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GEORGIA:

AVOIDING WAR IN SOUTH OSSETIA

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GEORGIA: AVOIDING WAR IN SOUTH OSSETIA

EXECUTIVE SUMMARY AND RECOMMENDATION

A precarious peace is back in place between Georgia and South Ossetia after the long-frozen conflict nearly became a hot war again and drew in Russia when dozens were killed in August 2004 fighting. President Saakashvili tried to break a twelve-year deadlock and take another step to restore Georgia's territorial integrity by undermining the regime in Tskhinvali, but seriously miscalculated. A more comprehensive approach is needed to resolve this conflict peacefully. The onus is on Georgia, with help from its international partners, to increase the security and confidence of people living in the zone of conflict, promote economic rehabilitation and development, ensure the right of Ossetians to return to South Ossetia and Georgia proper, and create arrangements guaranteeing South Ossetia effective autonomy. South Ossetia must enter a real dialogue with Georgia on its status and not use the winter to force Georgian villagers still in South Ossetia to leave their homes.

After peacefully resolving its decade-old conflict with Ajara earlier this year, the Georgian decision-makers turned their attention to South Ossetia. In May 2004 they believed their Ajarian success could easily be repeated. They considered that South Ossetia's de facto president, Eduard Kokoity, had little democratic legitimacy or popular support and that, as in Ajara, the people would rapidly switch loyalty from Tskhinvali to Tbilisi.

The initial strategy aimed to address the political-economic causes of the conflict through an anti-smuggling operation, aimed primarily at closing the sprawling Ergneti market on the outskirts of Tskhinvali, in the Georgian-South Ossetia zone of conflict. The theory was that Kokoity and a small circle of officials around him were maintaining control over South Ossetia through their involvement in black market trade. In parallel, the Georgian side organised a humanitarian "offensive" to provide people in the region with the benefits of economic and cultural projects.

The strategy backfired. Rather then capitalising on real popular discontent, it caused many average citizens who depended on illegal trade for their economic survival to regroup around Kokoity. Ossetian de facto authorities successfully portrayed Georgian moves as aggressive first steps towards a remilitarisation of the conflict that had enjoyed a ceasefire since 1992. Kokoity's popular support rose as he described himself as the only leader capable of guaranteeing Ossetians' security, as well as their political, economic and cultural interests. Assistance sent by Tbilisi was portrayed as a cheap attempt to buy support.

The Georgian approach failed in large part because it was based on a limited analysis of the causes of the conflict. Since 1992 little progress has been made to bring Ossetians and Georgians closer together. Many of the grievances and ambitions developed during the war that broke out as the Soviet Union was dying remain tough obstacles to peace. Unless they are addressed, efforts to re-integrate South Ossetia into Georgia are almost certain to lead again to violence.

In the past few months Georgia has shifted gears and begun to emphasise the geopolitical nature of the conflict, terming it "a problem between Georgia and Russia". Russia does play a special role. But it is unlikely that Georgia can successfully persuade the U.S. or European Union to duel with Moscow over South Ossetia.

A new ceasefire holds since 19 August 2004. At a high level meeting between Georgian Prime Minister Zurab Zhvania and South Ossetian leader Eduard Kokoity on 5 November in Sochi, an agreement on demilitarisation of the zone of conflict was signed. Some exchange of fire continues in the

zone of conflict, apparently primarily initiated by the Ossetian side, but there is still cause for optimism that the conflict will be resolved non-violently since all sides seem to be reconsidering their policies. Georgia's legitimate insistence on the preservation of its territorial integrity needs to be balanced with the Ossetians' concerns for the protection of their national minority rights.

For the negotiations that are needed with Russia, South and North Ossetia to succeed, Georgia must show it is putting in place political, economic, legal, and social conditions to guarantee Ossetians equal rights in a multi-national and democratic state. The greatest lesson from the May-August period is that attempts to resolve the conflict swiftly will lead to war. President Saakashvili seemed to recognise this when, at the UN General Assembly, he pledged to engage in a "stage-by-stage settlement plan". To avoid further casualties and displacement, Georgia, together with its international partners, must implement a comprehensive strategy to resolve the root causes of the conflict and make non-violent re-integration possible.

RECOMMENDATIONS

To the Government of Georgia and the de facto Government of South Ossetia:

1. Stop all armed hostilities and implement step-by-step demilitarisation of South Ossetia with respect to all troops not part of the Joint Peacekeeping Forces (JPKF) or local police, starting in the zone of conflict.
2. Implement all previously agreed upon JCC decisions and bilateral Georgian-Russian agreements regarding the conflict.
3. Engage citizens and civil society in conflict resolution efforts.

To the Government of Georgia:

4. Fund in the 2005 budget the costs of social services and economic development in and around the zone of conflict, confidence building measures, rehabilitation of communities in Georgia proper to which Ossetian refugees may return, and a new Russian-Georgian inter-state body to facilitate return and economic rehabilitation in the zone of conflict.
5. Adopt a law providing restitution of property and compensation to all affected by the 1990-1992 conflict that takes into consideration the comments of the Venice Commission and other international experts, and discuss with the JCC creation of a property claims commission.
6. Adopt legislation permitting those affected by the conflict to hold dual citizenship.
7. Agree with Russia, and in particular North Ossetia, on measures to boost economic cooperation, coordinate custom policies and facilitate the free movement of goods and persons along the Transcaucasian highway and Russian military highway.
8. Deal with the legacy of the 1990-1992 conflict by investigating war crimes, prosecuting those responsible, and adopting legislation to amnesty those who participated in the conflict but committed no war crimes.
9. Open discussion on the status of South Ossetia with local and international experts, including experts from the parties to the conflict, with a view to developing a comprehensive concept within the framework of an overall administrative-territorial reform of Georgia.

To the de facto Government of South Ossetia:

10. Guarantee full freedom of movement on the territory of South Ossetia and do not obstruct implementation of economic rehabilitation, refugee return, or confidence-building measures agreed upon at the JCC and within Georgian-Russian bilateral talks.
11. Participate in a dialogue with the Georgian side on means to reach a final resolution to the conflict, including determination of the future administrative-territorial status of South Ossetia and the work of a property claims commission.

To the Government of Russia:

12. Prevent any armed formations or weapons not approved within the JCC framework from crossing into South Ossetia from Russia.
13. Create with Georgia an inter-state body on return and economic rehabilitation in the zone of conflict and work with Georgia to devise and fund from 2005 budgets programs to facilitate return and economic rehabilitation in South Ossetia.
14. Together with Georgia agree on measures to boost economic cooperation, coordinate customs

policies, and facilitate the free movement of goods and persons along the Transcaucasian and Russian military highways.

15. Support the increase of OSCE staff in Tskhinvali and the implementation of its mandate to work throughout South Ossetia.

To the Joint Control Commission (JCC):

16. Meet at least monthly and agree to hold bi-annual meetings between the de facto president of South Ossetia and the prime minister of Georgia.

17. Establish a technical working group, including international experts and ethnic Georgians living in South Ossetia, to define the territorial-administrative status of South Ossetia.

18. Establish a property claims commission with participation of Georgian, Ossetian and international experts, create a working group to investigate any claims of human rights abuse in the zone of conflict, and reinvigorate the work of the Special Coordination Centre (SCC) to facilitate law enforcement cooperation.

To the OSCE and its Member States:

19. Be more pro-active in the search for a political settlement to the conflict, increase the number of OSCE monitors and officers in South Ossetia, and add civilian police, democratisation/human rights, and political officers to the Tskhinvali Field Office.

To the European Union:

20. Play a more active role as mediator through the EU Special Representative to the South Caucasus in the effort to develop a consensus between Georgia and Russia on the final status of South Ossetia.

21. Consider re-allocating some funds of the third rehabilitation program for rebuilding houses and infrastructure in Georgia proper for returning Ossetian refugees, approve funding for a fourth rehabilitation program, and encourage the design of joint Georgian-Ossetian economic and community development projects.

To the United States Government:

22. Secure commitments when donating military equipment or ammunition to the Georgian military that these will not be used for offensive actions in the South Ossetian or Abkhaz disputes and extend USAID programs and funding to support confidence-building measures between Ossetians and Georgians.

To the Wider International Community:

23. Support existing agreements with additional financial assistance, especially in the field of economic development, refugee return and confidence building.

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GEORGIA: AVOIDING WAR IN SOUTH OSSETIA

I. INTRODUCTION

In July and August 2004 the Georgian-South Ossetian conflict became, among all frozen conflicts in the South Caucasus, the most likely to spill over into full-scale war. Since the signature of the "Agreement on the Principles of the Settlement of the Georgian-Ossetian Conflict between Georgia and Russia" in 1992, no military confrontations had occurred. As the years passed, contacts and trade revived between Ossetians and Georgians living in and around the zone of conflict. A slow but progressive negotiation process brought Georgia, Russia, South and North Ossetia together, leading to agreements on the maintenance of peace and security, economic rehabilitation and development, and refugee return. Georgia and Russia had made commitments -- many not yet implemented -- to political steps and budgetary expenditures to improve Georgian-Ossetian relations. The final status of South Ossetia remains unresolved as the key obstacle to conflict settlement.

After becoming president of Georgia in January 2004, Mikheil Saakashvili made restoration of territorial integrity a main goal. In December 2003, he ruled out force and stated, "I am sure, that if the Abkhaz and South Ossetian sides see that the economy is growing in Georgia they will come to us. We should attract them with economic opportunities".[1] At the same time Saakashvili was clear that the reintegration process should be completed rapidly -- during his term in office -- and in progressively difficult stages, with Ajara first, South Ossetia second and Abkhazia third. Efforts to engage Abkhazia would not be restarted until presidential elections had been held there in October 2004.[2] Thus initial thinking was that South Ossetia should be solved in the intermediary months between the resolution of the Ajara crisis in May and October.

Events during the summer, however, showed that a peaceful resolution of the conflict will take years. It remains unclear whether decision-makers in Georgia are ready to commit the time, funds, and political effort needed for a peaceful outcome. In August an influential MP said, "We don't have three years to solve South Ossetia".[3] As recently as 14 October, President Saakashvili insisted on short-term resolution, reportedly stating that "South Ossetia is a very small region, so I think that a breakthrough in reunification would take a matter of months. The main problem related to South Ossetia is contraband, but we have resolved that problem".[4]

Contraband is indeed one of the causes of the conflict, but there are many other factors. The Georgian government's limited interpretation led to a serious escalation of tensions in South Ossetia in mid-2004 and undermined what feelings of trust had been restored. Addressing the full range of causes and restoring territorial integrity peacefully requires sustained effort by the Georgian government with international support.

[1] *Civil Georgia*, 10 January 2004.
[2] Interview with Georgian MP, Giga Bokaria, *Civil Georgia*, 26 July 2004. Interview with Georgian State Minister, Goga Khaindrava, *Civil Georgia*, 28 July 2004.
[3] Crisis Group interview with Georgian MP, August 2004.
[4] "South Ossetia Will be Georgian in Several Months", *Caucasus Press*, 14 October 2004, and Interfax Presidential Bulletin Report for same day, at http://worldnews.xignite.com/xWorldNews.aspx?articleid=CEP20041014000320.

II. UNDERLYING CAUSES OF THE CONFLICT

In taking its first action, Saakashvili's government was driven by conviction the conflict could be resolved rapidly and through the application of strategies similar to those employed in Ajara.[5] As in Ajara, Georgian authorities sought to unseat South Ossetia's political leadership in order to re-establish control.[6] They utilised a two-pronged approach: launching a large scale anti-smuggling campaign to block local authorities' ability to gain from illegal trade, and implementing a "humanitarian aid" offensive to win the hearts and minds of inhabitants. The strategy was based on the expectation that when local authorities could no longer deliver basic services, citizens would turn against their leadership. Animosities against Tbilisi would be tempered by aid. As will be described in more detail below, this strategy had the opposite effect, as Ossetians rallied around their de facto president.

Tbilisi's erroneous strategy was largely based on a limited and selective interpretation of the roots of the conflict. Policy makers focused on political-economic causes, largely ignoring others. However, the conflict's origins include, but are not limited to, different understandings of history; grievances from the 1990-1992 conflict especially with regard to displacement and human rights violations; institutional arrangements and political influences; geopolitical interests; and political-economic realities.

A. HISTORICAL CAUSES

1. Competing narratives of South Ossetia's past

South Ossetia is located along Georgia's northern frontier in the southern foothills of the Caucasus Mountains, bordering the North Ossetian Autonomous Republic of the Russian Federation. The region is surrounded on the south, east and west by Georgia proper. South Ossetia was granted the status of an autonomous region (oblast) in the Georgian Soviet Socialist Republic in 1923.[7] The Ossetian people claim to be descendants of the Alanian and Scythian tribes that migrated from Persia to the Caucasus at least five millennia ago.[8] The Ossetian language belongs to the Indo-European group and is related to Pushto and (more distantly) Farsi, but uses the Cyrillic alphabet.[9] When and how Ossetians migrated to the southern Caucasus is much disputed.[10] Georgian sources mostly claim that mass movement to Georgia took place in seventeenth to nineteenth centuries[11] But Ossetians claim they have been living much longer on both sides of the Caucasus, and their presence in the region is at least as ancient as the Georgians'.[12] They argue that Ossetians in the North and South in 1774 chose to join the Russian Empire.[13] This different understanding of the duration of Ossetian presence causes deep divisions, providing fodder for Georgians to claim they are "guests" in the South, while Ossetians argue that they populate their historical homeland on both sides of the Caucasus.

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[5] As a local conflict resolution expert explained with regards to South Ossetia, "there are two trends in the Georgian government...People who know what happened thirteen years ago, who have experience, who understand that the issue is complex...and a younger generation, let's say hard-liners, who thought that this issue could be revolved like Ajara". Crisis Group interview, September 2004.

[6] For background on the Ajara case, see ICG Europe Briefing, *Saakashvili's Ajara Success: Repeatable Elsewhere in Georgia?*, 18 August 2004.

[7] Oblasts had the least autonomy, mostly cultural, within the Soviet system. North Ossetia was given the status of autonomous republic in the Russian SSR.

[8] P. Kozaev, *Alans-Aryans* (Vladikavkaz, 1998).

[9] Nikola Svetkovsky, "The Georgian-South Ossetia Conflict", Danish Association for Research on the Caucasus, at http://www.caucasus.dk/publication5.htm.

[10] The rivalry is visible in the different titles of the region. South Ossetia is often referred to as "Samachablo", "Shida Kartli", or "the Tskhinvali Region" by Georgians. Georgian hard-line nationalists call it "Samachablo" -- the land of the aristocratic Georgian Machabeli family. This term is offensive to Ossetians and reminiscent of former President Gamsakhurdia's nationalistic rhetoric; they prefer "South Ossetia", emphasizing the ethno-cultural affinity with North Ossetia. This report uses South Ossetia, as it is the most frequently used in official documents and diplomatic discourse.

[11] G. Zhorzholiani, S. Lekishvili, L. Mataradze, L. Toidze, and E. Khoshtaria, *The Historical, Political and Legal Aspects of The Georgian-Ossetian Conflict* (Tbilisi, 1992), pp. 3-4; See also, A. Surguladze and P. Surguladze, *A History of Georgia* (Tbilisi, 1992); N. Lomouri, *A History of Georgia* (Tbilisi, 1993).

[12] I.BB Sanakoev, *Origins and Factors of Georgian-South Ossetian Conflict (1989-1992)* (Vladikavkaz, 2004), p. 44. For a wider coverage of the historical background, see Svetkovsky, op. cit.; also, Julian Birch, "The Georgian/South Ossetian Territorial and Boundary Dispute", in Wright, Goldenberg, and Schofield (eds.), *Transcaucasian Boundaries*, the SOAS/GRC Geopolitical Series (London, 1996), pp. 202-210.

[13] Crisis Group interviews, political analysts, Tskhinvali, October 2004.

Ethnic tensions became visible during the first Georgian Republic, 1918-1921. The Georgian Menshevik government accused Ossetians of cooperating with Russian Bolsheviks.[14] A series of Ossetian rebellions took place between 1918 and 1920 during which claims were made to an independent territory. Violence broke out in 1920 when Georgian Mensheviks sent National Guards and regular army units to Tskhinvali to crush the uprisings.[15] Ossetian sources claim that about 5,000 Ossetians were killed and more than 13,000 subsequently died from hunger and epidemics.[16] After the Red Army invaded Georgia in 1921, the South Ossetian Autonomous Oblast (SOAO) was created within Georgia.

During the Soviet period, Georgians generally considered South Ossetia an artificial entity, and rivalries remained latent. Many Georgians perceived that Ossetians living in South Ossetia had benefits not granted to them. According to a source originally from Tskhinvali, "the first in charge was always Ossetian, in all possible positions".[17] On the other hand, Ossetians in the South felt politically disadvantaged compared to their kin in the North and to the Abkhaz, as both had Autonomous Republics (in the Russian Federation and Georgia respectively).

2. The 1990-1992 conflict and its aftermath

The Ossetians renewed efforts to upgrade their status in 1988, when Ademon Nykhaz (the South Ossetian Popular Front) was created.[18] On 10 November 1989, the SOAO regional council sent a plea to the Georgian Supreme Soviet for the region to be made an Autonomous Republic, infuriating Georgian authorities. The language issue also increased tensions.[19] Some attempts appear to have been made to defuse the crisis through organising public forums attended by both Georgians and Ossetians.[20] But the last such meeting ended violently when, on 23 November 1989, 15,000 Georgians marched on Tskhinvali. The caravan of buses and cars was met by a mob of Ossetians, militia and soldiers from the 8th regiment of the Soviet Army, who prevented them from entering the city.[21] The clash caused the first casualties.[22]

The situation worsened in summer 1990, prior to parliamentary elections in Georgia, when the Georgian Supreme Soviet adopted an election law barring regional parties. This was interpreted by Ossetians as a way to cut Ademon Nykhaz out and led to Ossetians proclaiming full sovereignty within the USSR on 20 September 1990. Ossetians then boycotted elections the next month that brought Zviad Gamsakhurdia's "Round Table" coalition to power in Georgia and held their own parliamentary contest in December.[23] Gamsakhurdia's government frantically reacted, cancelling the election results and abolishing the autonomous oblast status of South Ossetia on 11 December 1990. Tbilisi announced a state of emergency in the region and appointed the commander of Georgian Interior Troops as Tskhinvali's mayor. Authorities in that city organised a referendum in January 1992, which overwhelmingly supported secession and integration with Russia. On 19 November 1992, the South Ossetian Supreme Council voted for the same actions.[24]

Direct military confrontation started in January 1991 when several thousand Georgian troops entered Tskhinvali, leading to a year of chaos and urban

[14] Zhorzholiani, et. al., *The Historical, Political and Legal Aspects of The Georgian-Ossetian Conflict*, op. cit., p. 6.
[15] Vakhtang Guruli (ed.), *History of Georgia - XX Century* (Tbilisi, 2003), p. 69.
[16] Svetkovsky, op. cit. Chapter 4.2.
[17] Crisis Group interview with Gori Region government official, September 2004.
[18] During the late 1980s, Popular Front movements were created throughout the USSR but generally on a republic rather then an oblast basis. They tended to advocate protection and promotion of national rights in opposition to Soviet or Russian policies. Ademon Nykhaz was particularly criticised in Tbilisi when in Spring 1989 its head, Alan Chochiev, wrote an open letter to the Abkhaz people supporting their independence claim. Human Rights Watch, "Bloodshed in the Caucasus: Violation of Humanitarian Law and Human Rights in the Georgia-South Ossetia Conflict", 1998, p. 6.
[19] In 1989 the Georgian Supreme Soviet promoted its language program, establishing Georgian as the principle language countrywide. Ossetians reacted by passing a resolution on Ossetian as an official language in the autonomous areas. Svetkovsky, op. cit., Chapter 4.3. Ossetians living in Tskhinvali claim that in 1989 they were instructed to use Georgian in all state work rather than Russian. Crisis Group interview with former public officials, South Ossetia, October 2004.
[20] Human Rights Watch, "Bloodshed in the Caucasus", op. cit., p. 7.
[21] Ibid, p.7.
[22] At least six people were killed, 27 sustained gunshot injuries, and 140 were hospitalised. *Komsomolskaya Pravda*, 26 December 1990, p. 1, cited in Human Rights Watch report, op. cit. p.7.
[23] Svetkovsky, op. cit. Chapter 4.3.
[24] Julian Birch, "Ossetiya -- land of uncertain frontiers and manipulative elites", *Central Asia Survey*, 18 (4), 1999, p. 505.

warfare. In spring 1992, fighting escalated with sporadic Russian involvement.[25] On 24 June 1992, in the Russian city of Sochi, the then Russian and Georgian leaders, Boris Yeltsin and Eduard Shevardnadze, signed an agreement that brought about a ceasefire, but the war's consequences were devastating: some 1,000 dead, 100 missing, extensive destruction of homes and infrastructure, and many refugees and internally displaced persons (IDPs).[26]

3. The peace agreement and peace implementation mechanisms

A series of protocols to the Sochi Agreement were signed soon thereafter including Protocol no. 3, which defined the zone of conflict -- a circle of 15 km. radius from the centre of Tskhinvali -- and a security corridor -- a 14 km, band divided evenly on both sides of the administrative border of the former South Ossetia Autonomous Oblast.[27] On the ground, the authorities of the former oblast maintained control over the districts of Tskhinvali, Java, Znauri, and parts of Akhalgori. The Tbilisi central government controlled the rest of Akhalgori and several ethnic Georgian villages in the Tskhinvali district.

The Sochi Agreement also set up the Joint Control Commission (JCC),[28] a quadrilateral body with Georgian, Russian, North and South Ossetian representatives,[29] plus participation from the Organisation for Security and Cooperation in Europe (OSCE).[30] The JCC was created to supervise the observance of the agreement, draft and implement conflict settlement measures, promote dialogue and political settlement, devise and carry out measures to facilitate refugee and IDP return, solve problems related to economic reconstruction in the zone of conflict, and monitor human rights. It is also within JCC competence to coordinate activities of the Joint Peacekeeping Forces.[31] In practice, the JCC's work has tended to focus on three main issues, each with a working group: military and security matters, economic rehabilitation of the zone of conflict, and establishing conditions for the return of refugees and IDPs. In addition, ad hoc committees, expert groups, plenipotentiary delegations and other formations have met at various levels.[32]

The June 1992 agreement also created trilateral Joint Peacekeeping Forces (JPKF), with Georgian, Russian and Ossetian units.[33] The JPKF was mandated to restore peace and maintain law and order in the zone of conflict and security corridor, as well as in districts and villages not in the zone of conflict.[34] It was additionally tasked to monitor provisions of the ceasefire agreement and take decisive measures, including the use of arms, in case of violations of JCC decisions by any uncontrolled armed formations of a party.[35] The Protocol gave the military command the right "to use all measures to localise military clashes and destroy armed formations in districts and villages of the former South Ossetian Autonomous Oblast that were not included in the security zone or corridor".[36] However, it is specifically in the zone of conflict (on South Ossetian territory) that the JPKF has the right to deploy and to establish checkpoints.[37] Since 1992 the JPKF has deployed and set up checkpoints in the zone of conflict and security corridor (on the South Ossetian side) but has rarely extended its activities outside the corridor to districts and villages not in the zone of conflict. Each party was to provide a

[25] Svetkovsky, op. cit. Chapter 4.3.
[26] According to the "Intergovernmental Agreement Between Russia and Georgia on Economic Rehabilitation in the Georgian-Ossetian Zone of Conflict" (14 September 1993), war damages totalled 34.2 billion Russian rubles based on 15 July 1992 prices ($260 million). The ceasefire entered fully into force on 28 June 1992. Figures denoted in dollars ($) refer to U.S. dollars in this report unless otherwise noted.
[27] Protocol no. Three. 12 July 2004, signed in Vladikavkaz by the JCC.
[28] "Sochi Agreement on Resolving the Georgian-Ossetian Conflict", Article 3, 24 June 1992; its functions were defined in a 4 July 1993 protocol signed in Vladikavkaz.
[29] Terms of Reference for the JCC, 26 July 1994, signed by the Russian and Georgian representatives.
[30] At that time, the OSCE was the Conference on Security and Cooperation in Europe (CSCE). It was agreed that the CSCE would participate in the work of the JCC within the Terms of Reference for the JCC, 26 July 1994.
[31] Terms of Reference for the JCC, 26 July 1994, op. cit.
[32] The European Commission of the European Union is present in the working group on economic issues and the UNHCR in the working group on refugees and IDPs.
[33] A common misperception is that the JPKF is quadrilateral, including South and North Ossetian forces. Rather, the Ossetian unit has over time come to be staffed mainly by soldiers from South Ossetia under the command of a North Ossetian officer.
[34] In 1992 what is now called the JPKF was termed the Joint Peacekeeping and Law Enforcement Forces (JPKLEF). The mandate was changed in 1997 to exclude law enforcement. Protocol no. Seven of the JCC Meeting, Annex 1, 13 February 1997, in Vladikavkaz.
[35] Protocol no. Three, Annex 1, Article 1, 12 July 2004, signed in Vladikavkaz by the JCC.
[36] Ibid.
[37] Ibid, Article 4.

maximum of 500 troops to the JPKF,[38] who served under Russian command.[39] In 1996 the parties signed a Memorandum to Enhance Security and Confidence Building Measures and agreed to step-by-step demilitarisation of the zone of conflict and reduction of the number of JPKF frontier posts and guards.[40]

The peacekeeping and conflict settlement process evolved over the past ten years, as various agreements were made, especially at the JCC level.[41] The negotiation process was slow, with lengthy periods of inactivity.[42] The parties made various commitments, especially relating to economic rehabilitation and refugee return (detailed below). Nevertheless negotiations on full-scale resolution of the conflict posed significant obstacles. The May 1996 "Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence between the Parties to the Georgian-Ossetian Conflict" called on them to "continue their negotiations with a view to achieving a full-scale political settlement".[43] However, attempts to start negotiations on the political settlement did not begin until February 1999 and have only reached an intermediary stage with the signature of the Baden Agreement (Declaration) in 2000.[44]

Before November 2004, the leaders of Georgia and South Ossetia had not met since June 1998 when Shevardnadze and Chibirov came together in the Georgian town of Borjomi.[45] The most recent bilateral agreement was on 23 December 2000.[46] As will be described below, it stipulated that Georgia and Russia should, with the North and South Ossetian sides, devise two crucial programs: one on economic rehabilitation of the zone of conflict, the other on return, settlement, and re-integration of refugees, forcibly displaced and other persons affected by the conflict, including measures for restoration of the economy in places of return.

B. HUMAN RIGHTS VIOLATIONS AND POPULATION DISPLACEMENT

1. Ossetian and Georgian population settlement and displacement

Populations were closely inter-mixed before the 1990-1992 conflict. According to the last pre-war census in 1989, Ossetians living in South Ossetia numbered 65,000, with 98,000 in the rest of Georgia.[47] The overall population of South Ossetia was approximately 99,700, including some 26,000 ethnic Georgians.[48] The war brought massive displacement, which shattered much of this coexistence and brought South Ossetians much closer to their ethnic kin in North Ossetia (Russian Federation).

The displacements have yet to be reversed. Their brunt was shouldered by North Ossetia. While precise figures are difficult to find, accounts claim that between 40,000 and 100,000 Ossetians from South Ossetia and Georgia proper fled there during the conflict.[49] Additionally, some 10,000 Georgians and

[38] Decision no. 1 of the JCC, 4 July 1992, signed in Vladikavkaz. The commander of the JPKF is named by the JCC on the proposal of the Ministry of Defence of the Russian Federation.

[39] JCC Decree, December 1994, signed in Moscow.

[40] "Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence Between the Parties to the Georgian-Ossetian Conflict", Moscow, 16 May 1996. This reduction was to occur "as progress is made towards a full-scale settlement...."

[41] Between December 1994 and April 2004, the JCC met 30 times.

[42] For example, between August 1992-December 1994, September 1997-March 1999, and July 1999-April 2001, no JCC sessions were held.

[43] "Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence Between the Parties to the Georgian-Ossetian Conflict", Moscow, 16 May 1996.

[44] The last time the authorised delegations met to discuss a political settlement, on 14 to 17 October 2003 in The Hague, the experts meeting facilitated by the OSCE ended without a concluding document. It was a follow-up to meetings in Vienna/Baden (2000), Bucharest (2001) and Castelo Branco (2002).

[45] Two previous meetings between Shevardnadze and Chibirov took place in Vladikavkaz (North Ossetia) on 27 August 1996, and in Java (South Ossetia) on 14 November 1997. See below for the November 2004 meeting between Georgian Prime Minister Zurab Zhvania and South Ossetian leader Eduard Kokoity.

[46] "Agreement Between the Government of the Russian Federation and the Government of Georgia on Economic Reconstruction and Rehabilitation in the Zone of Georgian-Ossetian Conflict and on Refugee Return", Tbilisi, 23 December 2000.

[47] Birch, "Ossetiya", op. cit., p. 505.

[48] Crisis Group interview, South Ossetian official, Tskhinvali, August 2004.

[49] The lower figure is based on data from UNHCR (estimations as of 1998). According to UNHCR Tbilisi, 30,000 Ossetians from Georgia proper registered in North Ossetia as refugees, while 10,000 from South Ossetia became "de facto refugees" in North Ossetia. Crisis Group interview, August 2004. Officials of UNHCR Vladikavkaz consider that in 1995 there were some 55,000 persons in North Ossetia displaced by the Georgian--South Ossetian conflict. Crisis Group interview, October 2004. The 100,000 figure is used by

persons of mixed ethnicity were displaced from South Ossetia to Georgia proper, and 5,000 internally displaced in South Ossetia.[50] The 1992 ceasefire was not followed by large-scale returns. In 2004 the UN Office for the Co-ordination of Humanitarian Assistance (OCHA) found that "an overwhelming number of IDPs and returnees remain displaced...many if not most...reluctant to return to their places of origin".[51] As of September 2004 the office of the UN High Commissioner for Refugees (UNHCR) had facilitated return of no more than 1,734 persons (513 families) from North Ossetia to South Ossetia and Georgia proper.[52]

The returns that did occur after 1992 tended to strengthen the dominance of majority populations rather then promote multi-ethnic co-existence. Few minorities chose to regain pre-war residences. UNHCR assisted return of 278 ethnic Georgian families to South Ossetia and 86 Ossetian families to Georgia.[53] A Georgian engineer who worked on the reconstruction of homes for returnees told Crisis Group (ICG) these figures were exaggerated because very few families came back permanently -- the majority sold their rebuilt property. "We did not achieve the expected results", he claimed.[54] Allegedly South Ossetian authorities encouraged Ossetian refugees to settle in South Ossetia rather then in Georgia proper. In turn, Georgian local authorities did little to assist returning Ossetians regain possession of their property.[55] From 2000 to 2004 return on all sides virtually came to a halt.[56]

Thus much of the inter-ethnic mixing that existed before 1990 has been lost. Before the war, Georgia had a population of some 164,000 ethnic Ossetians. Approximately 38,000 remain.[57] A handful of ethnically mixed villages survive in South Ossetia.[58] While Ossetian authorities claim that up to 2,000 ethnic Georgian still live in Tskhinvali,[59] Georgian officials in Gori say only a few dozen do.[60] In parts of South Ossetia under Georgian government control, there are some 20,000 persons, mainly ethnic Georgians, in four districts.[61]

Wartime displacement also significantly reduced South Ossetia's population, which has yet to reach 1990 numbers. Authorities there claim some 80,000 persons live in the region.[62] However the real number of full time residents is likely around 65,000.[63] No more than 36,600 are reported to have voted in the 2004 South Ossetian parliamentary elections.[64]

Many Ossetians from South Ossetia and Georgia proper have regulated their status in North Ossetia and Russia. The number of refugees from Georgia registered in North Ossetia has dropped to 19,496.[65]

North Ossetia officials (Crisis Group interview, October 2004) and is also quoted in Birch, "Ossetiya", op. cit., p. 505.

[50] UNHCR, "Population Movements as a Consequence of the Georgian-South Ossetian Conflict", updated 1 September 2004.

[51] UN OCHA Georgia, "South Ossetia Briefing Note", January 2004.

[52] UNHCR, "Population Movements", op. cit.

[53] Ibid.

[54] Crisis Group interview with Gori Region government official, September 2004.

[55] U.S. Committee for Refugees, 2000 Country Report, Georgia country study, at http://www.refugees.org/world/countryrpt/europe/2000/georgia.htm. In the Gori region a regional official claimed that court decisions in 70 cases had enabled pre-war Ossetian inhabitants to regain legal possession of their property. Crisis Group interview, September 2004.

[56] UNCHR, "Global Shelter Assistance in South Ossetia/ Georgia Proper", 1997-2004.

[57] Found at http://www.statistics.ge/main/census/cen_inf/Tavi%203.htm. The 1989 figure is based on the 1989 countrywide census and thus includes South Ossetia. The 2002 figure does not include South Ossetia, only Georgia proper. According to the same source, 33,138 Ossetians lived in Tbilisi in 1989 but only 10,266 in 2002.

[58] According to an OSCE official, these include Ksuisi and Arstsevi (Tskhinvali region) Akhalsheni, Tigva and Shindara (Znauri region) and several villages in the Leningori/Akhalgori region.

[59] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004.

[60] Crisis Group interview with Gori Region government official, September 2004. According to OSCE estimates a few hundred Georgian families may live in Tskhinvali. Crisis Group interview with OSCE officers, September 2004.

[61] The calculation is based on figures from the 2002 census carried out by the Georgian Department of Statistics and covering the districts of Eredvi, Kurta, Avnevi and Akhalgori. It does not include villages not under control of the Georgian authorities. Georgian State Department of Statistics, *Main Results of National Census 2002*, vol. 2 (Tbilisi, 2003), pp. 117, 226-227, 233.

[62] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004.

[63] Crisis Group interview with UNHCR Georgia staff, August 2004.

[64] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004. It is highly likely this number was inflated for political reasons.

[65] Crisis Group interview with official of the department on migration issues, ministry of internal affairs, North Ossetia, October 2004. This figure can be further broken down to include 19,007 persons from Georgia proper, 134 from Abkhazia and 355 from South Ossetia. UNHCR Vladikavkaz

This suggests that many displaced from South Ossetia have found alternative means to define their status -- often taking Russian citizenship, registering as residents of North Ossetia, and moving on to other parts of Russia or further afield. In addition, the de facto foreign minister of South Ossetia claims that close to 90 per cent of all Ossetians in South Ossetia have become Russian citizens.[66] Informally South Ossetians note that every family has at least one member in North Ossetia.[67] Lack of employment and education opportunities, as well as the generally pessimistic political-economic outlook in South Ossetia, pushes many to migrate.

2. War-time atrocities

The conflict in the beginning of the 1990s was sporadic and anarchic.[68] Neither Georgians nor Ossetians possessed a disciplined army, and fighting generally took place between small groups and paramilitaries, facilitated by the easy availability of arms. Half a dozen Georgian paramilitary formations, from 50 to 200 men each, participated.[69] There was lack of coordination between the groups, and they had different allegiances: some were loyal to Gamsakhurdia, others to his opposition, and a third group was made up of common criminals.[70] The South Ossetians consisted mainly of a 2,400-man National Guard formed in November 1991.[71] Locals also engaged in street clashes, particularly in Tskhinvali.[72]

Both sides committed brutal atrocities, including decapitation of infants, executions in front of family members, and rape.[73] According to a Human Rights Watch report:

> Georgian paramilitary groups committed acts of violence against Ossetian civilians within South Ossetia that were motivated both by the desire to expel Ossetians and reclaim villages for Georgia, and by sheer revenge against the Ossetian people. As a consequence of this violence, between 60 and 100 villages in South Ossetia are reported to have been burned down, destroyed or otherwise abandoned.[74]

The same report documents how Georgians in Ossetian villages became easy targets for Ossetian paramilitaries. Both parties perpetrated hostage taking, indiscriminate shelling and summary executions.[75] Neither Georgian nor Ossetian authorities have investigated these actions. The number killed remains controversial. No amnesties have been declared, and no individuals have been sentenced for crimes against civilians. The lack of accountability is a grievance raised by the South Ossetians. In June 2004, de facto President Kokoity stated that the Georgian Parliament should conduct a political assessment of the 1990-1992 conflict and the Georgian government should acknowledge that genocide was carried out against South Ossetians.[76]

C. POLITICAL CAUSES OF THE CONFLICT

Politically Georgians and South Ossetians are divided by the former's claims to state territorial integrity and the latter's aspirations for national self-determination. President Saakashvili has made restoration of Georgia's territorial integrity his top priority. Following his highly symbolic inauguration oath at the grave of David IV[77] in January 2004, he stated, "Georgia's territorial integrity is the goal of my life". He promised that South Ossetia and Abkhazia would be restored to Georgia before the presidential elections scheduled for 2009. Finding a solution to the South Ossetian issue is key for his credibility. Public opinion is unprepared to accept any solution that does not involve full re-integration of South Ossetia, and Saakashvili has done little to pave the way for any compromise.

The South Ossetians have a radically different vision. Since 1989 they have promoted two options: full

has a slightly higher figure, 22,631. Of these, 10,527 have become full Russian citizens while 11,150 have forced migrant status. Crisis Group interview with UNHCR Vladikavkaz staff, October 2004.

[66] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004.

[67] Crisis Group interviews, Tskhinvali, August-September 2004.

[68] Svetkovsky, op. cit., Chapter 4.4.

[69] These included the White Eagles, White Georgia, White Falcons, Black Panthers, the Kutaisi National Guard, and the Merab Kostava Society. Human Rights Watch, op. cit., p. 14.

[70] Ibid, p. 14.

[71] Ibid, p. 13.

[72] During the conflict, Tskhinvali was divided into Georgian and Ossetian-controlled zones and for months was under shell fire, without electricity supply or communications.

[73] Svetkovsky, op. cit., Chapter 4.4.

[74] Human Rights Watch, op. cit., p. 17.

[75] Ibid.

[76] "Kokoity puts everything at stake", *Svobodnaya Gruziya*, 15 June 2004.

[77] King David IV, born in 1073, ruled Georgia from 1089 to his death in 1125 and is considered the first unifier of the country.

independence and international recognition, or integration into the Russian Federation. The former head of the region, Lyudvig Chibirov, tended toward a more conciliatory stance and was considered to have a stabilising influence on relations. In 2000 it seemed that Chibirov and Shevardnadze might ultimately agree on re-integration.[78] However Eduard Kokoity's victory in the December 2001 elections changed this.[79] Kokoity has refused to discuss a political settlement, especially on the issue of South Ossetia's future status in Georgia.

In 2004 the Kokoity government repeatedly called for integration of South Ossetia into the Russian Federation. On 5 June, the Ossetian legislature appealed to the State Duma to incorporate the territory.[80] On 15 September, in Moscow, Kokoity stated, "It is high time to stop dividing Ossetia into North and South. There is one big and unified Ossetia...reintegration into Georgia is out of the question".[81]

Authorities in South and North Ossetia justify their demands as national self-determination.[82] They argue that during the Soviet period the Ossetian nation was wrongly divided between the Russian SSR and the Georgian SSR. As all lived within the Soviet Union and nothing impeded freedom of movement, it was not until the break-up of the USSR that the real consequences of this division were felt. Today members of the Ossetian elite ask: "why don't we as a people [narod] have the right to re-unite? Like the Germans, the Koreans, and now maybe the Albanians?"[83] They also point out that since 1992, ties between North and South Ossetia have strengthened in all fields.[84]

Ossetians argue that their rights would be better protected within the Russian Federation than Georgia. Crisis Group was told repeatedly by officials in North and South Ossetia that since the end of the conflict, they have received direct financial assistance from Russia, but nothing from Georgia.[85] Chibirov said that "during my years as president, I have never received a cent from the Georgian government".[86] Russia has assisted with reconstruction of roads and other infrastructure in South Ossetia and provided humanitarian aid there, while covering accommodation and social care costs of most refugees in North Ossetia.[87]

Georgians oppose South Ossetia's independence because it would undermine the their state's territorial integrity. In addition, they say independence is unrealistic because the region is not economically viable, is populated by Georgian citizens, and has only one main road link to Russia through the Roki tunnel,[88] while the Caucasus Mountains provide a "natural barrier" to North/South Ossetia reunification.[89]

D. GEOPOLITICAL CAUSES

South Ossetia's strategic location on the border between Russia and Georgia has contributed to tensions. The region is a mere 3,900 sq. kms. and has only two large towns: Tskhinvali and Java. The remainder of the territory is made up of villages

[78] President Shevardnadze and de facto President Chibirov met three times, in 1996, 1997 and 1998, and both publicly expressed commitment to peaceful settlement of the conflict.

[79] Kokoity was elected with over 55 per cent of the vote in the second round on 6 December 2001, defeating the chairperson of the de facto Parliament and Communist Party regional leader Stanislav Kochiyev. Turnout was estimated at 63 per cent. In the first round Kokoity received 47 per cent, Kochiyev 24 per cent and Chibirov 21 per cent. "Georgia Conflict Assessment", prepared for the U.S. Agency for International Development (USAID), 23 January 2002, p. 36. The election was not recognised internationally.

[80] "Parliament of South Ossetia Appeals to the Duma of Russian Federation to Incorporate the Republic into Russia", *NEWSru.com*, at http://newsru.com/arch/world/07jun2004/ho4etsya.html.

[81] "Kokoev calls for 'United Ossetia', Rules out Integration into Georgia", *Civil Georgia*, 15 September 2004.

[82] Crisis Group interviews, Tskhinvali, August 2004 and Vladikavkaz, October 2004.

[83] Crisis Group interviews, Vladikavkaz, October 2004.

[84] In order to promote cooperation between North and South Ossetia, a "Republic of South Ossetia Department for Relations with the Republic of North Ossetia" was opened in 2002. Its aim is to "promote integration of South Ossetia into North Ossetia" by strengthening ties between non-governmental structures such as local firms and farms and also building links between schools and other institutions. Crisis Group interview with department head, Vladikavkaz, October 2004.

[85] Crisis Group interviews, Tskhinvali, August 2004 and Vladikavkaz, October 2004.

[86] Crisis Group interview, Vladikavkaz, October 2004.

[87] Most recently refugees living in collective centres in North Ossetia have started to receive cash compensation from the Russian Federal Government, 110,000 RR ($3,800) to vacate their temporary premises. Crisis Group interview with ICRC staff, Vladikavkaz, October 2004.

[88] Crisis Group interview with Georgian conflict resolution expert, September 2004.

[89] Crisis Group interview with former UNHCR sub-contractor, September 2004.

dispersed among small mountain valleys. The Roki tunnel, 2,995 metres above sea level, provides the only paved road link between the two Ossetias.

For Russia, South Ossetia is of strategic importance because it is on the border of its volatile Northern Caucasus region. A senior Russian diplomat in Georgia told Crisis Group, "North Ossetia was an island of stability. It was important for us to keep it that way....Events in South Ossetia destabilised this, and this is why we reacted so strongly".[90] As the only Christian people in the North Caucasus, Russia has traditionally relied on the Ossetians as trustworthy allies.[91] Outside analysts have pointed out that the Georgian-South Ossetian war helped precipitate the 1992 outbreak of fighting between Ossetians and Ingush in the Russian Federation.[92]

During the first part of 2004, there were expectations Russia and Georgia would informally agree on managing their common security problems. Relations between Presidents Putin and Saakashvili were reportedly improving in spring 2004, as both expressed an interest in fighting international terrorism. During his first official visit to Moscow, in February, Saakashvili agreed to joint patrols of Georgia's northern border to contain possible terrorist incursions. The two presidents discussed creation of a joint anti-terrorist centre in Tbilisi. They also appeared close to overcoming differences over Russian military bases in Georgia.[93] At the start of his presidency, Saakashvili was adamant that the two remaining bases be closed by 2006. However, he did not publicly bring up the issue at the Istanbul NATO Summit. During talks in Moscow on 10-11 August, the two defence ministers agreed to extend the bases for seven or eight years. Perhaps most importantly, Saakashvili and Putin appeared on the verge of signing a long-awaited framework treaty on cooperation and security issues.[94]

Other developments, however, strained bilateral relations. The Ajara crisis provided a second opportunity after the "Rose Revolution"[95] for Igor Ivanov, the head of the Russian National Security Council, to show Russia's ability to contribute to solution of Georgian problems, when he facilitated Abashidze's exile to Moscow. Russia had expected some political gratitude for its assistance, so President Putin was allegedly infuriated when the day after Abashidze's exit, Georgian Foreign Minister Zurabashvili repeated demands for the removal of Russian bases.[96] However, informed sources agree that the South Ossetia crisis, not Ajara, was the major reason for deterioration in Russian-Georgian relations in mid-2004.[97]

E. POLITICAL-ECONOMIC CAUSES OF CONFLICT

The frozen nature of the conflict had provided a fertile ground for development of illegal business -- smuggling, drug trafficking, kidnapping and arms trading. The Transcaucasian highway connecting Georgia to Russia goes through South Ossetia and allegedly serves as a key smuggling route.[98] Due to the unresolved status of South Ossetia, neither Georgia nor South Ossetia could agree on the establishment of a system of customs control on

[90] Crisis Group interview with Russian diplomat in Georgia, September 2004.
[91] Evidence of the Russian-Ossetian military alliance date at least back to the nineteenth century, when Ossetia assisted Russia against Chechens and Daghestanis. Birch, "Ossetiya", op. cit., p. 525.
[92] Ibid, pp. 512-528.
[93] At the OSCE Istanbul Summit in November 1999, Russia undertook to reduce its military strength in Georgia by the end of 2000 to comply with the Conventional Armed Forces in Europe Treaty. Georgia and Russia also agreed to complete negotiations in 2000 on the duration and modalities of the bases at Batumi and Akhalkalaki. Russia has so far closed its bases in Vaziani (Tbilisi) and Gudauta (Abkhazia) but maintains those in Batumi and Akhalkalaki, though negotiations on closure continue.
[94] The signing of the framework agreement is now on hold. A senior source within the Russian Embassy in Tbilisi informed Crisis Group that most points have been agreed. The main remaining issue concerns the Russian military bases, whose closure may be linked to a Georgian pledge not to accept other foreign bases. Crisis Group interview with Russian diplomat in Georgia, September 2004.
[95] The term refers to the uprising against President Shevardnadze and the rigged 2003 parliamentary elections that led to Saakashvili's ascent to power.
[96] Putin's reaction was described by a Russian political analyst, in a Crisis Group interview, Moscow, October 2004. Zurabashvili's statement was reported at http://www.rambler.ru/db/news/ print.html?mid=4573756.
[97] Crisis Group interview, senior Russian diplomat, September 2004.
[98] The road is one of three linking Georgia with Russia. By default it is also an important link to Russia for Armenia, Azerbaijan, and Turkey. Roman Gotsiridze, "Economic and Social Consequences of Internal Conflict in Georgia", Report for the Parliament Budget Office of Georgia, 2003, pp. 5-6.

transiting goods.[99] South Ossetians refuse to allow Georgian customs officials on their territory, in particular on their side of the Roki pass, claiming that an independent state has the right to its own customs administration. Georgian officials are less than keen on setting up customs points on their side of the divide, considering this would amount to de-facto recognition of South Ossetian independence.

Up to the end of 2003, a number of law enforcement officials from South Ossetia and Georgia proper were believed to be participating in criminal economic activities.[100] It was alleged that authorities on both sides co-operated to profit from illegal trade, as did Russian customs and peacekeeping troops.[101] Three Georgian MPs and the deputy governor of the Shida Kartli region were considered to control parts of the market on the Georgian side, and the son of former South Ossetian leader Chibirov was seen as playing a key role on the Ossetian side.[102] Thus many officials were believed to have little incentive to stop smuggling, let alone to resolve the conflict. The lawless economy helped sustain the post war status quo.

The Ergneti market on a track of land between South Ossetia and Georgia proper, a part of the Transcaucasian highway linking Gori and Tskhinvali, started to develop in the mid-1990s as an informal trading post mainly for Georgians and South Ossetians. Most frequently Georgian individuals and companies bought goods to be re-sold in the country's internal market without proper customs clearance and legalisation. The most lucrative trade was allegedly wheat flour.[103] An estimated 450,000 tons worth, some $130 million a year, transited the market. Dairy products ($60.5 million), cigarettes ($60 million), petrol ($23.2 million) and kerosene ($12 million) also were smuggled yearly.[104]

The market also facilitated the trade in stolen and illegal goods. Cars stolen in Georgia proper were frequently taken there. Heroin and opium were also said to be traded.[105] Georgia was particularly concerned that fake alcoholic goods, especially wine allegedly produced in Georgia, were being sold, tarnishing the trademark. In the general atmosphere of lawlessness, kidnappings, assault and murder were carried out with impunity.

Georgia lost significant customs revenue due to smuggling; some calculated as much as 80 per cent.[106] Estimates of the value vary widely from 5 to 20 million lari ($2.5 to $10 million) monthly.[107] While some analysts consider that "the greatest part of the smuggled goods entering Georgia came from South Ossetia,[108] others argue, "the scale of smuggling through Abkhazia and South Ossetia is small in comparison with the volume of illegal trade through other (non-conflict) parts of the country".[109] When the market was closed in June 2004, Georgian customs claimed a four-fold increase in revenue collected at the northern customs point with Russia.[110]

The Ergneti market generally had a negative effect on Georgia's legal, political and economic environment, but it provided at least three benefits. Although much of the proceeds apparently went to elites among the local authorities, law enforcement, and "business community", average citizens also gained livelihoods from the trade in a context of overall high South Ossetian unemployment and poor economic development. Prices on basic goods such as bread were artificially low because there was no tax. Most importantly, perhaps, the market was a means for average Georgians and Ossetians to meet,

[99] In November 2002, South Ossetia and Georgia agreed to participate in an EU Customs Control project, which included a joint taxation scheme on cargo traffic transiting South Ossetia. The revenue collected was to be allocated to projects in the zone of conflict. Ultimately the South Ossetians pulled out, claiming the project threatened their sovereignty. UN OCHA Georgia, "South Ossetia Briefing Note", January 2004.

[100] David Darchiashvili and Gigi Tevzadze, "Ethnic Conflicts and Breakaway Regions in Georgia", *Building Democracy in Georgia*, Discussion Paper no. 9, May 2003, pp. 12-13.

[101] Alexandre Kukhianidze, Aleko Kupatadze, and Roman Gotsiridze, "Smuggling Through Abkhazia and Tskhinvali Region/South Ossetia", research report for the American University's Transnational Crime and Corruption Centre, 2003, pp. 8, 27, 38.

[102] Mamuka Areshidze, "Current Economic Causes of Conflict in Georgia", unpublished report for UK Department for International Development (DFID), 2002.

[103] Kukhianidze, Kupatadze, and Gotsiridze, op. cit., pp. 28-29.

[104] Ibid, p. 51. Areshidze, op. cit.

[105] Areshidze, op. cit.

[106] Ibid.

[107] The lower figure is in ibid. The higher one was from Georgi Godabrekidze, chairman of the customs department, Georgian finance ministry, quoted in *Caucasus Press*, 9 January 2004.

[108] Levan Chrdileli, deputy minister of finance, quoted in Areshidze, op. cit.

[109] Kukhianidze, Kupatadze, and Gotsiridze, op. cit., p. 26.

[110] In August 2004, the "Northern" regional customs point collected GEL 4,650,000 ($2,560,000). In August 2003 it collected GEL 1,200,000 ($660,000). Godabrekidze, op. cit.

build contacts, and identify common interests after the war years.[111]

It has been argued that South Ossetia's economy became criminalised because the region had few opportunities to participate in legal activity since it was not a recognised entity. With regards to the Ergneti market, South Ossetian authorities claim the trade was legal because they imposed custom duties on the goods from Russia. "A large part of our budget" was financed by these duties, one stated.[112] During the first half of 2004, South Ossetia's revenue collection was cut in half. Georgian analysts say this was a direct consequence of the closure of the market, while South Ossetian authorities claim it was due to the generally difficult situation in the region.[113] The rest of the region's revenue came from the few remaining local businesses. South Ossetian GDP is estimated at $15 million, $250 per capita.[114]

Ossetians argue that since 1992 South Ossetia has suffered from a de facto Georgian embargo.[115] Few economic ties link Tbilisi and Tskhinvali, and there is little legal trade. Thus South Ossetia has increasingly integrated into the North Ossetian economic space and separated itself from Georgia's.

[111] Similarly, in northern Bosnia-Herzegovina, along a main road linking Croat, Bosniak and Serb settlements, the Arizona Market has served since 1996 as a unique meeting place facilitating reconciliation. There was no tax system to regulate its trade until 2000.

[112] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004.

[113] "Budget of the de facto Republic of South Ossetia was fulfilled by less then 50 per cent in the first half of 2004", *Black Sea Press*, 30 August 2004.

[114] Areshidze, op. cit.

[115] In direct contravention to the Sochi Agreement, which states that "the parties shall deem unacceptable the imposition of economic sanctions and blockades". "Sochi Agreement on Resolving the Georgian-Ossetian Conflict", Article 4, 24 June 1992. The pledge not to exert political or economic pressure was again made in the "Memorandum on the Measures Providing Security and Strengthening Mutual Confidence Between the Sides of the Georgian-Ossetian Conflict", 1996.

III. UNFREEZING THE CONFLICT

A. FOCUSING ON THE POLITICAL ECONOMIC CAUSES OF CONFLICT

Policy makers in Tbilisi considered that the main impediment to any solution to the conflict was smuggling. They reasoned that it was sustained because South Ossetian authorities had significant gains from illegal trade, which gave them the means to maintain control and satisfy their desire for money and power. In parallel, part of the profits was used to offer basic goods and services to South Ossetia's inhabitants, in essence to secure their loyalty to the Tskhinvali regime.

1. Attacking greed

Georgia initiated a major anti-smuggling operation in and around South Ossetia in December 2003, which was reinforced in May 2004. Before then, its police had often been accused of collusion with smugglers.[116] In December, the Ministry of Interior (MIA) dispatched Special Forces to villages outside Tskhinvali to seize smuggled goods.[117] This was followed by an operation organised by the new governor of the Shida Kartli region, Irakli Okruashvili,[118] to blow up roads used for goods smuggled through South Ossetia and the Ergneti market.[119] By June the market was closed and Georgian police were regularly checking vehicles for contraband.

During the spring months, Georgian MIA troop presence in the zone of conflict grew as a result of the anti-smuggling campaign.[120] In some instances police were returned to areas where they had not been since the war.[121] By the end of May 2004, MIA troops had checkpoints in Tkviavi, Pkvenisi, Nikozi and Eredvi, all ethnic Georgian populated villages

[116] Kukhianidze, Kupatadze, and Gotsiridze, "Smuggling", op. cit.

[117] *Civil Georgia*, 11 December 2003.

[118] On 14 January 2004, Okruashvili became Georgia's prosecutor general, on 10 June the interior minister.

[119] *Civil Georgia*, 28 December 2003.

[120] Georgia appears to have acted unilaterally, without first informing the South Ossetian side through the JCC.

[121] For example, in the Proni Gorge. Nineteen police were placed in Proni in May 2004. Theresa Freese, "Security, Governance and Economic Reform in Shida Kartli", *Central Asia-Caucasus Analyst*, 19 May 2004.

near Tskhinvali. On 31 May, a 300-strong, heavily armed unit was dispatched by helicopter to reinforce a checkpoint in Tkviavi but was withdrawn a few hours later. Saakashvili claimed it was sent after General Svyatoslav Nabdzorov, commander of the JPKF, declared the roadblocks to be unauthorised and threatened to remove them by force.[122]

While Georgia justified the significant increase of MIA troops in the zone of conflict as necessary for the anti-smuggling campaign and later to protect Georgian-populated villages,[123] the Ossetians perceived this as preparation for military action against Tskhinvali. On 2 June the JCC determined the introduction of the additional police units and new checkpoints in the zone to be in contravention of agreements and concluded that Georgia should dismantle the extra checkpoints and refrain from establishing any not first agreed to by the JCC. The Georgian side agreed to withdraw immediately any new armed units from the zone of conflict. This withdrawal, however, did not begin for two and a half months. In the interval, tensions between South Ossetian and Georgian armed groups grew until they reached a crisis point in August, when the first civilian deaths were recorded.

2. Addressing grievance

In parallel, Tbilisi's approach aimed to address the South Ossetian population's feelings of grievance against their local authorities. Georgia embarked on a "humanitarian offensive" to assist ethnic Ossetians and Georgians. It realised that the Ergneti market's closure would affect not only corrupt officials but also the livelihoods of common people who depended on petty trafficking for survival. It bet that resentment would turn against Tskhinvali[124] and it could capitalise on growing dissatisfaction with the Kokoity regime. Just as they had in Ajara, in order to facilitate popular mobilisation, Saakashvili's associates called on Tbilisi-based national NGOs such as Kmara to strengthen South Ossetia-based groups organising for change.[125]

Tbilisi offered unilateral social, economic and cultural projects to benefit South Ossetians, including an Ossetian language TV station, pensions, the re-start of the Tskhinvali railway,[126] free fertiliser and humanitarian aid. On 26 May 2004, in a speech marking Georgian Independence Day, Saakashvili addressed the people of Abkhazia and South Ossetia in their native languages, urged their separatist leaders to launch peace talks on the breakaway regions' status and invited Ossetians to reintegrate into Georgian society. In early June, various Georgian authorities travelled to South Ossetia to begin implementing the pledges. They concentrated on the zone of conflict and ultimately mainly in Georgian-populated villages. Their efforts were unilateral, not co-ordinated with de facto local authorities or the JCC.

As the security situation worsened in the zone of conflict during the summer, Tbilisi also offered shelter refuge to women and children from the affected area, who were relocated to various regions, including Borjomi, Imereti, Kakheti, and Ajara. Both ethnic Ossetians and Georgians were provided for according to Georgian officials. Few central government funds were allocated to support this, however, so district governments and Georgian firms covered many of the costs.[127]

3. The South Ossetian reaction

Elites as well as common citizens reacted negatively to Tbilisi's anti-smuggling drive and humanitarian overtures. Kokoity's response was to take a more hard-line position. On 11 June he said, "South Ossetia is cutting off all relations with Tbilisi"[128] and would communicate with Georgia only within the JCC.

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[122] *Civil Georgia*, 1 June 2004; Institute for War and Peace Reporting (IWPR), 3 June 2004.

[123] Crisis Group interview, Georgian ministry of security official, September 2004.

[124] Parliamentary Chairperson Nino Burjanadze stated, "Particular groups, which have definite interests in smuggling, have lost a significant source of income. This in itself is reason for such a severe reaction to the Georgian authorities' activities". She added that "in the near future we will manage to restore friendly relations with the Ossetian people". *Civil Georgia*, 2 June 2004.

[125] *Civil Georgia*, 24 May 2004; RFE/RL Newsline, 21 May 2004. Theresa Freese, "Yet Another Rose Revolution? Georgia's 'Two Brothers' Campaign in South Ossetia", *Central Asia-Caucasus Analyst*, 2 June 2004.

[126] Within the context of the Second Rehabilitation Program for South Ossetia, the European Commission financed the reconstruction of the railway and the restoration of Tskhinvali train station.

[127] Crisis Group interview, Georgian minister for refugees and internally displaced persons, August 2004. "UNHCR/WFP Joint Assessment Mission in Relation to the Relocation of Women and Children from South Ossetia", UNHCR Georgia, 20 August 2004.

[128] Interfax, 11 June 2004.

Georgia had expected the Tskhinvali regime to weaken quickly after smuggling was curbed. In fact, Kokoity appeared to grow stronger between May and August. On 23 May 2004, parliamentary elections were organised in South Ossetia, and Unity, the pro-presidential party, won two thirds of the seats.[129] This at least temporarily ended divisions between the presidency and Parliament, which at times had been intense under Chibirov (especially in 1996 and 1999). Georgian analysts nevertheless predicted that Kokoity could not remain in office for more than three to six months, and that no more than 2 per cent of the population supported him.[130] Some NGO representatives in Tskhinvali agree that before May only a minority of some 20 per cent was firmly committed to independence and behind Kokoity.[131]

However, Georgia's sudden active engagement had a boomerang effect. South Ossetians were won over neither by the reduction of smuggling nor by the humanitarian efforts. Closing the Ergneti market hit at a main economic lifeline, and rather than blame Tskhinvali, many accused Tbilisi. The South Ossetian authorities portrayed the operation as a direct attack on independence and security. By July a local poll found that 95 per cent of the population opposed reestablishment of Georgian sovereignty, 96 per cent supported Kokoity, and 78 per cent would personally fight if needed.[132]

Humanitarian aid from Tbilisi was received with deep suspicion. EU Special Envoy Heikki Talvitie noted "they [authorities in South Ossetia] are very much afraid. They do not have much trust towards the Georgian aid".[133] Residents felt Tbilisi was trying to buy them cheaply.[134] Georgians involved in the process considered that the Ossetians "politicised the delivery of humanitarian aid" and described how local police openly threatened any who accepted it.[135] An ethnic Ossetian in Tskhinvali was arrested -- and remains in detention -- for helping organise groups of youth to take part in sponsored summer trips to the Georgian seaside.[136]

By mid-June relations between ethnic Georgians and Ossetians living in villages on the outskirts of Tskhinvali had reached a low point. The anti-smuggling operation had a direct effect on the security environment, as the Georgian checkpoints and increasing numbers of armed men in the zone shattered the peaceful environment and co-existence. Both sides felt insecure. Georgian villagers who previously sold their produce at the Tskhinvali market feared to travel to the city.[137] Tbilisi attempted to strengthen their security by opening a new road to the Georgian-populated Didi Liakhvi Gorge (from the Patara Liakhvi Gorge), bypassing Tskhinvali. While providing a new lifeline for civilians, this road also had strategic value.

Georgian villagers north of Tskhinvali, surrounded by Ossetians, were in a particularly precarious position. On 22 June, as South Ossetian militia trained, a bullet allegedly fired from a training ground slightly wounded a 70-year-old ethnic Georgian woman.[138] By early July the security situation had deteriorated significantly, with gunfire exchanges in and around the villages of Nikozi, Prisi, Argvitsi and Tamarsheni.

[129] The main opposition to Unity was the Communist Party, which until the 2004 elections had a majority of seats and whose leader, Stanislav Kochiyev, was the Parliament speaker. The parties shared the aim of bringing South Ossetia closer to North Ossetia and Russia. Kosta Dzugayev, "South Ossetia: President Builds Power Base", IWPR, 19 May 2004. The elections were not internationally recognised. Turnout was 22,407 of whom 24.7 per cent voted for the Communist Party (four proportional seats), 54.6 per cent for Unity (nine proportional seats) and 11.4 per cent for the National Youth Party (two proportional seats). Unity also won all fifteen contested single mandate seats. Four single mandate constituencies reserved for the region's Georgian population were not filled. See "Summary of the Results of the Parliamentary Elections in South Ossetia", Regnum News Agency, 28 June 2004, at http://regnum.ru/news/269013.html.

[130] Crisis Group interview, analyst, Georgian national security council, August 2004.

[131] Crisis Group interviews, Tskhinvali, August and September 2004.

[132] The poll was conducted amongst 800 respondents between 21 and 26 July 2004 by the North Ossetian Centre for Social Research and was published in *Severnaya Ossetia*, 7 August 2004.

[133] *Civil Georgia*, 6 July 2004.

[134] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004.

[135] Crisis Group interview with former UNHCR sub-contractor, September 2004.

[136] *Caucasus Press* reported on 19 August 2004 that Ossetians charged Alik Kozaev, 22, with high treason.

[137] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004. Also in Theresa Freese, "With All Roads to Tskhinvali Closed, Zone of conflict Residents Pray for Saakashvili and Peace", *Central Asia-Caucasus Analyst*, 30 June 2004.

[138] *Civil Georgia*, 25 June 2004.

B. THE START OF VIOLENT CONFLICT

In June and July 2004, Tbilisi accused Russia of supplying weapons to the South Ossetians. On 11 June, State Minister for Conflict Resolution Goga Khaindrava said 160-170 trucks loaded with weapons entered the territory via North Ossetia.[139] In a surprise move on 7 July, Georgian interior ministry forces seized two trucks belonging to Russian peacekeepers loaded with 300 unguided missiles for helicopters.[140] The Russian foreign and defence ministries condemned this, stating that a 2 June JCC Agreement authorised the resupply shipment,[141] and the next day South Ossetian authorities appeared to retaliate, for the first time openly taking offensive action against Tbilisi forces by detaining some 50 troops in police uniforms in the Georgian-populated village of Vanati inside the South Ossetian zone of conflict.[142] Most were released the following day, but only after having been filmed kneeling at gunpoint in a Tskhinvali square.[143] On 20 July tensions flared again as Georgia accused Russia of bringing non-approved hardware into South Ossetia.

The conflict had in effect reverted to a state of war, with exchanges of gun and mortar fire between villages in the zone of conflict. Such exchanges were reported between Tamarasheni and Tskhinvali on 28, 29 and 30 July, and 1 August.[144] On 4 August the chairman of the Russian Duma's Committee for the Affairs of the Commonwealth of Independent States (CIS), Andrei Kokoshin, escaped uninjured from a crossfire. On 10 August, gunfire was reported between Eredvi, Prisi, Sarabuk, Dmenis and the northern outskirts of Tskhinvali. As usual, each side accused the other of starting the violence.

The first civilians were killed during the night of 11-12 August. Georgian governmental sources reported three dead, to which South Ossetian spokespersons added 28 wounded and hundreds of houses destroyed.[145] The incidents happened soon after the Georgian Defence Minister Giorgi Baramidze and the chief of the Russian General Staff, Yuri Baluyevskiy, reached an accord in Moscow on withdrawing from the zone of conflict all armed groups except for peacekeepers. A ceasefire between the Georgian and Ossetian sides on 13 August was quickly violated by a new exchange of gun and mortar fire. A second agreement, signed on 18 August by the JCC co-chairs and Georgian Prime Minister Zhvania, took hold only after several peacekeepers were killed on 18-19 August and Georgian troops took three strategic heights over a road linking the Georgian villages of Patara and Didi Liakhvi Gorges during the early hours of 19 August.[146] The death toll in July-August was seventeen Georgians,[147] five Ossetians.[148]

After the 19 August operation, Georgia returned control of the hills to the JPKF and started pulling back, eventually removing ministry of interior troops from South Ossetia and filling its peacekeeper quota from the ministry of defence.[149] Several members of Georgia's security and defence community admitted the withdrawal was because, "at this stage it is impossible for Georgia to restore its territorial integrity militarily".[150] It lacked the resources to engage in months of combat. While Tskhinvali could have been seized in a two or three-day operation, to secure the northern Java district would have taken months. Ultimately, even if Georgian forces had been successful, the country risked years of guerrilla warfare and losing much international support and credibility.[151]

The remilitarisation of the zone of conflict reversed a decade of progress. A Georgian analyst estimated there were 1,650 to 2,000 South Ossetian troops in and around the zone of conflict from the ministries of defence and security and police special forces (OMON), and up to a further 1,000 Russian mercenaries who began entering the region in mid-June. By the end of August the number of

[139] OSCE monitored the situation and found no evidence of additional arms in the region, *Civil Georgia*, 15 June 2004.
[140] "Georgia Seizes Russian Arms Convoy in South Ossetia", *Civil Georgia*, 7 July 2004.
[141] This seizure also led to a war of words between the Georgian interior ministry and the Georgian state minister for conflicts resolution issues, Goga Khaindrava.
[142] The U.S. and the OSCE condemned the detentions.
[143] The images were widely broadcast and were seen in Georgia as a direct affront to national pride and honour.
[144] *Civil Georgia*, 28 July 2004.
[145] *Caucasus Press*, 12 August 2004.
[146] Seven Georgian peacekeepers were killed and seven wounded during the night of 18-19 August. *Caucasus Press*, 19 August 2004.
[147] Crisis Group interview, governor of Shida Kartli, September 2004.
[148] Crisis Group interview with de facto foreign minister of South Ossetia, August 2004.
[149] Including military trained under the U.S. Train and Equip Program (GTEP) for Georgia, see below.
[150] Crisis Group interviews with senior analysts, Georgian defence and security ministries, August 2004.
[151] Ibid.

mercenaries had decreased significantly.[152] The South Ossetians considered that the Georgians had up to 3,000 men within or in close proximity to the zone of conflict.[153]

C. THE UNEASY TRUCE

As the situation on the ground worsened during the May-July 2004 period, the conflict prevention mechanisms including the JCC and the JPKF broke down. June JCC meetings were repeatedly postponed when first the South Ossetians, then the Georgians boycotted. Dialogue between them did not resume within the JCC until a meeting in Moscow on 14 July. Tbilisi requested the right to set up a checkpoint at the Roki Pass linking South Ossetia with Russia and the withdrawal of militia from the Java district. The Russians and South Ossetians insisted that Georgia withdraw what they said were 3,000 extra troops from the zone of conflict and dismantle the sixteen checkpoints it had established since June.[154] In July and August the JPKF was unable to carry out its peacekeeping mandate. According to an OSCE official, the three battalions were no longer operating jointly, "the JPKF was totally not functioning … we had cases of one battalion firing at another".[155]

However in the crucial mid-August week the JCC played an essential role, bringing the sides together and facilitating the ceasefire agreement. Between 12 and 18 August the JCC was "in near permanent session."[156] The four participants agreed on the need to demilitarise the zone of conflict and were represented at a high enough level to ensure implementation.

Since then the situation on the ground has remained tense. After the withdrawal of Georgian troops from the zone of conflict, there were night-time shootings and mutual accusations by Tbilisi and Tskhinvali about who shot first but no further casualties. Georgian officials and some international observers have alleged that Georgian villages are being targeted,[157] potentially with the aim of forcing their inhabitants to leave, thus ethically cleansing villages along the Transcaucasian highway.[158] In October, residents of the Georgian villages twice blocked that highway in protest of the shootings. Recent developments are following a pattern similar to the summer events, and several observers predict that the sporadic night-time exchanges will soon trigger larger clashes between Georgian and South Ossetian forces.[159]

As winter approaches, the economic situation in and around South Ossetia is deteriorating. Popular discontent among those in South Ossetia, both Georgians and Ossetians, is increasing. In mid October, an "Appeal of the population of the Tskhinvali region to the Georgian authorities" was published in the Georgian press, with over 70 signatories complaining about the Ergneti market closure: "we understand that the Ergneti market's closure was a serious and essential step to combat smuggling, but we consider that you should have thought of those who knew nothing of smuggling and remain unemployed now".[160] Some observers claim that although Ergneti is closed, smuggling continues in smaller quantities and along different routes.[161] Other reports suggest that the Georgian and Ossetian populations of the Tskhinvali region suffered equally from the market closure, and Georgians in South Ossetia feel forgotten by Tbilisi.[162] The bypass road -- a lifeline for Georgians

[152] Crisis Group interview with senior analyst, Georgian defence ministry, September 2004. In North Ossetia, government sources admitted that armed persons travelled from there to the South but said they never entered the zone of conflict and were successfully pressured to leave. Crisis Group interview with North Ossetian governmental official, October 2004.

[153] Crisis Group interview with official of de facto government of South Ossetia,, Tskhinvali, August 2004.

[154] "Russia Calls on Georgia to Pullout Extra Troops from South Ossetia", *Civil Georgia*, 13 July 2004.

[155] Crisis Group interview with OSCE official, Tbilisi, August 2004.

[156] Ibid.

[157] Georgian Defence Minister Giorgi Baramidze quoted in Liz Fuler, "Renewed Shooting in South Ossetia", RFE/RL, 27 October 2004. Also information from international organisation representative, October 2004.

[158] The displacements are most likely to have a strategic aim and to target Georgian villages along the Transcaucasian highway (Tamarasheni, Kurta, Kekhvi) linking Tskhinvali to Java.

[159] Giorgi Sepashvili, "Fears Increase Over Fresh Fighting in South Ossetia", *Civil Georgia*, 26 October 2004. Also information from international organisation representative, October 2004, and international political analyst, October 2004.

[160] "Appeal of the Tskhinvali Region to the Authorities of Georgia", *The Georgian Times*, 14-21 October 2004, p. 4.

[161] David Devidze, "Ergneti Market Died … Smuggling?!", *Kviris Palitra*, 25-31 October 2004, pp. 5-6.

[162] Levan Javakhishvili, "Population Threaten to Leave Samachablo", *Alia*, 2-4 October 2004, p. 2.

unable to drive through Tskhinvali -- may soon be closed by weather. South Ossetians say their salaries have not been paid for two or three months. Harvests have been poor, and field commanders, unsatisfied with Kokoity's approach, are beginning to think of taking more radical anti-Georgian measures.[163]

[163] Crisis Group interview with international organisation representative, October 2004.

IV. INTER OR INTRA-STATE CONFLICT?

The conflict was initially portrayed as an internal affair by Georgian officials, as Tbilisi increased its armed presence and overall engagement in South Ossetia to carry out the anti-smuggling operation that closed the Ergneti Market. However, by mid-summer 2004, the Saakashvili administration began to emphasise wider causes. The president elevated the dispute to an inter-state level, depicting it as one between Georgia and Russia. At an 11 July rally he said, "crisis in South Ossetia is not a problem between Georgians and Ossetians. This is a problem between Georgia and Russia."[164] Once the conflict was perceived as international, Tbilisi turned to its external partners in the hope they would put pressure on Russia. In particular, efforts were made to increase the role and presence of the OSCE inside the zone of conflict and beyond.

A. GEORGIAN ALLEGATIONS ON RUSSIA'S ROLE

The Georgian government considers Russia an active participant in the conflict. More specifically it accused Russia of providing armoured personnel carriers, tanks, other military equipment, fuel, and training by Russian army officers. Most of the equipment was allegedly brought through the Roki tunnel linking North and South Ossetia. Georgia also accuses Russia of allowing up to 1,000 Russian mercenaries -- many of them Cossacks -- to fight on the South Ossetian side.[165] General Svyatoslav Nabdzorov, a former JPKF commander, was accused of personally siding with the South Ossetians and saying he could not see a Russian-Georgian border in South Ossetia. A source within the ministry of security told Crisis Group the Ossetian battalion of the JPKF had given weapons to the South Ossetian OMON forces and also fired at Georgian positions.[166]

Georgia often accuses Russia of double standards on secessionist regions. Shortly after the September 2004 Beslan massacre, Russia closed the border with

[164] "Saakashvili: Russia to Blame for South Ossetia Crisis", *Eurasia Insight*, 12 July 2004.
[165] Crisis Group interview, senior analyst, Georgian defence ministry, September 2004.
[166] Crisis Group interview with official, Georgian security ministry September 2004

Georgia at the Larsi checkpoint[167] as an anti-terrorist measure but kept the Roki tunnel open, implying it did not consider the tunnel crossing an international border. The Larsi closure increased traffic of goods and people via South Ossetia and put pressure on Georgia to let them through.[168] While Russia has a visa regime with Georgia, South Ossetians have a considerably simplified entry procedure.

Georgian authorities are particularly critical that several senior South Ossetian officials are Russian citizens with close ties to Moscow. Kokoity, though originally from South Ossetia, is a Russian citizen and lived there from 1997 to 2000.[169] At the end of May 2004 South Ossetia appointed as its new de facto minister of security Majorbek Bishikuyev, who previously was deputy head of security in North Ossetia. Anatoli Barankevich, though born in Tskhinvali, was a colonel in the Russian army when Kokoity appointed him de facto defence minister on 20 September 2004. These officials are considered to have regular and close contacts inside the Russian government. Kokoity himself has travelled to Moscow for consultations at least monthly since May 2004.

Though Russia has supported South Ossetia, it has not met its main demand: integration into the Russian Federation. Senior Russian diplomats in Tbilisi told Crisis Group this was unlikely to happen.[170] In June 2004 Russia's Constitutional Court responded to an inquiry about the legality of such a move by stating that discussions on South Ossetia, a region belonging to a foreign state, must be held with Georgia and at Georgia's initiative.[171]

B. THE VIEW FROM RUSSIA

Russia is a co-signatory to the Sochi Agreement of 1992, which established a ceasefire, and has played an active role in the JCC and JPKF. It considers itself a guarantor of stability in the zone of conflict and that it has helped mediate between Georgian and South Ossetia. It has shouldered the costs of caring for Ossetian refugees displaced from Georgia to Russia. Within South Ossetia itself, it has provided financial and humanitarian assistance. According to a Russian diplomatic source, this aid fit within a 2000 bilateral agreement with Georgia on "Economic rehabilitation and Refugee Return in the Georgian-Ossetian Zone of conflict". Russia accuses Georgia of never having fulfilled its part of the agreement to contribute funds to South Ossetia's economic development.[172]

Over the summer the Russians called on the Georgian government to act "with prudence" and commit to confidence building -- withdrawing illegal armed groups, promoting economic development, engaging in humanitarian and cultural activities -- before seeking a final political settlement.[173] According to opinion polls, approximately 50 per cent of Russians believe Russia should remain neutral in the conflict, 14 per cent argue it should take South Ossetia's side and 5 per cent want it to aid Georgia regain its territorial integrity.[174] In mid-2004 Russia began to emphasise a new reason for concern over developments in the zone of conflict, namely an obligation to protect the large number of Ossetians who had become Russian citizens. In July the foreign ministry stated, "Russia is concerned over the fate of the Russian citizens who comprise the overwhelming majority of the South Ossetian population".[175] On 8 August 425 members of the Duma harshly criticised Georgia and said that due to the presence of Russian citizens in South Ossetia, "there appear to be circumstances that infringe upon Russian sovereignty."[176]

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[167] Larsi, the land checkpoint with Russia controlled by the Georgian authorities, is on the Russian military highway.

[168] *Civil Georgia*, 21 September 2004. According to Georgian customs information, the country lost 3 to 4 million GEL ($1.57 to $2.10 million) for twenty days when the border was closed. Khutsidze Nino, "Georgia's Visa, Border Burden with Russia", *Civil Georgia*, 23 September 2004.

[169] Eduard Djabeevich Kokoity was born on 31 October 1964 in Tskhinvali, where he graduated from the Pedagogic Institute in 1987. During the Georgian-Ossetian conflict he is alleged to have established and led an armed detachment and to have created a charity sports fund, "Yunost". He was elected to the South Ossetian Parliament in 1993 and appointed trade representative of South Ossetia to Russia in 1997. He worked in that capacity until 2000.

[170] Crisis Group interview with Russian diplomatic source, September 2004.

[171] "S. Ossetia's joining to Russia Impossible -- Russian Constitutional Court", *Caucasus Press*, 8 June 2004.

[172] Crisis Group interview with Russian diplomat, Tbilisi, September 2004.

[173] Crisis Group interview with Russian diplomat, Tbilisi, September 2004.

[174] "Poll Says Russians Advocate Neutrality in Conflict Over South Ossetia", RFE/RL, 30 July 2004.

[175] Press Release, Ministry of Foreign Affairs of the Russian Federation, 30 July 2004; Speech of the Russian representative to the OSCE Permanent Council, 30 July 2004.

[176] "Russian Parliamentarians Adopt Statement on South Ossetia," Caucasus Press, 8 May 2004.

Russia reinforced its links with South Ossetians by giving financial aid and developing economic ties. Russia pays pensions to South Ossetians with Russian citizenship, at least 660 Russian roubles per month (some $23).[177] Substantial humanitarian aid was sent to South Ossetia in 2004. In early October, for example, the Moscow Municipality reportedly delivered 700 tons of aid in 22 train carriages.[178] Ties are further strengthened by South Ossetia's use of roubles, car licence plates resembling Russian ones, and harmonisation of legislation.[179] Russian companies, such as Megaphone (mobile telephones) are active in the region.

During Summer 2004, the standing of President Saakashvili and his administration reached a low point in Russia. The popular feeling was that he was quick to criticise others -- especially Russia -- but slow to define a long term strategy for resolving Georgia's internal problems.[180] A North Ossetian official expressed a popular feeling when he asked, "will Georgia always have a revolutionary government? We need a stable and normal government that follows through on its commitments".[181] A Russian diplomat argued that the statements by Georgian politicians blaming Russia for supporting separatists in South Ossetia "were political games for domestic consumption … because the domestic situation is terrible from a political and economic point of view".[182] Russia considered Georgia wanted to worsen matters to increase international awareness and show that Russian peacekeepers could not carry out their mandate so that Western governments would intervene on Georgia's side, at least to support changes in JPKF command and composition.[183]

C. UNITED STATES INVOLVEMENT

As Georgia increasingly began to perceive the conflict as a confrontation with Moscow, President Saakashvili turned to the U.S. Secretary of State Colin Powell and National Security Adviser Condoleezza Rice for support.[184] Powell responded positively and spoke twice during the second week of July 2004 with Russian Foreign Minister Sergei Lavrov about South Ossetia.[185] On 4-5 August Saakashvili went to Washington to meet with senior Bush administration officials, including Powell, Rice, and Defence Secretary Donald Rumsfeld, to gain further help. His goal was clearly to put South Ossetia on the U.S.-Russia agenda and possibly to pull the U.S. into the negotiation process. However, Powell reportedly strongly warned Saakashvili against further escalation and said if Georgia fought with Russia, it would be on its own.[186]

Washington has played no direct role in the conflict, though Georgia has sent troops trained and equipped by the U.S. into the zone of conflict.[187] Through the Georgian Train and Equip Program (GTEP), the U.S. has trained some 2,000 troops in counterinsurgency and counter terrorism in 2003-2004.[188] The Georgian army also received equipment including uniforms, small arms and ammunition, communications gear, medical aid, fuel, and training and construction materials through the program.[189]

Russian observers have expressed concern that troops who benefited from GTEP are now actively engaged

[177] Crisis Group interview with official of de facto government of South Ossetia, August 2004. Other sources suggest that the real figure is higher, $100-$400. Crisis Group interview with former official of de facto government of South Ossetia, May 2004.

[178] "Moscow Transfers 700 Tons of Humanitarian Aid to South Ossetia", Regnum News Agency, 18:37 1 October 2004, at http://www.regnum.ru/allnews/334753. html.

[179] Crisis Group interview with official of de facto government of South Ossetia, August 2004.

[180] Crisis Group interviews with Russian political analysts, Moscow, 2004.

[181] Crisis Group interview with North Ossetian governmental official, October 2004.

[182] Crisis Group interview with Russian diplomat, Tbilisi , September 2004.

[183] Ibid.

[184] "Powell, Saakashvili Discussed South Ossetia", *Civil Georgia*, 10 July 2004.

[185] "Powell, Lavrov Discuss South Ossetia Again", *Civil Georgia*, 11 July 2004.

[186] Crisis Group e-mail correspondence, Washington D.C.-based political analyst, September 2004.

[187] According to the Georgian defence ministry, GTEP-trained units sent to South Ossetia include the 11th Mechanised Brigade (light infantry battalion "Commando").

[188] This includes four light infantry battalions and one mechanised army company, georgia.usembassy.gov/releases/release 20040424.genwald.html. The program cost $64 million and lasted 21 months.

[189] www.eucom.mil/Directorates/ECPA/index.htm?http://www.eucom.mil/directorates/ecpa/operations/gtep/englishproducts/fact_ sheet6.htm&2. The GTEP was completed in April 2004, and there are no plans for a follow on. In January 2004, however, the U.S. provided some $3 million to pay the salaries of staff trained under the GTEP for five and a half months. Crisis Group interview, U.S. embassy in Georgia, 2004. See also, georgia.usembassy.gov/releases/release 20040112.html.

in the conflict. According to russian Embassy staff in Georgia, the U.S. pledged that GTEP troops would not be used to resolve conflicts in South Ossetia or Abkhazia.[190] U.S. Embassy personnel deny this, saying that there was only an oral agreement under Shevardnadze that troops would not be sent to Abkhazia. They suggested GTEP-trained forces were in South Ossetia because they are "Georgia's very best trained troops".[191] Some U.S. political analysts also say the Georgian government made commitments not to use GTEP-trained forces in domestic political disputes, including South Ossetia and Abkhazia.[192]

Nevertheless, by September 2004 the U.S. position appeared largely to coincide with statements coming from Moscow and other European capitals. According to a U.S. diplomat, "we are advising caution and restraint on both sides, to the Georgians and -- we are not speaking to the South Ossetians -- to the Russians".[193] However, U.S. embassy staff say, "Russia is not playing as big a role as Georgia would like to think".[194] The U.S. supports a "step by step" approach to resolve the conflict, including an increase of OSCE staff in South Ossetia, but considers international or Georgian monitoring at the Roki tunnel unlikely in the near future.[195]

D. THE OSCE

The OSCE has been involved in the conflict since 1992 when it set up a mission to encourage dialogue and identify and eliminate sources of tension. In March 1994, this mandate was extended to monitoring the JPKF. The mandate now includes facilitating creation of a broad political framework for a lasting political resolution; encourage active dialogue through roundtable discussions; and playing an active role in the JCC.[196] While generally low profile over the past decade, the mission also has facilitated implementation of confidence building measures and programs, including small projects with NGO leaders, youth, women, and journalists.

In July and August 2004, Georgia increasingly looked to the OSCE as it sought an inter-governmental platform from which to express its grievances. Foreign Minister Zurabishvili made a special presentation to the OSCE Permanent Council on 29 July, calling for a greater monitoring presence, in particular at the Roki tunnel and in the Java district. Georgia also requested the OSCE to convene a conference, at presidential or prime ministerial level, on settlement of the conflict.[197] Russia termed the request for more OSCE observers and their deployment on the border with Russia at the Roki tunnel "deliberately unrealistic".[198] Nonetheless, the mission is mandated to operate on the whole territory of South Ossetia.[199]

As the situation deteriorated on the ground, the OSCE became increasingly engaged in attempts to reduce tensions. The Bulgarian Chairmanship-in-Office (CiO) sent former President Zhelyu Zhelev as a Special Representative to Georgia on 27 July. On 30 July the CiO called for implementation of 2 June and 15 July JCC agreements, withdrawal of all paramilitary and police personnel "not required", a JCC meeting, and a technical expert group meeting in Tskhinvali.[200] On 6 August the OSCE Permanent Council agreed to increase military observers in South Ossetia from four to six. Twenty diplomats from OSCE delegations in Vienna visited Georgia from 5 to 9 September. Zhelev reminded the parties that "the OSCE has an important role to play both in restoring confidence and increasing stability … as well as in facilitating the political process aimed at a comprehensive settlement of the Georgian-Ossetian conflict".[201] The CiO offered to organise high-level political negotiations in Sofia in October.[202]

E. THE EUROPEAN UNION

The European Commission (EC) of the European Union (EU) has been engaged in the conflict since

[190] Crisis Group interviews with Russian diplomat, Tbilisi, August and September 2004.
[191] Crisis Group interview with U.S. diplomat, Tbilisi, August 2004.
[192] Crisis Group e-mail correspondence. Washington D.C.-based political analyst, September 2004.
[193] Crisis Group interview with U.S. diplomat, Tbilisi, September 2004.
[194] Ibid.
[195] Ibid.
[196] OSCE Mission to Georgia, information booklet, 2003.
[197] "OSCE proposes to open 'field offices' in Zone of conflicts", *Caucasus Press*, 30 July 2004.
[198] "Moscow Dismisses Georgian Call for Bigger OSCE Role in South Ossetia", Itar Tass, 31 July 2004. Also, Crisis Group interview with Russian diplomat, Tbilisi, August 2004.
[199] Crisis Group interview with OSCE official, October 2004.
[200] OSCE Press Release, 30 July 2004.
[201] OSCE Press Release, 24 September 2004.
[202] OSCE Chairmanship-in-Office, Press Release, 13 August 2004, at http://www.osce.org/news/generate.pf.php3?news_id=4284.

1997 when it made a first grant of 3.5 million ECU[203] to support rehabilitation in the zone of conflict.[204] These funds were used to finance infrastructure and economic rehabilitation, with special emphasis on projects that bridged the two communities. Under a second allocation of €1.5 million the EC proposed to reactivate economic links between South Ossetia and Georgia proper. The projects included rehabilitation of the Gori-Tskhinvali railroad link, the Tskhinvali railroad station, and the gas network in Tskhinvali. In 2003 a third €2.5 million rehabilitation program was initiated. Originally the funds were earmarked for starting a joint Georgian/South Ossetian customs collection mechanism and rehabilitating the main north-south road.[205] When the two sides could not agree on the location of the customs point, the program was changed to provide more general shelter and infrastructure rehabilitation support, especially for the refugee return process in South Ossetia.[206] The latest rehabilitation program was signed in January 2004 but implementation has yet to begin.[207]

EU programs initially provided opportunities for Ossetians and Georgians to work together on concrete projects that created links between communities and required the parties to devise common solutions.[208] On a local level there were examples of Georgian contractors working in Tskhinvali and Ossetian villages.[209] Such community-level infrastructure projects had the potential to build confidence and trust. However, this contribution was lost once the projects became politicised around the questions of how and where to set up instruments of customs collection and control. As a state-level issue, a customs project could not so easily bring communities together around shared interests or mutually beneficial actions. The decision to return to community rehabilitation projects could be seen as a step backwards, but also one more likely to promote confidence building if the projects are selected with a view to creating infrastructure that establishes new dependencies and links between Ossetian and Georgian communities.[210]

The EU has also adopted a Joint Action under its Common Foreign and Security Policy (CFSP), a grant of €210,000 to the OSCE Mission to finance the JCC -- in particular its office and travel costs.[211] Furthermore in 2002 the EU also supported the special centre, which seeks to coordinate Georgian and South Ossetian law enforcement in the zone of conflict.[212] The EU Special Representative for the South Caucasus, Heikki Talvitie, travelled to Georgia and South Ossetia in August 2004 at the height of the recent troubles and repeatedly thereafter.[213] The European Parliament has not been very active but passed a resolution on 14 October 2004 "deploring the recent outbreaks of violence in the region of South Ossetia …[and] express[ing] its full support for the sovereignty and territorial integrity of Georgia".[214]

F. THE WAR NOBODY WANTED

By portraying the conflict as international, Saakashvili upped the stakes. He bet he would find a sympathetic ear in the EU and U.S., which would recognise the alleged contradiction between Russia's policies in the North Caucasus, where it resists real autonomy for Chechnya, and the South Caucasus, where it supports secession in South Ossetia and Abkhazia.[215] According to this analysis, Russia's main interest in the latter is to maintain low-level

[203] The ECU was the common unit of account that preceded the EU's common currency, the Euro.
[204] Since 2001 the EU has participated in all JCC plenary sessions and has been present on the working group for economic issues.
[205] UN OCHA Briefing Note, "South Ossetia", December 2002.
[206] "Protocol on the implementation of the third EC funded rehabilitation program in the zone of Georgian-Ossetian conflict". The program is divided into three parts. Part 1: €800,000 for basic shelter assistance and repatriation kits for refugees (UNHCR). Part 2: €1,300,000 euro for rehabilitation of basic infrastructure in support of permanent residents (UNDP). Part 3: €400,000 for rehabilitation of basic infrastructure in places of refugee repatriation (UNDP).
[207] In April 2004 it was agreed to create a Steering Committee but due to the rapid decline in the security situation after May, its first meeting was only on 25 October 2004. Crisis Group interview, EC delegation to Georgia and Armenia, September 2004.
[208] "Georgia Conflict Assessment", op. cit., p. 36.
[209] Crisis Group interview with former UNHCR sub-contractor, September 2004.
[210] The decision to implement projects aimed at assisting returning refugees was also somewhat unusual considering the drastic reduction of numbers of refugees returning to South Ossetia after 2000.
[211] CFSP Action Profile, "South Ossetia, Georgia -- Conflict Settlement Process (JCC) 2003", Joint Action 2001/759/CFSP [OJ L 286 of 30.10.2001, p.4] at http://europa.eu.int/comm/external_relations/cfsp/fin/actions/geocsp.htm.
[212] See below.
[213] His most recent visit was on 16-17 November 2004.
[214] European Parliament Resolution on Georgia, 14 October 2004, at http://www.civil.ge/eng/article.php?id=8089.
[215] Crisis Group interview, official, office of the prime minister of Georgia, September 2004.

conflict and perpetual instability so as to justify a continued military presence and undermine Western attempts to gain a stronger foothold.[216]

Saakashvili's argument was well received among many Western analysts and policy circles. Editorials warned of Russia's "post-imperial determination to dominate the small nations to its south, notably Georgia", and its "creeping annexation" of South Ossetia and Abkhazia,[217] and described a South Ossetia "under the control of Russian security services [sic] in a familiar symbiosis with organised crime networks".[218] They urged international organisations and Western states to play a more active role, to openly criticise Russian intervention and encourage President Putin to stop supporting separatist regimes.[219]

Ultimately however, U.S. and EU decision-makers were reluctant to become engaged in a conflict whose outcome they were unsure of, and which would put them at odds with Russia. Neither Washington nor Brussels openly chastised Moscow, and by September a consensus seemed to have formed with Moscow against use of force in South Ossetia. It appears that rather than gaining Western support, the opposite occurred, and Saakashvili was warned not to enflame passions in the Caucasus.[220]

Had Saakashvili continued to define the South Ossetia conflict as an internal affair, primarily an anti-smuggling operation, he might in fact have obtained greater international support. Brussels and Washington could more easily have given full backing to a Georgian administration intent on establishing the rule of law, stamping out smuggling, and promoting democratic change in South Ossetia than to an effort to push Russia back from the South Caucasus. By portraying the conflict as they did, however, Georgian policymakers limited the range of their options. Within the Georgian government the feeling persisted in late 2004 that there was little it could do until and unless Russia was persuaded to back off South Ossetia, a measure they continued to believe a high-level international conference might provide the forum for.[221] Until that happens, Tbilisi appears not to see much value in defining its own approach to Tskhinvali.[222]

[216] S. Cornell, R. McDermott, W. O'Malley, V. Socor, S.F. Starr, "Regional Security in the South Caucasus: The Role of NATO",. Central Asia-Caucasus Institute, John Hopkins University, 2004, at http://www.silkroadstudies.org/docs/publications/2004/nato.pdf.

[217] Lord Wallace, "A Contradictory Line on the Caucasus", *Financial Times*, 6 September 2004.

[218] Vladimir Socor, "On the Ground in Abkhazia and South Ossetia", *The Wall Street Journal Europe*,3 September 2004.

[219] See Wallace and Socor, op. cit. Also, "A Matter of Russian Honour" and "The Hazards of a Long, hard Freeze", *The Economist*, 21 August 2004.

[220] A few weeks later, when EU Special Representative for the South Caucasus Heikki Talvitie travelled to the region, a similar message was conveyed. Crisis Group interview with EU official, August 2004.

[221] Crisis Group interview, analyst, Georgian national security council, September 2004.

[222] Crisis Group interview, official, office of the prime minister of Georgia, September 2004.

V. OPTIONS FOR CONFLICT ALLEVIATION AND PREVENTION

Georgia, South Ossetia and their international partners are considering a range of policy and program options to alleviate and eventually resolve the conflict. None of these will succeed quickly but they may eventually provide the foundation for sustainable peace.

Georgian authorities have recently made statements suggesting they understand the approach they followed from May to August 2004 was dangerous. In his speech to the UN General Assembly, President Saakashvili called for implementation of a new "stage by stage settlement plan". Returning to his December 2003 approach, he said, "I believe that the most effective mechanism for establishing Georgia's long term continuity and wholeness is the creation of a strong economy … [in which] those who are not yet sure if they want to remain outside Georgia will be given real incentives and chances to benefit from a prosperous, tolerant and successful Georgian state".[223]

In order to move the negotiation process forward, all sides should build upon existing agreements signed within the JCC framework. In addition, Georgia could take unilateral steps to strengthen Ossetian confidence and trust. Greater international political and financial commitment to the process will also be required if the peace is to hold and negotiations move forward.

On 5 November 2004, a meeting between de facto President Kokoity and Georgian Prime Minister Zhvania occurred in Sochi, a significant step forward in the negotiation process. They agreed to demilitarise the zone of conflict by 20 November, a date that has, however, slipped. The Georgian side proposed a plan consisting of: ceasefire implementation, full demilitarisation and increasing monitoring of the Roki tunnel. Since exchanges of fire have continued, with Georgian villages targeted, Tbilisi considers a complete ceasefire a priority.[224] Eventually it wants full demilitarisation not only of the zone of conflict, but also of all South Ossetia. At the Roki tunnel, there should be "transparency", with JPKF, joint Russian/Georgian custom officials, and/or international monitors to ensure that smuggled goods and weapons no longer transit. Tbilisi also seeks more OSCE monitoring[225] and to restart talks on the South Ossetia's status as soon as possible.[226]

The Ossetians, on the other hand, are calling for Georgia to fulfil commitments made at previous JCC meetings, including removal of unauthorised checkpoints and withdrawal of extra troops in the zone of conflict. They accuse the Georgians of retaining some 2,000 police and soldiers in the Georgian-populated villages.[227] Apparently against the spirit of demilitarisation, on 9 November the Georgian defence ministry set up a training ground for reserve forces in the zone of conflict.[228]

A. STRENGTHENING SECURITY AND CONFIDENCE-BUILDING

All sides in the conflict agree demilitarisation is needed. However, the parties are in disagreement over whether demilitarisation applies only to the zone of conflict as defined in 1992, that is, the fifteen km. radius around Tskhinvali, as the Ossetians prefer, or the entire territory of South Ossetia, including the Java district, as Georgia insists. Demilitarisation should have occurred soon after the Sochi Agreement was signed in 1992 but never did. Georgia argues there should be no armed formations in South Ossetia, other than JPKF troops and local police. State Minister for Conflict Resolution Khaindrava insists that "all the armament possessed by the South Ossetian side should be stored in a single location at the base of the Russian peacekeeping forces under OSCE monitoring". The Georgian government claims that, "the very existence of the so-called defence ministry of South Ossetia completely contradicts all the documents that have been signed".[229]

Ossetian officials consider they are entitled to defence and security structures, as long as they are based outside the original zone of conflict. A North Ossetian

[223] "President Mikhail Saakashvili's Speech at the 59th Session of the UN General Assembly, 21 September 2004", *Civil Georgia*, 22 September 2004.
[224] "Zhvania: Disarmament to Top High-Level South Ossetia Talks", *Civil Georgia*, 21 October 2004.
[225] Crisis Group interview, foreign minister of Georgia, October 2004.
[226] "Saakashvili: Talks on South Ossetia Cannot Drag on Forever", *Civil Georgia*, 21 October 2004.
[227] "Tskhinvali Protests Presence of Georgia's Extra Troops", *Civil Georgia*, 10 November 2004.
[228] "Tskhinvali Deploys Reserve Forces Battalion Near Tskhinvali", *Civil Georgia*, 9 November 2004.
[229] "Georgian PM Outlines Three-Point Plan for South Ossetia", Imedi TV, BBC Monitoring, 5 August 2004.

official explained, "we cannot talk about the full demilitarisation of South Ossetia. For Tskhinvali it is impossible. The necessary trust between the two sides does not exist for this to happen the near future. For the authorities in South Ossetia this is a question of their political survival".[230] Even in 2000, when progress on confidence building was being made, the Ossetians demanded security guarantees before they would consider full demilitarisation.[231]

Georgia argues that the JPKF should operate in all districts to support demilitarisation, and the OSCE should in turn be able to carry out its monitoring mandate throughout South Ossetia. While Protocol Three of the Sochi Agreement appears to give the JPKF a mandate to work in all districts and villages of South Ossetia, it has not done so for many years, restricting its operations to a smaller territory.

1. Law enforcement and peacekeeping

Since 1992, when the JPKF was created with both law enforcement and peacekeeping mandates, the parties have recognised the importance of addressing crime in the zone of conflict.[232] At the 23 July 1999 meeting, having noted that "crimes and incidents taking place [there] did not have an ethnic character", the JCC created a Special Coordination Centre (SCC).[233] It was to coordinate law enforcement efforts to prevent and suppress illegal activity in the zone of conflict; organise disarmament activities; and elaborate and implement joint programs against organised crime, including smuggling, drug dealing and car theft.[234]

The EU and the OSCE support the SCC, but they could do more in this field. In February 2002 the EU donated communication equipment and vehicles to the SCC but it could also apply lessons it has learned from its police operations in other countries, for example in Bosnia-Herzegovina. To enhance SCC operational effectiveness the OSCE has already facilitated consultations between the Georgian and Ossetian sides, the OSCE Strategic Police Matters Unit (SPMU) and the OSCE Kosovo Police Service School.[235] This complements the OSCE small arms and ammunition collection program started in 2000. However, as events in 2004 revealed, cooperation between law enforcement personnel, including against smuggling, is crucial to maintenance of the peace. The conflict is as likely to involve opposing police forces as armies. Thus, there is a need to synchronise South Ossetian and Georgian law enforcement strategies and modes of operation.

Georgian authorities have expressed deep dissatisfaction with the JPKF and called for the "internationalisation of the peacekeeping force". This could mean a new peacekeeping operation entirely, or more modestly the deployment of additional contingents from different countries to work with the present three JPKF battalions. While Georgia could envisage a NATO, EU or OSCE operation,[236] the three other parties categorically reject this, and it has no backing from NATO or EU member states. For the time being, therefore, attempts to change the composition of the JPKF are unlikely to succeed.

2. Addressing the civilian dimension of security

Summer 2004 developments undermined any fragile feelings of trust and confidence that existed between Georgians and South Ossetians. After 1992, face-to-face encounters were possible but they did not develop a strong sense of common interests. South Ossetians in particular cultivated a victim complex. Few Ossetian youths had the chance to travel to Georgia, and they were taught to consider Georgians as the enemy. For Ossetians, and Georgians living in the zone of conflict, to feel secure requires not only more robust law enforcement and peacekeeping, but also steps to address the civilian dimension of security.

Since the end of the 1990-1992 war, Georgia has done little to address Ossetian grievances stemming

[230] Crisis Group interview, North Ossetian government official, Vladikavkaz, October 2004.
[231] "Agreement (Declaration) on Basic Principles of Political and Legal Relations between the Sides in the Georgian-Ossetian Conflict" (Baden Document), draft, 13 July 2000.
[232] In the "Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence Between the Parties to the Georgian-Ossetian Conflict", it was specifically stated that "the parties note with satisfaction the valuable practice of holding regular meetings of the representatives of the law enforcement bodies and undertake to provide them with every possible assistance in their task of improving the crime situation in the zone of conflict", 16 May 1996, Moscow.
[233] JCC decision, Annex no. 1, 23 July 1999.
[234] JCC Decision, Annex no. 1, "Regulations On the Special Coordination Centre under the JCC on the Interaction Between the Law Enforcement Bodies in the Zone of the Georgian-Ossetian Conflict", 21 April 2001.
[235] UN OCHA Georgia, "South Ossetia Briefing Note", January 2004
[236] "Statement of the Ministry of Foreign Affairs of Georgia at the Meeting of the OSCE Special Permanent Council", 18 August 2004 at http://69.93.247.156/news.php?newsid=updates/EpAkAEKEFFgUDLyYvr.php.

from wartime atrocities. In the 1996 "Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence", the parties to the conflict agreed to create the necessary conditions to investigate war crimes and bring the guilty to justice.[237] Georgia should start this now, at least by apologising publicly for violations of national minority rights during President Gamsakhurdia's time in office.

Little has been done to engage civil society. The focus to date has been on increasing the availability of unbiased information to the population affected by the conflict.[238] This should be extended and expanded, for instance through the organisation of meetings, humanitarian projects, and actions that satisfy the common interests of average citizens. It will take time for the benefits to be felt.[239] Yet, some initiatives have started and require strengthening. Experts and NGO representatives met at the end of July 2004 to begin developing an action program to improve inter-community relations. A result was the Kazbegi Declaration appealing to NGOs, international organisations and state actors to more effectively coordinate conflict resolution efforts.[240]

Youth in particular should be targeted. Since the 1992 war new generations of Georgians and Ossetians have grown up with little or no interaction. The biggest impediment to their coming together is language: few young Ossetians speak Georgian, and decreasing numbers of Georgians speak Russian, let alone Ossetian. Some efforts have been made to bring youths to summer schools and camps. In the 2004 academic year, young people from the zone of conflict who entered institutions of higher education in Tbilisi were given small scholarships.[241] More of this is needed, notably more Russian language places in Georgian universities.

Currently village and town authorities are not officially engaged in attempts to find solutions to the conflict, though Ossetians and Georgians are most likely to be able to identify common interests and actions precisely at the community level. Locals understand each other, and as one told Crisis Group, "we should be more involved in the process because our hearts and soul are dedicated to it ... as people we like and respect each other".[242]

B. ECONOMIC RECONSTRUCTION, REHABILITATION AND COOPERATION

Since signature of the Sochi Agreement, the parties have committed themselves to support the economic recovery of the zone of conflict and to ensure that conditions for humanitarian aid exist.[243] In 1993 an "Intergovernmental Agreement Between Russia and Georgia on Economic Rehabilitation in the Georgian-Ossetian Zone of Conflict" was signed whereby Georgia committed itself to cover two thirds of war damage costs and Russia one third, in a program to be completed by 1997. The deadline was not met, and until 2000 Russia and Georgia discussed their financial obligations, mechanisms to coordinate economic efforts, and specific projects within the JCC framework.[244] The 23 December 2000 "Georgian-Russian Economic Agreement on Rehabilitation in the Zone of Conflict and on the Return and Integration of Refugees" raised expectations, and the need for further financing was recognised.[245] The parties agreed on priority areas, including transport links, energy, communications, healthcare, civil engineering, rehabilitation of houses, and agriculture.[246] However, no detailed program has been formulated. In May 2003 the JCC appealed to both governments to create

[237] "Memorandum on Measures to Ensure Security and Reinforce Mutual Confidence Between the Parties to the Georgian-Ossetian Conflict", 16 May 1996, Moscow.

[238] In the above cited Memorandum, it was specifically stated that the parties express their willingness jointly to arrange "meetings of representatives of Georgian and Ossetian political and social organisations and scholars, ... 'roundtables' involving representatives of the creative intelligentsia, and also meetings of journalists". At the 25 October 2001 JCC meeting, it was decided to create an information bulletin on JCC activities and a Georgian/ Ossetian press service.

[239] David Darchiashvili and Gigi Tevzadze, "Ethnic Conflicts and Breakaway Regions in Georgia", *Building Democracy in Georgia*, Discussion Paper no. 9, May 2003, p. 14.

[240] Kazbegi Declaration, 28 July 2004, signed in Kazbegi, Georgia.

[241] "Students of Tbilisi Institutions of Higher Education from Tskhinvali will be presented solemnly student certificates", *Caucasus Press*, 16 September 2004.

[242] Crisis Group interview with Gori Region government official, September 2004. A similar recommendation was made in the above mentioned Kazbegi document.

[243] "Sochi Agreement on Resolving the Georgian-Ossetian Conflict", Article 4, 24 June 1992.

[244] "Intergovernmental Agreement Between Russia and Georgia on Economic Rehabilitation in the Georgian-Ossetian Zone of Conflict", Article 2.

[245] Ibid. Article 1.

[246] JCC Protocol, 1 August 2001, Moscow.

a bilateral body to devise and implement such a program[247] but the process has remained frozen.

Several large donors have provided economic assistance to the zone of conflict but the gap between needs and resources has not been met.[248] From 1996 to 1999 the UN Development Program (UNDP) and UNHCR played leading roles.[249] Since then funding has significantly decreased.[250] The only major donor is now the EU, whose projects have experienced significant delays. While OSCE supports a range of activities in South Ossetia, and UNHCR, the World Food Program (WFP) and UNICEF have low-level presences, only one international NGO is currently fully operational in the area.[251] Donors have tended to focus on infrastructure and housing rehabilitation but have been wary about development projects, credit schemes, and social services.

Georgia has a role to play supporting reconstruction in South Ossetia, as well as in providing public services. At the 9 July 2002 JCC meeting it was agreed that Georgia and Russia should include lines for financing reconstruction in the zone of conflict in their 2003 budget.[252] Russia has done so but Georgia did not follow through. Ultimately, if the region is to reintegrate into Georgia, the government will need to find money to pay for services, local administration costs, pensions, and other regular expenditures. Even if only for confidence building, the inclusion of South Ossetia in the 2005 Georgian budget could have a positive effect.

Developments in South Ossetia have had serious economic repercussions on the movements of goods and people between North Ossetia, South Ossetia and Georgia.[253] No legal means exist for the import of goods from Russia to Georgia through South Ossetia and along the Transcaucasian highway. It is impossible to travel legally to or through Georgia along this route.[254] Between South Ossetia and Georgia, travel is impeded because Georgian license plates cannot be used in Tskhinvali or South Ossetian ones in Georgia.[255] In June 2004 the heads of the custom agencies of Russia and Georgia intended to discuss how to increase control over goods on the South Ossetian section of the Russian-Georgian border[256] but the meeting never took place. The highway, however, could serve as a vital lifeline not only for persons in South Ossetia but also inhabitants of Georgia, Armenia, North Ossetia, and places beyond in Russia.[257] North Ossetia in particular has an interest in keeping it open to trade with Georgia. It also seeks greater economic cooperation with Georgia, especially with the regions of Kazbegi, Dusheti and Mtskheta along the Russian military highway, the other main artery linking the two countries, and access to Georgia's Black Sea ports.[258]

C. PROMOTING REFUGEE AND IDP RETURN

The two sides pledged in 1992 to create conditions for return of refugees and displaced persons,[259] yet it took

[247] JCC decision, Annex no. 1, 14-16 May 2003, JCC meeting in Gori, Georgia. The body was to consist of representatives of the ministries of economy, finance, energy, transport, communications and information, agriculture and natural resources, as well as of the foreign ministries of Georgia and Russia (Article 1).

[248] As recently as 2004, the UN OCHA considered that "much need for rehabilitation and development work remains". UN OCHA Georgia, "South Ossetia Briefing Note", January 2004.

[249] UNDP carried out a $2 million rehabilitation program in South Ossetia from 1996 to 1999. It set up a system of joint technical groups with representatives from the Georgian and Ossetian sides to identify and approve projects by consensus. The UNHCR opened its office in Tskhinvali in 1997. Ibid.

[250] From $8.14 million in 1997 to $3.38 million in 1998, for example. Ibid.

[251] Ibid. The one international NGO is the Adventist Development and Relief Agency (ADRA).

[252] JCC decision, 9 July 2002, signed in Moscow.

[253] A handful of analysts warned that closing the Ergneti market -- while justifiable economically and legally -- would increase potential for renewed conflict between South Ossetia and Georgia. One group of specialists recommended instead coordination of customs and tax policies with neighbouring countries, rationalisation of salaries, and improvement of the Georgian tax code. Kukhianidze, Kupatadze, and Gotsiridze, "Smuggling", op. cit., pp. 75-77.

[254] From 10 September to 22 October 2004, the only other major border crossing between Russia and Georgia, the Larsi checkpoint, was closed. Georgian authorities blocked several trucks and buses carrying Armenian citizens, claiming they had illegally crossed into Georgia through the Roki tunnel.

[255] From 20 to 27 October 2004, the police of Shida Kartli region confiscated some 120 cars with Ossetian license plates. Owners were told they could not repossess their vehicles until they changed plates. *Civil Georgia*, 22 and 27 October 2004.

[256] Russian MFA Information and Press Department, "Commentary Regarding Questions from ITAR-TASS About Georgian-Ossetian Problems", http://www.ln.mid.ru/brp_4.nsf/0/01362f152922d2f2c3256cc40058b87d?OpenDocument.

[257] It is one of the few North/South trade routes that bypass Chechnya, Dagestan and Ingushetia

[258] Crisis Group interview, North Ossetian JCC co-chairman, Vladikavkaz, October 2004.

[259] "Sochi Agreement on Resolving the Georgian-Ossetian Conflict", Article 4, 24 June 1992.

over a decade to devise a detailed plan.[260] In 1997 a procedure "On the voluntary return of IDPs and refugees resulting from the Georgian--Ossetian conflict to their permanent place of residence" was agreed by the JCC.[261] The parties expressed readiness to accept the right to "voluntary repatriation" and to "choose their place of residence". They pledged to protect returnees and guarantee them the property they were deprived of, freedom of movement, civil, cultural and social rights, and information on the return process.[262] Implementation was to be coordinated by a permanent body of representatives of the four JCC participants.[263] Shevardnadze and Chibirov declared 1998 the "Year of Return". However, in 1999 the JCC said "insufficient work had been carried out to address obstacles to return" and recommended Georgia "speed up the consideration of the Property Restitution of Refugees and IDPs".[264] A clear outline of the process came only with the 2000 Georgian-Russian economic document on the rehabilitation of the conflict zone and a 2002 "Draft Georgian-Russian Interstate Program"[265] but nothing was implemented, and Georgia's Parliament has yet to pass a property restitution law.[266]

In a confidence building step in summer 2004, however, Georgia unilaterally pledged to support the return of ethnic Ossetians displaced during the 1990-1992 conflict. In August President Saakashvili signed a decree allocating 350,000 lari ($197,700) to assist 25 Ossetian families to return to pre-war homes. Returnee residences were to be rehabilitated and furnished, and seed money provided. Deputy State Minister for Regional Issues Zenta Bestaeva, until recently an Ossetian refugee herself, was made responsible. The first five families returned in August 2004. The return of the other twenty had been expected in September but has been delayed. According to Bestaeva many more Ossetians originally from Georgia and now living in North Ossetia are interested in return.[267] What reluctance they feel is linked not to fear or ethnic hatred but lack of housing and infrastructure. In many rural areas the homes Ossetians left fourteen years ago need rebuilding. Education facilities are derelict in previously predominantly Ossetian ethnic settlements.[268] Parents are concerned there are no schools, and no Russian language instruction would be offered. Ossetians realise it would be difficult to find jobs -- the firms they had worked in were closed.[269]

However, few legal mechanisms exist to facilitate return. Obtaining Georgian citizenship is difficult for those who left when the Soviet Union collapsed and are not ethnic Georgians. According to the Georgian Constitution (Article 12.2) dual citizenship is illegal except as granted by the president in special cases. As many Ossetian refugees have gained Russian citizenship, this could pose an obstacle to return. For several years the JCC has pressed Georgia for property restitution legislation. Discussion on this resumed in the justice ministry and parliamentary Legal Committee in 2004.[270] The Council of Europe's

[260] "Draft Program on the Return, Settlement, Integration, and Re-integration of Refugees, Forcibly Displaced and Other Persons Affected by the Georgian-Ossetian Conflict Comprising Measures for the Restoration of the Economy in the Places of their Return", JCC decision, Annex no. 2, 9 July 2002, Moscow.

[261] JCC decision, Annex no. 2, Article 1 (Procedure), 13 February 1997, signed in Vladikavkaz.

[262] These rights were guaranteed whether the persons were returning to their exact place of pre-war residence or elsewhere in Georgia. Ibid.

[263] The JCC agreed to create this body. Ibid. The JCC subsequently decided to create an ad hoc committee to be headed by the JCC co-chairs, rather then a permanent body. JCC decision, Annex 2, 26 September 1997, signed in Java.

[264] JCC decision, Annex no. 3, 23 July 1999.

[265] The full title is the "Draft Program on the Return, Settlement, Integration, and Re-integration of Refugees, Forcibly Displaced and Other Persons Affected by the Georgian-Ossetian Conflict Comprising Measures for the Restoration of the Economy in the Places of their Return", JCC decision, Annex no. 2, 9 July 2002, signed in Moscow.

[266] Initial JCC agreements on return focused on measures to support the return of Ossetians from internal districts of Georgia. For example, the 6 December 1994 (Moscow), 8 June 1995 (Moscow), 19-20 July 1995 (Tbilisi/Tskhinvali) JCC meetings. Subsequent documents prioritised those from the zone of conflict. EU funding in support of the return process has also focused on the zone of conflict.

[267] She considered that up to 40 per cent of all persons originally from Georgia now in North Ossetia are interested in returning.

[268] The South Caucasus Institute of Regional Security assessed conditions in Ossetian villages in Georgia proper in spring 2004 and found that many buildings were unusable after years of neglect -- especially schools and other public structures. Crisis Group interview, August 2004.

[269] Crisis Group interview with Georgian deputy state minister for regional issues, September 2004. Through its assistance program, the Georgian government provided livestock and agriculture support to returnees.

[270] In 2001 the OSCE and Council of Europe commented on a draft law, which was expected to be adopted that year. A draft of the new bill viewed by Crisis Group in 2004 would guarantee refugees and IDPs the right to return to one's own home, property lost during the conflict, compensation for property that cannot be returned, and safety. A Housing and Property Claims Commission would also be created. Draft "Law of Georgia on Restoration and Protection of Housing

Venice Commission issued an opinion on the new draft at its session on 8-9 October 2004.[271] While in the past returnees faced significant obstacles to regaining pre-war residences,[272] Georgian officials claim return for owners of private property can be easily legalised.[273] However, resolving the claims of those who lived in communal housing is more difficult, especially if the buildings have been privatised and sold.

Another large uncertainty is whether there will be sufficient funding for infrastructure rehabilitation in the Ossetian communities to sustain large scale return. After years of virtually insignificant return, Ossetians need to be convinced that this time the process is real, not just another public relations exercise. New legislation as well as inclusion of a return project in the 2005 budget could contribute to this. JCC agreements and EU funding on return should focus not only on the zone of conflict but also Georgia proper.

D. ADDRESSING POLITICAL STATUS

The last time Georgians and South Ossetians appeared close to settling their conflict settlement was at an Experts Group Meeting held by the OSCE in 2000 in the Vienna suburb of Baden. Georgian negotiators considered the intermediary document discussed "a significant achievement."[274] The Ossetians recall it was never finalised and say it demonstrated the incompatibility of final aims.[275] The document has been signed but remains in draft form, with agreed parts in bold print, the remainder left "to be negotiated". It envisaged recognition of the territorial integrity of Georgia, the right to self determination, South Ossetian autonomy, and security guarantees for demilitarisation of the zone of conflict. The divergence was over how to balance the principles of territorial integrity and national self-determination; how to define South Ossetia's legal place within Georgia while maintaining links with North Ossetia; and the attributes of its autonomy in the context of a future federal Georgian state.[276] The document also reiterated mutual intention to assess the origins and causes of the conflict, to transform the zone of conflict into a demilitarised zone, to improve law enforcement cooperation, to assist in voluntary organised return, including through property restitution and compensation, and to solve the problems of economic rehabilitation, investment and development.[277] However, there was no timetable for negotiations on the political settlement, and those discussions have remained in abeyance since 2000.

On 29 July 2004 at the OSCE Permanent Council, Georgia's foreign minister stated that his country was ready to offer "South Ossetia broad autonomy within the Georgian state federal structure" and to begin discussions "on the basis of the Baden Document".[278] This was rejected by the Ossetians. A South Ossetian negotiator in the JCC insisted to Crisis Group there had never been a Baden Document as such, that nothing more substantial than a draft had been discussed.[279] A North Ossetian JCC member explained that people were not psychologically prepared to go back to the Baden text, and Georgia should table a new proposal.[280]

Georgian officials and civil society experts have not developed a comprehensive definition of South Ossetia's status within the country's borders. Government authorities say it is premature, because while Kokoity is in power, the Ossetians have no

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and Property Rights of Refugees and Internally Displaced Persons", copy obtained on 30 August 2004.

[271] Council of Europe, Venice Commission, opinion on the draft law on "on restitution of housing and property to the victims of the Georgian-Ossetian conflict of the republic of Georgia", adopted at Plenary on 8-9 October 2004 in Venice.

[272] Crisis Group interview with UNHCR Protection staff, September 2004.

[273] Crisis Group interview with, Georgian minister of refugees and displaced persons, September 2004. Crisis Group interview with Georgian deputy state minister for regional issues, September 2004.

[274] Crisis Group interview, analyst, state ministry for conflict resolution, August 2004.

[275] Crisis Group interview, South Ossetian member of the JCC, Tskhinvali, August 2004.

[276] The two sides agreed that South Ossetia should have judicial and executive bodies and symbols (coat of arms, flag and anthem) but not whether or not it would have its own Basic Law, representative bodies, security forces and the right independently, with notification to the Georgian side, to conclude international agreements on trade and economy, science and technology, and culture. "Agreement (Declaration) on Basic Principles of Political and Legal Relations between the Sides in the Georgian-Ossetian Conflict", draft, 13 July 2000.

[277] Ibid.

[278] "Statement of the Ministry of Foreign Affairs of Georgia at the Meeting of the OSCE Special Permanent Council", 18 August 2004 at http://69.93.247.156/news.php?newsid=updates/EpAkAEKEFFgUDLyYvr.php.

[279] Crisis Group interview, South Ossetian member of the JCC, Tskhinvali, August 2004.

[280] Crisis Group interview, North Ossetian member of the JCC, Tskhinvali, October 2004.

political will for a dialogue.[281] However, the issue is also stalled by unwillingness to determine Georgia's own internal administrative-territorial structure.[282] According to the constitution (Article 2.3), the state's structure is to be determined "after the complete restoration of the jurisdiction of Georgia over the whole territory of the country". In July 2004, the responsibilities and powers of an "autonomous republic" were defined for the first time when Parliament passed a law on Ajara's status. However, that set a poor precedent. As Ajara's powers were significantly curtailed, the value of a Georgian "autonomy" offer was weakened for Tskhinvali. It remains to be seen whether Ossetia's status can be fully determined before Tbilisi decides if Georgia is to be a federal state, and if so, what kind.[283]

In oral statements the Georgians have so far offered "significant autonomy within the State of Georgia", including "power-sharing at the central governmental level", and "dual Russian-Georgian citizenship".[284] Tbilisi has pledged that South Ossetia's status would be better than North Ossetia's within the Russian Federation, and Ossetians' rights would be better protected in Georgia than they are in Russia.[285] Sources within the security ministry claim that at talks in May 2004 they offered the South Ossetians an autonomous republic status that included all competencies and rights except defence institutions. The Ossetian side reportedly expressed no interest in discussing this proposal.[286] The South Ossetians continue to call for either independence or integration into Russia. Neither is likely if Moscow maintains its commitment to Georgia's territorial integrity. A fourth option, described by analysts in North Ossetia, would be based on a form of shared rule or sovereignty over South Ossetia by Georgia and Russia.[287] Agreement on South Ossetia's final status thus remains the key challenge of the conflict resolution process.

[281] Crisis Group interview with Georgian MP, August 2004.
[282] Conflict resolution experts point out in relation to Abkhazia: "a widely held view (which is incorporated into the Georgian Constitution of 1995) is that no model for the country's administrative-territorial structure can be determined before Georgia's conflicts, first and foremost that in Abkhazia, are resolved. However, this position confuses cause and effect – the conflicts cannot realistically be resolved before the Georgian government articulates a clear vision for the structure of the future Georgian state". "Concept on the Special Status of Abkhazia in the Georgian State" (English version), prepared by Konstantine Kublashvili, Archil Gegeshidze, Ivliane Khaindrava and Paata Zakareishvili as informal document made available to Crisis Group in Tbilisi, September 2004.
[283] Civil society activists have also begun to consider South Ossetia's status and with the assistance of the Open Society Georgia Foundation hope to have a concept prepared by the end of 2004. Crisis Group interview with executive director, Open Society Georgia Foundation, August 2004.
[284] "Statement of the Ministry of Foreign Affairs of Georgia at the Meeting of the OSCE Special Permanent Council", 18 August 2004 at http://69.93.247.156/news.php?newsid=updates/EpAkAEKEFFgUDLyYvr.php.
[285] Crisis Group interview with Georgian MP, August 2004.
[286] Crisis Group interview with official, Georgia security ministry, September 2004.
[287] Crisis Group interview with political analysts, Vladikavkaz, October 2004.

VI. CONCLUSION

The Georgian-South Ossetian dispute was frozen for twelve years and largely ignored -- not only by the international community but also by many Georgians. President Saakashvili was intent on changing this. He succeeded, but in doing so he also rapidly raised tensions in the region. The new fighting was on the verge of erupting into full-fledged war until a ceasefire was agreed on 18 August. In November 2004, however, even though the situation in the field remains tense and gunfire is still exchanged, there is again a hope that the conflict can be resolved peacefully, with demilitarisation and a negotiated settlement.

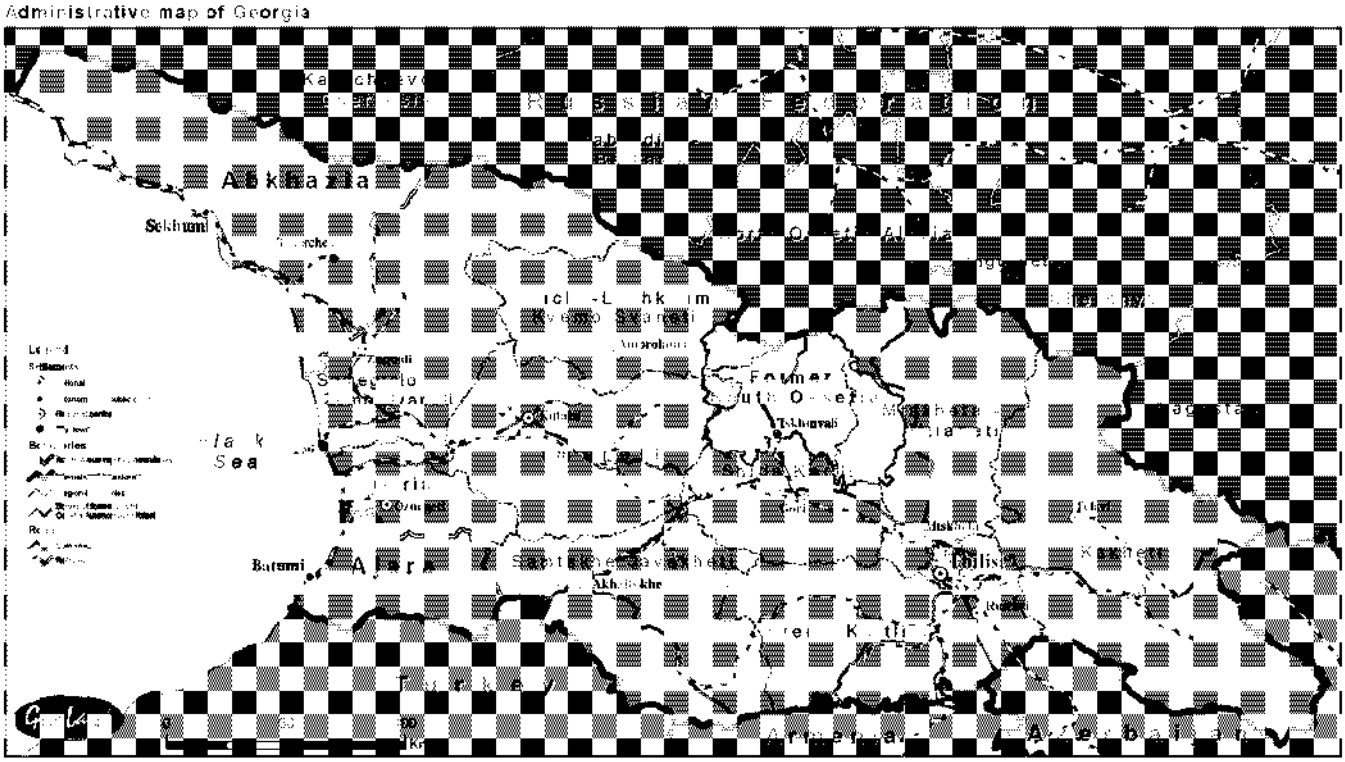
The South Ossetians are unlikely at this stage to enter talks willingly on a status within Georgia. At the least, successful status negotiations will require an end to the sporadic shooting and Georgia's implementation of significant confidence building measures. Building on past commitments within the JCC and in bilateral agreements with Russia, Georgia must offer to increase the security and confidence of people living in the zone of conflict, promote economic rehabilitation and development, ensure the right of Ossetians to return to South Ossetia and Georgia proper, and create administrative-territorial arrangements that guarantee South Ossetia effective autonomous status. To implement these measures, Georgia will require greater political and financial assistance from its international partners.

The alternative is bleak. Should one side use force to seek its political goals, the other would respond in kind, and massive displacement of the inhabitants of South Ossetia would ensue. The war that would engulf the region would destroy the Saakashvili presidency and Georgia's hopes for a bright future, while pulling Russia into another conflict in the volatile Caucasus region.

Tbilisi/Brussels, 26 November 2004

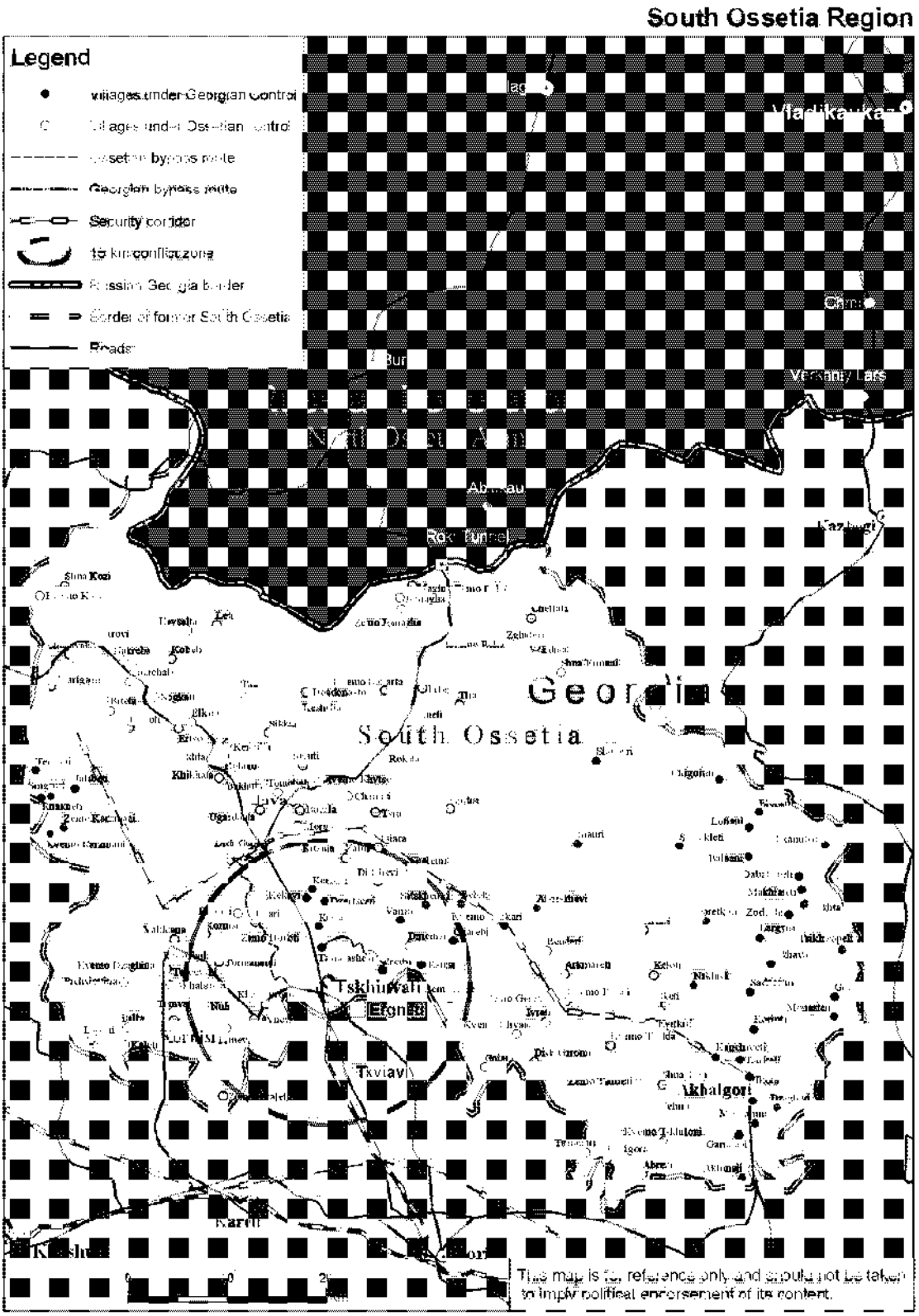
APPENDIX A

MAP OF GEORGIA



APPENDIX B

MAP OF THE SOUTH OSSETIAN REGION



APPENDIX C

GLOSSARY OF ACRONYMS

ADRA	Adventist Development and Relief Agency
CIS	Commonwealth of Independent States
CiO	Chairman in Office (OSCE)
DFID	Department for International Development (UK)
EC	European Commission
EU	European Union
EUPM	EU Police Mission
GDP	Gross Domestic Product
Georgian SSR	Georgian Soviet Socialist Republic
GTEP	Georgian Train and Equip Program
IDPs	Internally Displaced Persons
IWPR	Institute for War and Peace Reporting
JCC	Joint Control Commission
JPKF	Joint Peacekeeping Forces
MFA	Ministry of Foreign Affairs
MIA	Ministry of Interior
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organisation
NGO	Non-Governmental Organisation
OMON	Ministry of Interior Special Forces (*Otriad Militsii Ocobovo Naznacheniya)*
OSCE	Organisation for Security and Cooperation in Europe
Russian SSR	Russian Soviet Socialist Republic
SCC	Special Coordination Centre
SOAO	South Ossetian Autonomous Oblast
SPMU	Strategic Police Matters Unit (OSCE)
UNOCHA	UN Office for the Co-ordination of Humanitarian Assistance
UNHCR	UN High Commissioner for Refugees
UNWFP	UN World Food Program
UNICEF	UN Children's Fund
USAID	U.S. Agency for International Development

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