

## **THE COST OF THE SOUTH OSSETIA CONFLICT ON RUSSIA-EU RELATIONS**

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### **INTRODUCTION:**

The conflict over South Ossetia had no major immediate cost for either the EU or Russia, but it challenged the regional security balance, and made long-existing regional and Russia-West problems more visible. The long-term effect, particularly on foreign policy, is considerable. Russia and the EU became more active in their common neighborhood, developing their own integration projects, while trust in bilateral cooperation was undermined. Moscow demonstrated a commitment to implement its stated interests in opposing a leading Western role in the world or at least in the Eurasian region. For the European Union, the 2008 conflict gave renewed urgency and focus to its European Neighborhood project, and led to the 2009 creation of the Eastern Partnership that has become increasingly focused on security and foreign policy issues.

The Ukrainian crisis became the logical continuation of the 2008 conflict. The five-day war in August 2008 increased the Russian domestic audience's demand for Russia to return to its great power status, able to achieve military success abroad. Increased military spending, the burden of expenditures on South Ossetia, Abkhazia and the much bigger Crimea and Donbass regions, along with heavy effect of Western sanctions, make the financial costs quite considerable for Russia. At the same time the intervening years between the South Ossetia conflict and the take-over of Crimea, made the EU better prepared to reach consensus on its policies vis-à-vis Russia, and facilitated the agreement on EU sanctions that had been lacking back in 2008.

The South Ossetian conflict may have seemed like a small and isolated event in August 2008, but ultimately it turned into a major turning point in the development of EU-Russia relations, which eight years later it is difficult to imagine will be easily reversed.

### **THE COST OF THE SOUTH OSSETIAN CONFLICT ON EU FOREIGN POLICY**

On the surface, the 2008 conflict in and around South-Ossetia had very little cost on European Union (EU) member states. It caused no new refugees, stopped no large-scale investments, did not affect European border security and was barely a topic covered by European media after the 5 days of August fighting. But whereas in the immediate, the visible cost was minor, the longer-term political cost was great. August 2008 created a deep distrust between the European Union and Russia that only deepened in subsequent

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years. EU member states' inability to reach the political consensus needed to take strong political decisions vis-à-vis Moscow had a deep effect on European leaders' sense of pride and confidence in their common ability to act. The inability to respond effectively to the 2008 conflict, paradoxically made more likely EU member states' consensual decision making to develop a more focused policy framework vis-à-vis its eastern neighborhood from 2008-2014, and its imposition of stringent economic sanctions on Russia in February 2014 after the Russian operation in Crimea.

Initially the 2008 conflict provided an opportunity for the EU to use an array of tools from its Common Foreign Security Policy (CFSP) toolbox. The EU Presidency, at the time led by France's President Nicolas Sarkozy, quickly stepped in, carrying out shuttle diplomacy to broker a six-point ceasefire plan on 12 August 2008 and an implementation agreement on 8 September 2008 that launched the Geneva International Discussions. France, Germany and Finland, which held the OSCE Chairmanship at the time, worked closely together. On 13 August 2008 the French government hastily brought EU foreign ministers back from their summer holidays to approve the ceasefire. EU foreign ministers agreed on further steps on 1 and 15-16 September 2008, the Commission convened an international donors' conference on 22 October 2008 that secured US\$4.5 billion in post-war aid including €500 million from the EU, and the EU Monitoring Mission (EUMM) was swiftly deployed with some 266 monitors on the ground by early October.<sup>2</sup>

Nevertheless these steps were not sustained with strong political action. As many past observers have pointed out, even though member states responded quickly and comprehensively, they failed to muster the political will necessary to assign sanctions to Russia (Whitman and Wolff, 2012, p.98; Delcour, 2011, p.189; Sinkkonen, 2011, p.271). The EU suffered from the lack of coherence between its member states' diverging approaches to Russia, as they were divided into sharp critics – the Baltic states, Poland and Sweden – and those advocating a more conciliatory approach, including Germany and France. The later overcame the policy debate and in November 2008, EU member states decided to unconditionally resume with Russia negotiations on a new partnership and cooperation agreement (PCA) even though Russia had just recognized South Ossetia and Abkhazia<sup>3</sup> as independent states and refused to abide by its ceasefire commitments to “return of Russian forces to their pre-conflict positions”.

Subsequently no new sanctions were agreed, though Russia took other steps contrary to their 8 September agreement. They blocked OSCE monitors from resuming their pre-war work in South Ossetia, did nothing to support the return of some 20,000 ethnic Georgians to South Ossetia homes, maintained an estimated 7,000 to 9,000 combat, security and border forces in the entities, and financed 99 per cent of South Ossetia's budget and more than half of Abkhazia's (ICG, 2010, 2013). The EUMM was supposed to have full access to the conflict zone (including parts of Abkhazia and South Ossetia) but it was never granted by Russia.

The conflict in South Ossetia largely ended any talk of closer EU-Russia ties as were being discussed earlier in 2008. Not only had the EU and Russia launched talks for a new comprehensive bilateral agreement to replace the 1994 Partnership and Cooperation Agreement (PCA) in June 2008, but the creation of a new “Euro-Atlantic collective security system from Vancouver to Vladivostok” as called for by at that time President Medvedev was also being considered (ICG 2008, p.19). A strong coalition of EU member states were keen to inaugurate a new era of EU-Russia relations covering political cooperation; the perspective of deep economic integration; a level playing field for energy relations based on the principles of the Energy Charter Treaty; and closer relations in the fields of freedom, security and justice as well as the mutual opening of the educational and scientific systems. In 2001-2008 there was also talk of a Common European Economic Space; this talk never resumed after the South Ossetia conflict. Trade between the EU and Russia, which had been growing quickly until mid-2008 and the conflict in South Ossetia began to decrease.

2 See Presidency Conclusions, Extraordinary European Council, Brussels, 1 September 2008; Council of the European Union, Council Conclusions on Georgia, 15 and 16 September 2008.

3 Only Venezuela, Nicaragua, Nauru and Vanuatu (on and off) have also recognized their independence.

Instead, the conflict in and around South Ossetia, and the failure to secure new political, security and economic cooperation framework with Russia, gave impulse to the creation of a new “eastern dimension” to the pre-existing European Neighborhood Policy (ENP). European policy makers decided in Fall 2008 to create the Eastern Partnership (EaP), to which the six states east of the EU were invited to join, as a regional sub-project of the ENP and apparently at least partially as a response to Moscow’s increased assertiveness in the region.<sup>4</sup> Renewed attention was put on conflict issues and the EaP was given the aim “to promote stability and multilateral confidence building” even though Russia was not expected to join (Eastern Partnership Summit, 2009, p.6). In subsequent years EU decision makers agreed that more effective “joined up use” of CFSP and other EU instruments was essential to address the “persistence of protracted conflicts affecting a number of partner countries [and which] is a serious security challenge to the whole region” (Commission, 2011, p.5). By 2014 the EU’s ambition was through the ENP to serve as a “diplomatic actor and provider of security” whereas “The EU, and its Member States through bilateral efforts, have a strong role to play based on the EU’s comprehensive approach to external conflict and crises, aimed at preventing and managing conflicts and their causes.” (Commission, 2014, p.16-17)

By 2014 the EU was also committing to cooperate more comprehensively and ambitiously in the provision of security and stability to Georgia. In the EaP’s Association Agenda (2014-2016) between Georgia and the EU, that helps prepare Georgia to implement the Association Agreement by creating a list of priorities for joint work, under the section “foreign and security policy” 11 points were included to facilitate “peaceful conflict resolution.” Steps reaffirm both parties’ commitment to the 2008 six points ceasefire, the Geneva International Discussions, the EUMM, and various dialogue efforts. But the EU and Georgia also pledge to consult on “establishing ways for appropriate involvement of Georgian regions of Abkhazia and Tskhinvali region/South Ossetia in the deepening of EU-Georgia relations,” including “seek[ing] ways to share the benefits and opportunities stemming from the EU-Georgia Visa Liberalization Dialogue, political association and economic integration process, inter alia from the Association Agreement, with the populations across the administrative boundary lines.” Russia is not mentioned, though Georgia considers it to be its biggest security threat (Association Agenda, 2014).

The lack of a post 2008 “reset” with Russia, the establishment of closer ties with the six former Soviet countries via the Eastern Partnership, and the adoption of a more ambitious foreign and security role, made EU member states more prepared for common action vis-à-vis Moscow. Faced with the annexation of Crimea and subsequent Russian intervention in eastern Ukraine, EU member states had a much stronger basis on which to agree in February 2014 to the imposition of sanctions on Russia, which were expanded and deepened throughout the year.<sup>5</sup> This represented a significant change compared to the EU’s response after the 2008 Georgia-Russia ceasefire.

## **THE COSTS OF THE SOUTH OSSETIA CONFLICT ON RUSSIA’S POLICY**

The consequences of the Russia-Georgia conflict of 2008 are important for both Russia’s domestic and foreign policy. The contours of ideology of the revival of great power used by Russian authorities to maintain their popularity domestically became obvious at that time, even though it was too early to predict the future full scale crisis in Russia’s relations with the West, which broke out in 2014, six years later.

The successful military campaign and the ensuing recognition of South Ossetia and Abkhazia’s independence, despite protests from the US and the EU, gave tremendous support to the Russian government

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4 The European Council of June 2008 invited the Commission to prepare a proposal for an “Eastern Partnership” and this work was “accelerated, responding to the need for a clearer signal of EU commitment following the conflict in Georgia and its broader repercussions.” European Commission (2008), Eastern Partnership, COM (2008), 823 final, 3 December.

5 Restrictive measures targeting persons and entities for threatening or undermining Ukraine’s sovereignty and territorial integrity were first adopted in March 2014 and were repeatedly strengthened thereafter. On 29 January, member states agreed to extend the sanctions until September 2015, when they were renewed again until the end of 2015.

and President Putin personally and helped them overcome the 2008 economic crisis. According to the Levada Center, Putin's approval rating has greatly fluctuated in last 16 years, reaching 84-89% four times - in 1999, 2003, 2007-2008 and 2014-2015. Three times he was most popular during ongoing military operations - in Chechnya, Georgia and Ukraine, and each time – while confrontation with the US over Yugoslavia, Iraq, Georgia and the Crimea was occurring.<sup>6</sup>

The population demanded the government's "great power" agenda. At the time of the Ukrainian crisis, you could often hear from Russians that they are proud of their country's foreign policy, which only a great power can conduct, and they prefer "to be hated by the West, than to be ignored". This sentiment was first so clearly manifested by ordinary people in 2008, when they repeated state TV's comment that Russia is finally "rising from its knees." In 2008 already, the protection of the needs of Russian citizens living abroad was used to justify military intervention. In 2014 Russia was defending ethnic Russians in Crimea and later allegedly in Donbas. Many saw the war in Georgia as a turning point for the Russian army: after losing in Afghanistan and the First Chechen war, a very controversial victory in the Second Chechen conflict didn't help build pride in the state. But, the war over South Ossetia was the Russian army's first clear victory in decades.

## **ARMED FORCES REFORM**

The war, according to Russian chief military commanders, identified "a number of serious shortcomings in the development of the armed forces" and became the catalyst for a costly reform, announced on 14 October, 2008. Tactical skills and methods of warfare, acquired in the course of counter-terrorist operation in Chechnya, were ineffective in a battle with a regular army. Lack of coordination between different troops on the battlefield was identified as a main cause for battlefield losses.<sup>7</sup> According to official figures, these amounted to 64 killed, 3 missing, 283 wounded soldiers and four aircraft lost. According to independent experts, Russia lost 6 to 8 aircraft, and 22 heavy military vehicles, including tanks.<sup>8</sup>

The South Ossetian conflict therefore helped kick start Russia's military reform. The armed forces were reduced from 1.2 million to 845 thousand people by 2014; a four-tiered command system was replaced by a three-tiered one; the period of compulsory service was reduced from 2 to 1 year. According to human rights activists, after the changes they receive far fewer complaints of violations of soldiers' rights. The level of popular support for the army grew from 37% in 2008 to 64% in 2015, the institution is the second most popular after president.<sup>9</sup> Military spending increased to 84.5 billion dollars, turning Russia into the highest military spender after the US and China.<sup>10</sup> "Polite people" - the Russian military personnel who carried out the unexpected loss-free operation to annex Crimea – became a symbol of Russian power for the majority of Russian citizens. The only battlefield losses during almost six-month military campaign in Syria were the aircraft shot down by Turkish fighter aircraft and a helicopter searching for pilots of the downed plane. Even with the 2015 economic crisis, there is no popular criticism that defense spending grew by 33%, to 4.2% of GDP compared to 1.5% in 2010.<sup>11</sup>

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6 <http://www.vedomosti.ru/opinion/articles/2015/12/09/620191-86-putina>

7 <http://svpressa.ru/war21/article/46638/>

8 <http://www.interfax.ru/russia/64717>; <http://lenta.ru/news/2010/08/04/casualties/>

9 <http://www.levada.ru/old/archive/gosudarstvennye-instituty/armiya/v-kakoi-mere-zasluzhivaet-doveriya-armiya>, <http://www.levada.ru/old/07-10-2015/rossiyane-stali-bolshe-doveryat-armii>

10 <http://books.sipri.org/files/FS/SIPRIFS1504.pdf>

11 [https://slon.ru/economics/pushki\\_vmesto\\_masla\\_ili\\_militarizatsiya\\_rossii-1171969.xhtml](https://slon.ru/economics/pushki_vmesto_masla_ili_militarizatsiya_rossii-1171969.xhtml)

## CHANGING BOUNDARIES

Russia's engagement in 2008 in South Ossetia also foresaw a significant policy shift. While Russia previously focused on the sanctity of state sovereignty and territorial integrity, its recognition of the independence of Abkhazia and South Ossetia in 2008 represented a sharp change in approach that few policy analysts could predict. But Russia's support of the two entities is now no longer exceptional. Russia annexed Crimea in March 2014, militarily and financially backs separatists in Eastern Ukraine and has developed official contacts with Moldova's regions of Transnistria and Gagauzia. More recently, Moscow extended its support to "self-determination movements" beyond the former Soviet Union. On September 20, 2015, Moscow hosted and funded an international anti-globalisation conference titled "Dialogue of nations: the Right of nations for self-determination and organization of a multipolar world." The event brought together representatives of self-determination movements from Western countries. One of the key speakers of the Rodina (Homeland) party, founded by Russia's Deputy Prime Minister Dmitry Rogozin, called on conference participants to create "a system of support for the liberation movement globally" and a "worldwide front of resistance to Washington, [...] penetrating the state structures, using the methods of legal and illegal struggle, using loyal media".<sup>12</sup> Syrian Kurds have registered a representative office in Moscow in a bid to obtain more military and political support and seek an alternative to their alliance with the US, which does not support Kurdish political aspirations. Financial and military support of these regions is becoming more tangible. In 2015 Russia, subsidized 70% of Abkhazian budget of 11.7 billion rubles (214 million dollars) and 90% of South Ossetia budget of 6.6 billion rubles.<sup>13</sup>

While supporting separatists abroad, Moscow is suppressing them at home. Recognition of South Ossetia and Abkhazia was seen as a signal by other national movements in the neighboring North Caucasus that the status quo could be changed. National movements in the region had gradually revived before USSR disintegration but became much more silent after the brutal suppression of Chechen separatism.<sup>14</sup> In 2008 the Ingush reaffirmed their demand for the Prigoridny district of North Ossetia-Alania, and related to Abkhaz Circassians started to speak again of a Great Circassia. But officials reject this rhetoric, warn of the threat of separatism supported by external forces, subject national movements to pressure. Ultimately in 2014 incitement to separatism was criminalized.

## INTEGRATION AND COMMUNICATION PROJECTS

The 2008 war contributed to the definition of rivaling pro-EU/US and pro-Russian blocks in the region. Georgia became the first country to quit the Commonwealth of Independent States in 2009, just as the EU was developing its Eastern Partnership. That same year, Russia stepped up work on its Custom Union, which in May 2014 led to the establishment of the Eurasian Economic Union. In 2013, a new Russian Foreign Policy Concept was released, defining the country as an independent center of power in a multipolar world. Moscow invests more in the promotion of its soft power by supporting pro-Russian or anti-Western NGOs and, reportedly, political parties, information and propaganda projects, such as the recently launched "Sputnik".

The conflict over South Ossetia also affected Russia's integration into the world economy. For several years, until 2011, Russia's WTO accession was delayed, as Georgia opposed it. Two of the four transport routes connecting Russia with Transcaucasia are still blocked since they pass through the territory of

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12 <http://www.rbc.ru/politics/21/09/2015/55ffcb089a7947a5cfbcc9a8>

13 <http://www.vedomosti.ru/opinion/articles/2015/10/29/614743-cto-delat-yuzhnoi-osetiei-abhaziei>

14 <http://www.crisisgroup.org/en/regions/europe/north-caucasus/220-the-north-caucasus-the-challenges-of-integration-i-ethnicity-and-conflict.aspx>

Abkhazia and South Ossetia. The Transcaucasian Highway connecting North Ossetia with the South, is the shortest route from Central Russia to Turkey and Iran.

## **CRISIS WITH THE WEST**

While Vladimir Putin's speech at the Munich Conference in February 2007, when he spoke about the inadmissibility of the unipolar world and NATO's violation of its guarantees that it would not expand eastward, signaled a turning point in Russia's relations with the West, the war in South Ossetia was the first confirmation of Moscow's commitment to use force to implement these ideas.

The quick "victory" in South Ossetia and Abkhazia probably set the stage for annexation of Crimea. Moscow hardliners saw the West's 2008 reaction as weak, giving them *carte-blanche* to act further. "Crimea was like a piece of cake on the plate, why wouldn't we take it?" – a former senior Russian official said. However the decision to annex Crimea was made probably based on many factors including the complex relations between Moscow and its allied South Caucasus entities. One of the most challenging issue is the question of control over security forces of South Ossetia and Abkhazia. Moscow faces some resistance from Tskhinvali and Sukhumi elites when it tries to establish full control. Probably Moscow wanted to avoid similar problems with Crimea, a much bigger region with a Black Sea fleet base, so it annexed it to also guarantee that security forces on its territory would be controlled by the federal center.

Although the 2008 crisis did not result in sanctions against Russia, relations with the US and EU never returned to their previous level. Even good will efforts such as the Medvedev-Merkel memorandum of 2010, which attempted to establish a Russia-EU foreign and security policy Committee and solve the Transnistrian crisis, failed. In 2011, Russia did not support UN Security Council resolution for military intervention in Libya, although it did not veto it. The Ukrainian crisis led to further polarization. When Russian air strikes in Syria began, a senior diplomat in Moscow said, "Russian and US officials have less contacts, than ever in the Cold War period". What some in Russia consider as diplomatic success<sup>15</sup> costs Russia economically with a set of anti-Russian sanctions, lack of access to Western financial markets, and increasing military spending at the expense of a lower quality of life for its citizens.

## **CONCLUSION**

Unresolved conflict in tiny South Ossetia and the broader Russia-West crisis deepened the split between Russia on one side and EU and US on the other. It contributed to full-scale war in Ukraine with almost 10,000 victims six years later. Now, the lack of trust significantly affects issues such as the Syrian or Libyan conflicts, energy security, the refugee crisis, problems of Islamist radicalization and others. Ironically the EU-Russia cooperation in August 2008 to end the fighting in and around South Ossetia was symbolically the most quick and efficient partnership they shared in many years, but it tolled the bells for almost any future cooperation in the economic, political and security fields.

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15 <http://www.newtimes.ru/articles/detail/81593>