neighbourhood towards the EU and its model would therefore raise deep concerns about the position of Russia as a regional power and its future as a possible ‘backward’ periphery of EU Europe. The stakes for Russia are high.

The stakes for the EU are also high. Based on the concepts of ‘differentiation’ and ‘progressivity’, the ENP offers a bargain to bordering states: progress in demonstrating shared values and effective reform against the prospect of closer economic integration. With ENP, the EU seeks to answer the central questions facing its development as a foreign policy actor. How can the EU support the transformation of the states on its borders into zones of stability and prosperity without offering the incentive of membership? Throughout the 1990s, the prospect of accession was the EU’s strongest external policy tool, because it offered the possibility of using conditionality in relations with accession candidates. Conditionality was successful because the accession candidates accepted it. With no further enlargement envisaged in ENP, the fundamental question is: Can the EU transform a neighbour while keeping it at arm’s length?

The Moldovan Crossroads

Since 2002, the EU has developed a more active profile at the political level in terms of seeking to prod on the settlement of Moldova’s conflict. The range of CFSP measures taken have been wide and have comprised activities of both the Commission and the Council Secretariat.

These have included, first, since December 2002, more active position in the talks between Chisinau and Tiraspol, identifying Tiraspol as the main obstacle. Second, the EU, acting with the US, has imposed travel restrictions on separatist leaders, once in February 2003 and then again in August 2004. The EU has also sought to defuse points of tension between Chisinau and Tiraspol through interventions and mediation by Javier Solana and even the dispatch of high-level CFSP team from the Council Secretariat in August 2004. Moreover, the EU has led trilateral talks with Ukraine and Moldova to strengthen the monitoring of the

Transnistrian section of border with Ukraine. On this respect, the EU may participate in any future international monitoring mission on the Transnistrian section of the border.

Such EU actions have brought it into direct clash with Russia. Russia has been deeply engaged in Moldova since its intervention in the conflict in 1992. It has played the role of key mediator in the conflict along with the OSCE. Since the early 1990s, Russia has also developed a range of economic interests in Moldova. In the Soviet era, Moldova was a key forward position for the Soviet armed forces, prepared to act as a spearhead into the Balkans in the case of war. Russian military interests are less vital now, but they do matter still for the Ministry of Defence, which has sought to retain a limited forward military presence in this strategically placed country. Overall, Russia is intent on having relations with the government in Chisinau that are accommodating to Russian interests and not anti-Russian. Moscow's prominent role in the negotiating process has been a useful tool for advancing these wider concerns. Nowhere was this more evident than in late 2003 with the events surrounding the so-called Kozak Memorandum, a unilateral Russian proposal to settle the conflict on terms that protected Russian interests and would have created of Moldova a loose confederation.⁶ The Moldovan president rejected the proposal at the very last minute - to Moscow's dismay and anger. One should be clear: Russia is not driven by a neo-imperial syndrome in Moldova. Russia is post-imperial if anything; that is, driven by the desire to ensure local support for Russia interests and to forge accommodating relations with whatever leadership is in power in Chisinau.

In Moscow, a consensus now exists that the attempt by Putin's envoy Dmitry Kozak to secure Moldovan and Transnistrian agreement was productive and genuine. All the more so as the Transnistrian leadership and the Moldovan president had been ready to sign the agreement. In the Russian view, European states, and in particular the EU, rejected the Russian initiative not because it had weaknesses, but precisely because it was *Russian*. Mikhail Margelov from the Russian Federation Council was clear in pointing the finger: 'Moldova's president Vladimir Voronin rejected a Russian plan for resolving the conflict at the last minute because he was under pressure from the EU.'⁷

The divergence has run deep. The Russian government has read EU statements about the need for a multilateral approach in the Moldovan conflict as an attempt to ensure a predominant European voice and weakened Russian influence. In contrast, Russia has

⁶ *Memorandum – On the Basic Principles of the State Structure of a Unified State* (unpublished paper: November 2003).

⁷ See interview on *RosBalt.ru* (St Petersburg, 2 December 2003).

shown a preference for bilateral relations with Moldova, and not trilateral (with the EU and/or the US), and even less multilateral. Moscow has rejected the European argument that the Kozak proposal was too flawed to be acceptable. The prevailing view is that a zero-sum struggle for influence is being waged in the former Soviet Union. For Moscow, the settlement of the Transnistrian conflict has become a small part of a wider game in which rising EU influence in the shared neighbourhood is seen to be occurring at the expense of the Russian voice.

From the EU perspective, the Kozak Memorandum was sufficiently problematic that one wondered if the Kremlin seriously expected it to succeed. The proposal provided for too many joint powers between the centre and the federal subjects – a recipe for enduring dispute. Transnistria would have been in a position to block serious reform in Moldova, including the country's attempt to deepen cooperation with the EU through the *European Neighbourhood Policy*.

Exactly one year after these events, on 9 December 2004, the Commission revealed its proposed ENP Action Plan for Moldova.⁸ The Introduction of the Action Plan sets the terms of reference for the development closer EU-Moldova relations within the framework of a 'strategic partnership' that goes beyond simple cooperation 'to involve a significant measure of economic integration and a deepening of political cooperation.' The document states also that: 'One of the key objectives of this action plan will be to further support a viable solution to the Transnistria conflict.' More specifically, the Plan contains a chapter on cooperation to solve the conflict, which contains pledges by the EU to upgrade its political involvement in the negotiation process and to support any post-settlement needs, a greater commitment to push Russia to fulfil its obligation to withdraw military forces from Transnistria, and greater efforts to strengthen border monitoring with Ukraine. The Moldovan government has seized upon the Action Plan as a chance to forge new relations with the EU, and, eventually, move to closer contractual relations. The Russian government has not reacted in public to the development. However, in conjunction with Orange Revolution, the Action Plan with Moldova can only be interpreted as part of a worrying trend of increasing EU engagement in the region.

⁸ Proposed EU/Moldova Action Plan (Brussels: 9 December 2004): http://www.europa.eu.int/comm/world/enp/document_en.htm

What Next?

The conflict in Transnistria is a meeting point between an enlarging and more confident EU and a defensive and increasingly surly Russia. Since December 2003, the settlement talks have been blocked, partly because of Russian recalcitrance. The challenge facing the EU now is to seek to relaunch serious talks and provide for settlement while finding accommodation with Russia. As the EU has admitted, the success of the Action Plan with Moldova – and thus Moldova's declared European aspiration – depends on the settlement of the conflict. The stakes are high.

In these circumstances, EU objectives should be two-fold:

- a) *To undertake new engagement in the settlement of the Transnistrian conflict;*
- b) *To work with Russia as much as possible in so doing.*

On the first point, it is time for the EU to consider seriously the appointment of a EU Special Representative (EUSR) to Moldova and the conflict. The EUSR would create an institutional point of focus for EU policy. The EUSR need not be on the lines of the traditional Special Representative, and could follow the model of the EUSR to the South Caucasus, with costs assumed by particular member state(s) and a light administrative structure. The mandate of the EUSR should include the requirement of working closely with Ukraine and Russia. Working with Special Envoys from Russia and Ukraine, the EUSR should seek to forge agreement on a constitutional settlement, most elements of which are already agreed. In addition, the mandate could include the task of drawing up options for European participation in a civilian post-settlement operation with substantial participation from Russia and Ukraine. In the medium term, the EU should explore ways to demilitarise the Security Zone between Transnistria and Moldova. A medium term objective should be to create conditions for scaling back the peacekeeping operation and reducing/concentrating the various 'security forces' of self-proclaimed Moldovan Transnistrian Republic (PMR), with the aim of creating a demilitarised zone. The possibility of EU involvement in a future civilian post-settlement operation should be explored in this context.

More directly on the second objective, EU policy in Moldova cannot be delinked from policy towards Russia. For now, the EU-Russia 'strategic partnership' stands troubled, especially in the area of security policy and interaction in the shared neighbourhood. As the EU moves forward in Moldova, every step taken must be considered in light of the need to forge a positive precedent for genuine EU-Russian cooperation in the shared neighbourhood. Some of this requires ensuring respect for Russian pride. Certainly, constant communication with

Moscow through the EUSR is vital. More substantially, the EU will have to seek policy coordination with Russia on three questions:

- a) *Producing a new settlement proposal;*
- b) *Designing post-settlement confidence-building measures;*
- c) *Scaling back Russia's military presence.*

All of these questions will require serious work – and compromise – to develop modalities for practical cooperation.

It is vitally important that the EU and Russia find accommodation on the shared neighbourhood. Such cooperation will be a foundation pillar of the new European order that is emerging. In this sense, the current negotiations over the shape and content of the 'common space' on external security carry strategic importance. The push and pull of interest and compromise required to find agreement on this 'common space' will set many of the lines of future cooperation and tension in Europe. Certainly, compromise is required as much from the EU as it is from Russia, but only if this occurs within a cooperative framework. Compromise within a zero-sum game is simply not worth the candle.

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