

# EU Strategy towards Post-Soviet De Facto States

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**Abstract:** *De facto states constitute an interesting anomaly in the international system of sovereign states. No matter how long their control of claimed territory has lasted or how effective their capacities to provide governmental services to its population are, they fail to achieve international recognition. In the post-Soviet space, this is the case of Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria. Popescu (2007) defines the EU's interests in relation to these de facto states in three ways: reducing (financial) dependence on Russia by diversifying development opportunities, strengthening the EU's reputation and spreading of European values, creating links between conflicting parties and promoting their mutual reconciliation. Current EU strategy toward unrecognized states is based on strict emphasis on the territorial integrity of Georgia, Moldova and Azerbaijan. This is expressed not only in public statements by leaders of the EU member states, but also in the absence of European Neighbourhood Policy Action plans for de facto states. Based on secondary literature and field research I claim, this policy leads to a low level of development opportunities for the de facto states through foreign direct investments, international trade, development aid or remittances. These external factors of development should play an important role in fulfilling the EU's desired goals. It is worth considering whether the current EU strategy towards de facto states in post-Soviet space is appropriate and if it would not be better to replace it with another one, which would more likely support the diversification of development opportunities of de facto states, would contribute to peace negotiations of protracted conflicts and which would be more suitable for promoting EU values and interests in this part of the world.*

**Keywords:** *De facto states, EU strategy, development, European Neighbourhood Policy, Post-Soviet area*

## An introduction to the topic of de facto states

Apart from standard states that are entities of international law and have inner sovereignty there are another two types of countries at the present time which are beyond such a classification. On one hand there are state systems which are internationally recognized but are not capable of collecting taxes and in return cannot offer at least basic social services and security. In the taxonomy of weak statehood these entities range from weak states, through failing states to collapsed states (Rotberg 2004, Zartman 1995, Jackson 1993) The second category of states is admittedly capable of performing sovereign legislative, executive and judicial power over its territory, it struggles for independence, but lacks international recognition or is recognized only by a few other states. There are many terms commonly used in connection with such entities, for example *unrecognized states, separatist states, pseudo states, de facto states* (Kollosov, O'Loughlin 1998, Pegg 1998, Kolstø 2006).

Among such states with full inner sovereignty that have been, on a long-term basis, struggling for recognition of their independence (in terms of years) can be currently included Pridnestrovian Moldavian Republic (*Pridniestrovskaja Moldavskaia Respublika*), Abkhazia (*Apsny*), South Ossetia (*Husar Iryston*), Nagorno-Karabakh (*Lernayin Garabağ*), Northern Cyprus (*Kuzey Kıbrıs Türk Cumhuriyeti*), Somaliland (*Jambūriyah arḍ al-Şūmāl*) and Taiwan (*Tiong-hoâ Bîn-kok*).<sup>1</sup> The first four entities, all located within the post-Soviet region, form the reference group that is the subject of this paper.

## Methodology

From the methodological point of view, this study shows two levels. The first one is the areal study (e.g. Říchová 1997), whose goal is not primarily a comparison of the four studied cases (which, of course logically had to occur), but the understanding of certain processes that occur in broadly defined area of post-Soviet de facto states. On the second level I try to show that the current EU approach to the de facto states in post-Soviet area is dysfunctional in reaching its proclaimed goals, which is demonstrated mainly in the case study of Abkhazia. Though the author visited only two entities from the above mentioned four de facto states, some ideas are generalized on all four de facto states in the post-Soviet area and thus are more instrumental

in character. Mainly ethnographic research methods are used and transferred to political science, supplemented by the method of simultaneous interpretation theory (Drulák 2008, Karlas 2008).

The author completed a series of trips to the studied region, the trip from October and November 2009 was focused specifically on the topic of this article. During this research trip the author interviewed seven activists from non-profit organizations in Abkhazia and Nagorno-Karabakh, two academics, eighteen students studying international relations at Sukhumi State University, five Abkhazian freelance journalists, two journalists from Nagorno-Karabakh and an employee of the Office of the Armenian President.

A key problem in data collection was to find suitable gatekeepers in studied countries, who are not intentionally closing too many “doors.” The author therefore tried to find at least two gatekeepers for each of examined areas, either in advance by e-mail communications, or directly in the field. Interviews with contacted gatekeepers always preceded a biographical pre-research, which helped the author to design the appropriate topics for conversation. Further discussions were made on the recommendation of gatekeepers, and the author twice managed to find alternative gatekeepers, who helped open the “door” to the author previously inaccessible areas. At the same time, there was a further data triangulation. This method of obtaining the respondents can be described as the snowball sampling method (Hartnoll 2003).

In the case of Abkhazia, those initially contacted and interviewed were Liana Kvarchelia from the Centre for Humanitarian Programmes and freelance journalist Akhra Smyr. In Nagorno-Karabakh those initially contacted and interviewed were Karen Ohanjanyan from Helsinki Initiative-92, and Saro Saryan, director of the refugees in Nagorno-Karabakh. The names and affiliation of respondents are published with extreme caution. In some cases, I have to protect the security of sources and thus their identity remains hidden. In a series of studies devoted to research conflicts, the names of interviewed persons are not reported (see e.g. Popescu 2010).<sup>2</sup> Links to interviews are always presented with a note at the end of the text. Interviews with gatekeepers had largely the character of an expert interview (see e.g. Hendl 2008: 189–190), further interviews had to take more into account the situation and the respondent and had been thus less structured in character. Personal interviews and also direct observations took place in Gagra, Novyi Afon, Sukhumi, Yerevan and Stepanakert. Some data, however, come from previous trips and are triangulated and supplemented by secondary data from other available sources, largely from the reports of NGOs, western scholars and the media that cover the studied area.

## De facto states in post-Soviet region and the approach of the international community

The main features of the de facto states were described in the introduction. They have full inner sovereignty but struggle to achieve international recognition of their independence. According to Kolstø (2006: 725–726) a political entity must fulfil three criteria to be classified as a de facto state:

1. Its leadership must be in control of (most of) the territory it lays claim to
2. it must have sought but not achieved international recognition as an independent state
3. They have to persist in this state of non-recognition for more than two years.

After these criteria, it is necessary to mention the negative definition of de facto state. Here are the criteria that distinguish de facto states from other entities which can be seen on today's map of the world. Pegg (1998: 28–42) differentiates de facto states mainly from: (1) power vacuum, (2) terrorist groups, (3) other entities that have a political character, but do not seek international recognition, (4) puppet states, (5) separatist regions that have chosen peaceful secession, (6) states that are internationally recognized by at least two permanent members of UN Security Council or a majority of the members of the UN General Assembly, (7) short-term political entities in existence for less than two years.

So as a de facto state we can identify the regions that have defined their national territory, have permanent population, and their governments have the control of the whole claimed territory, or at least the majority. State authorities carry out state administration, have the ability to enter into relations with other states, actively seek widespread international recognition of its sovereignty for at least two years, while they are unable to achieve it and remain largely or totally unrecognized by the international society of sovereign states and excluded the above-mentioned cases. As a de facto states are thus considered the following entities: Pridnestrovian Moldavian Republic, Abkhazia, South Ossetia, Nagorno-Karabakh, Northern Cyprus, Somaliland and Taiwan. In the second half of the 20<sup>th</sup> century all of these de facto states have been affected by armed conflicts after which their political representatives failed to agree on the issue of political status of these regions with representatives of their mother countries.

With minor exceptions, the image of the de facto States in the scientific literature is quite negative. Vladimir Kolossov and John O'Loughlin describe that in the post-Soviet space the elite of unrecognized states have strong criminal background and specialize in the illegal transit of weapons, drugs and money laundering (Kolossov and O'Loughlin 1998: 1). Dov Lynch characterizes de facto states as highly criminal environment in which local politicians are puppets in the hands of external actors

(Lynch 2004: 4). In the case of Georgia's breakaway regions, the main player controlling the puppet governments is clearly meant to be Russia. The same situation is in the case of Transnistria. In Nagorno-Karabakh there are two main players: Armenia and Russia. The same author speaks about Abkhazia and Nagorno-Karabakh as entities which do have the institutional features of statehood, but are unable to fill it with the content (Lynch 2004: 4). Interconnection between organized crime and domestic political leaders in the unrecognized states is mentioned also by Paul Collier and Anke Hoeffler (Collier and Hoeffler 2002). Their theory of greed and grievance in civil wars has found its place in the scientific literature. According to this theory the conflicts (not only in de facto states) are artificially kept alive by top political leaders, who through the lack of control mechanisms related to the conflict, benefit greatly from the shadow economy. The same idea in de facto states in post-Soviet space is held by Charles King (King 2001). A positive relationship with the de facto post-Soviet regions can be registered primarily in Nina Caspersen articles. Although she agrees that Abkhazia, South Ossetia and Nagorno-Karabakh are far from a democracy, she identifies the situation in these regions as quite similar to that of their mother states, Georgia, respectively Azerbaijan (Caspersen 2008: 117). Other authors who have noticed the economic and social changes undergone in the last five years in the de facto states are Nicu Popescu and Laurence Broers (Popescu 2010; Broers 2005). One could say that while in the nineties there existed in relation to de facto states only negative connotations associated with dysfunctional systems of state institutions, authoritarian regimes and direct links between politics and organized crime, since 2005 there has appeared in scientific studies a noticeable shift in terms of democracy and human rights in the unrecognized states.

The reluctance of recognized states and international organizations to engage in de facto states is a result of the long-standing emphasis of the international community on the territorial integrity of the state and results in inviolability of state borders. This reluctance is also supported by the above mentioned bad reputation of de facto states. It is no wonder that the international community is traditionally supportive of separatist regions return under the administration of the parent state through proposition of various alternatives of wide autonomies and asymmetric federations.

The diplomatic disregard is the predominant approach of the overwhelming majority of countries to the de facto states, respectively the economic sanctions strategy. This strategy of strong economic pressure is the key to the understanding of such an embargo that forces de facto states governments to accept political concessions. In exchange for quitting claim for the idea of full independence, the termination of the diplomatic disregard is being offered to them, the flow of foreign direct investments and the development cooperation during the reconstruction of such a region.

This approach in practice implies zero foreign direct investments and the absence of loans from international financial institutions and banks residing in countries that

do not recognize such a de facto state. The de facto states export opportunities are also restricted. However, this regulation can be partially evaded by the distribution through the commercial broker from a country that recognizes the de facto state or shares a border with it. In the case of Abkhazia and South Ossetia the goods are tangerines, kiwis and nuts that flow from Russia to the European market.<sup>3</sup> Similarly, the goods flow from Nagorno-Karabakh across Armenia since there are no foreign business companies or non-profit organizations residing in de facto states.<sup>4</sup> In this respect, the only exceptions are humanitarian organizations. Other organizations from a country that does not recognize the de facto state must have permission to operate in such a region from the parent state from which the de facto state struggles to separate. Transport is another complication as it is impeded by mainly closed borders with the parent state and also by other countries' reluctance to open borders with an unrecognized country. With the only exception of Abkhazia it is also not possible to travel to de facto states by air or by sea. Travelling for the citizens of such regions is also very difficult. If the citizen does not own the passport of another state, travelling across the borders of his/her territory is impossible. This for example also applies to the owners of Armenian or Russian passport as they cannot be sure of being granted the visa for Schengen area.<sup>5</sup>

There is relatively substantial wall of isolation separating the lives of de facto state's citizens from the rest of the world that is reflected to a considerable extent in lower economic levels of each de facto state in comparison with their parent countries. All four de facto states in the post-Soviet region have a lower GDP per capita in comparison with their parent countries.

From the turn of the millennium, the prevalent idea that through economic hardships, negotiations would be easier with de facto state's representatives about their political status, turned out to be unsubstantiated. Nor after more than fifteen years of negotiating is the political status agreement of de facto states in post-Soviet region closer to a resolution. Economic instruments turned out to be much less important than was anticipated, because political imperatives of independence are superior to economic ones. It became apparent that apart from the inner motives for unambiguous goal to gain international recognition of independence, de facto states are capable to exist thanks to the support of so called patron state. Such a state supports them morally and financially and the de facto state is essentially indebted to its patron state for its existence. And it is quite indifferent if the support is at the official level (Russian recognition of Abkhazia and South Ossetia in 2008) or if the palpable support is only at the unofficial level (for example the support of Nagorno-Karabakh by Russia and Armenia).

The existence of de facto states does not entail only the negative effects on economic and social development for inhabitants of these separatist regions but also economic hardships to countries from which they struggle to separate. With no con-

trol of separatist regions the maternal country loses the capability to collect taxes in the de facto states and to benefit from the distribution of raw materials, products and also services that illegally are transported by traffickers as well as those that legally flow to the markets of neighbouring states. The parent countries thus lose millions of dollars every year for example from the distribution of industrial products in Transnistria or tourism in Abkhazia.

The de facto states in the post-Soviet region are of a small size and relatively small population.<sup>6</sup> Despite their small size and thus the low number of inhabitants, the de facto states have a great impact on the international system in the area of international security. The number of casualties and refugees in conflicts incidental to the formation of the de facto states is a very convincing example of a security threat. When quantifying the victims only in Abkhazia, South Ossetia, Nagorno-Karabakh and Transnistria the estimates reach 30 thousand casualties and almost 2 million refugees and IDPs.<sup>7</sup> All post-Soviet de facto states are directly neighbouring with the EU or located in close proximity to the EU borders thus the outstanding conflicts with 3 % death toll and almost half of the displaced persons present a considerable security risk for the EU. Therefore the de facto states pose a problem not only for economical and political area, but also for the area of social development and international security.

## **European neighbourhood policy as an instrument for peace-building and development**

States and regions east and south of the new EU borders are home to many conflicts between existing states and its separatist or otherwise problematic region. Apart from four de facto states in the post-Soviet region, this can be also applied to Northern Cyprus, Western Sahara and Israel/Palestine. These conflicts can be characterized by one armed escalation at minimum, long-term isolation of particular conflicting sides, asymmetry in subjects' international recognition and length of existence within the range of fifteen to forty years. Although the negotiation intensity, the course of conflict cycle, the length of stagnation period and also the degree of activities and the interference of third parties vary from case to case, it is possible to claim that the peace processes on official level did not advance significantly in any of the conflicts neighbouring the EU. These so-called frozen conflicts, which are deeply rooted, demand radical political changes together with new standpoints within civil societies of rival parties and foreign participants.

The EU priority in relation to the neighbouring countries is the support of lasting peace. This was clearly described in the 2003 EU security strategy. It stated that the aim of the EU is to considerably contribute to the stability and regular management

of public affairs in the immediate EU neighbourhood and to support the circle of well-conducted countries east and south of the EU with which it is necessary to establish considerable cooperative relationships. This was again stated in the Treaty of Lisbon that mentions that “*the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation*” (Treaty of Lisbon: Title I, Article 7a). Despite these proclamations, the official institutions of the EU have so far political and conceptual limitations that prevent them from engaging meaningfully in resolution of the conflicts in the EU neighbourhood. The European Neighbourhood Policy (ENP) Action plans are best elaborated instruments for conflict resolution and the support of civil society and peace-building. The European neighbourhood policy was put forward in 2003 as a soft power approach in international politics. This soft power basically means “*to make others to want what we want*” (Nye 2004: 256).

Action plans of the ENP are aimed mainly at safeguarding European security that can be provided by the cooperation of the EU and selected neighbourhood partners. Part of this is also the policy of civil society organizations support dealing with the conflict transformation. To achieve this, the European Commission established contact groups that help non-profit organizations with mutual policy coordination. On this account the support goes purposefully only to the relations with civil society organizations dealing with democratization, human rights, freedom of speech, women rights, education, environment and scientific research. Apart from this, the European Peacebuilding Liaison Office (EPLO) was established. The ENP can affect conflict's structural features through the impact on political structures in which local civil society maintains to function. In this way, it is possible to shape internal relations within civil society but also relations between the CSO and the state (Tocci 2008: 25).

The EU strategies towards the partners in the neighbourhood is possible to find in the appropriate action plans of European neighbourhood policy and other specific documents for the implementation of neighbourhood policy in every country involved in the ENP. One the main failings of the ENP is that the European Neighbourhood Policy Instrument, which defines the financing and the dispensation of the European neighbourhood policy, does not clearly specify the procedures for the support of conflict transformation in the EU neighbourhood (Mirimanova 2010: 2).

Another failing of the ENP is the difficulty in negotiation with de facto states. The Israel-Palestinian conflict is a solitary case of two parties each with its own action plan, but this does not apply to any of the de facto states in post-Soviet region where there is only one party with its action plan. And because the aim and the partner for the EU' soft power policy is only one side, the EU causes, in conflict resolution area, certain asymmetry and for the other side does not represent a trustworthy and an independent partner.<sup>8</sup>



It is evident from EU documents and numerous leading EC representatives' proclamations that engagement of civil society in peace-building strategies is considered as crucial. This is a very positive move because conflict prevention gained in 2008 the reference to the instrument of EU financing,<sup>9</sup> and thus the way was considerably cleared for pursuing the goal-directed support of peace-building and forming civil societies in conflict regions neighbouring the EU. Still only a few joint projects come from EU support that might help to consolidate the horizontal dimension of peace-building in the European neighbourhood.

## **Abkhazia as an example of the EU's ineffective policy towards post-Soviet de facto states**

Abkhazia is a small republic on the eastern coast of the Black Sea, where the disputes between Abkhazians and Georgians emerged in the beginning of nineties into an armed conflict. The result was 15,000 dead, the population decreased from its original 525,000 to today's 214,000 inhabitants<sup>10</sup>, with more than 300,000 refugees and a completely destroyed infrastructure. Abkhazians took control over the whole territory of historical Abkhazia, declared sovereignty and independence from Georgia. At the official level, the war ended by April 1994 Moscow ceasefire agreement. Although signed seventeen years ago, the two key questions, without which no lasting peace can take place, have not yet been solved. The first is the political status of Abkhazia; the second key question is the condition for the return of refugees. Economic vulnerability is to a great extent connected with the prolonging of de facto statehood.

In the first half of nineties, the EU did not engage in Abkhazia. The EU began to provide financial support to the conflict-affected population in Abkhazia in 1997. It was mainly in the form of humanitarian aid but the cooperation lacked a systematic approach and financial intensity. The region was too conflicted, too unimportant and also too distant geographically. The situation began to change in 2003, when the EU started being more interested in the whole region of South Caucasus, which led to the appointment of the EU Special Representative (EUSR) for South Caucasus and the integration of this region into the European Neighbourhood Policy. EU activities in Abkhazia began to be more apparent after Georgia was integrated into ENP.

Between 2004 and 2005, there was a distinct increase in the volume of financial resources for the support of small employment projects, aid for refugees and programmes providing food supply for citizens of Abkhazia and internally displaced persons living in Georgia. These activities proceeded under the programme of humanitarian aid safeguarded by the European Commission's Humanitarian Office (ECHO). The civil society outside the conflict zone began to be supported by the

EU since 2005. Infrastructure projects failed to be carried out because in the following year the Action plan for Georgia under the ENP was signed in which the EC states that conflict resolution in Abkhazia (Georgia) is to be found within internationally recognized borders of Georgia. As a result the European Union has clearly disassociated from any political engagement in Abkhazia and declared that its support outside the conflict zone will be completely apolitical and will lead only to the support of democracy, to the protection of human rights and to taking measures to build up mutual trust between both parties in conflict.<sup>11</sup> During last ten years the EC has earmarked 25 million Euro for humanitarian aid, development cooperation and support of civil society activities in Abkhazia. Apart from direct foreign investments and direct budgetary support from the Russian Federation, the EU is the biggest foreign donor in Abkhazia.

Popescu (2007: 15) defines the goals of EU policy to Abkhazia in the following way:

1. *to reduce (financial) dependence of Abkhazia on Russia and give Abkhazia the opportunity to diversification of development options,*
2. *to strengthen the credit of the EU and to spread European values,*
3. *to build a connection between Tbilisi and Sukhumi and to support their mutual compromise.*

If we concentrate on the impact of EU activities on these three goals, the result of European activity in Abkhazia is so far rather sad. In the area of development there is neither international trade nor foreign direct investments between Abkhazia and the EU. Because it is difficult for Abkhazians to get an EU visa, let alone a working visa, the revenues from remittances of Abkhazians in the EU are non-existent. The development cooperation is under the strong control of Georgia, which does not favour bigger support for Abkhazia from the EU. If we connect these data with the considerable increase of Russian influence, which is dominating in all areas of economic, political and social life, it is possible to say the EU still does not offer Abkhazia relevant opportunities for diversification of its development course.

As for the credit of the EU in Abkhazia, apart from a few liberal civil society activists the general knowledge of EU values is low and rather negative. Whereas the EU constantly put stress upon the territorial integrity of Georgia, it is perceived rather as a backer of Georgian interests than an independent arbiter struggling to contribute to the peace process. While in the EU, the term “respect to territorial integrity of Georgia” in fact means the general support of Georgia, in case of Abkhazia the term’s connotations have slightly changed. Respect to Georgian territorial integrity is here perceived as the support of another Georgian attempt to get Abkhazia under control by force.<sup>12</sup>

The EU tries to promote the connection between Sukhumi and Tbilisi through two channels: official diplomacy between the political representatives of these two

states and unofficial meetings between the representatives of civil societies. The EU builds its official peace process on ENP policy. However, this policy in fact does not facilitate the communication of de facto states with the EC or individual EU countries. In the case of the Georgian-Abkhazian conflict, only the Georgian party has its own action plan. This means that projects can still get to Abkhazia only through Georgia under its consent. EU activities, by drawing nearer only one conflict party to European standards, rather widen the gap between the favoured party and the unpopular one instead of narrowing it. It is thus apparent, that the only achievement of the EU in Abkhazia is so far the support of democracy and civil society, their growth alone can be perceived as a positive result indeed. In the same breath we have to add that neither democracy nor flourishing civil society has up to now contributed to the conflict transformation or conciliatory attitudes. It would be worth reconsidering if the present-day EU strategy for Abkhazia is convenient and if it would not be better to replace it with another one that would contribute more to the support of Abkhazia's development, to the negotiations about ending the lengthy conflict and to the better promotion of EU values and interests.

## **Engagement without recognition strategy — possible alternative**

One of the alternatives of how to provide Abkhazia and other de facto states in the post-Soviet area the possibility to diversify their own development and at the same time to strengthen the EU position in this region is the strategy that Peter Semneby, Special Representative for South Caucasus, has been promoting in his appearances since 2010. This approach is called "Engagement without recognition," and might help the EU to cooperate with the de facto states in a whole range of political, economic, social and cultural issues without the EU being bound to diplomatically recognize the de facto states.

The need for engagement without the necessity of diplomatic recognition is possible to justify by the claim that the engagement of the West in de facto states will be in the future much more difficult. Russia's economic presence is by now almost dominant and the possibilities of de facto states governments to find the room for political manoeuvring are quickly being reduced. This bears the risk that even those parts of society in de facto states that are still open to the cooperation with the EU (despite their desire for independence) will be more and more marginalized which might as a consequence reduce the possibility of the West to interfere in the development, especially in the case of Abkhazia. It is in the interest of the EU to establish the strategy of Engagement without recognition as quickly as possible. Otherwise, the current scenario will be still in progress, i.e. Russia will continue in strengthening

its control over Abkhazia, South Ossetia, Transnistria and partly as well in Nagorno-Karabakh, whereas the EU will stay without any actual possibility to interfere in the development of these de facto states (Fischer 2010).

In the case of Abkhazia and South Ossetia, Cooley and Mitchell (2010) also support the need for quick acceptance of the possibility to engage even at the cost of a diplomatic conflict between the EU and Georgia. If Europe does not proceed quickly, Abkhazia and South Ossetia will be much more bound to Russia, which will prevent any possible cooperation with Georgia in future. It is a kind of an imperative for Europe to engage in de facto states very quickly, even at the cost of forming an area of disagreement between Georgia, Moldova, Azerbaijan and the West. However, from the long-term point of view, it is in the full interest of the parent states to allow the EU to have a strong position in the de facto states and to maintain to have at least a door half-open to the future conflict transformation. Hence, the EU should be informing Tbilisi, Kishinev and Baku about its programmes in Abkhazia, South Ossetia, Transnistria and Nagorno-Karabakh, but Georgian, Moldovan and Azerbaijan governments should not as hitherto have the right to control the EU's activities in the de facto states. If the European way to the engagement in de facto states should be successful, trustworthy and effective, it should not go through an approval process from Tbilisi, Kishinev and Baku. Otherwise, the only contact with de facto states will be further intermediated through parent states, it is probable that the engagement of the EU in post-conflict reconstruction of this region will be unsuccessful.

In the case of South Ossetia and Abkhazia, discussions about the engagement without recognition strategy are being in some respect complicated by the fact that they are in progress at the same time as the Georgian Law on the Occupied Territories. Critics of this Georgian strategy suggest that despite many good and concrete ideas for the engagement, the whole political frame with the goal of "deoccupation" is a priori doomed to failure (Inal-Ipa 2010). The EU should maintain its own approach noticeably different from Georgian state strategy. The identification with Georgian state strategy would continue to deepen the Abkhazian and South Ossetian suspicion that the EU works only in the interest of Georgia and this would undermine the possibility for the EU to become a neutral mediator who is capable to negotiate flexibly with all conflict parties.

In my humble opinion, in the case of the post-Soviet de facto states, the engagement without recognition strategy would in the short-term horizon not only help these entities to kick-start the development but also in long-term horizon direct them towards greater cooperation with the EU. Civil society representatives in Abkhazia complained several times over Russia being not an ideal partner. In the present situation they have unfortunately no alternative but absolute cooperation with Russia.<sup>13</sup> Further enhancement of the level of democracy and human rights could positively manifest itself in the issue of Georgian refugees re-entry. This strategy thus would be

also in the interest of Georgia. Nevertheless, such a strategy was never used in any de facto state. This strategy could by also used in Nagorno-Karabakh, Transnistria or South Ossetia.

## **Other possible alternatives of the EU's sensitive engagement in post-Soviet de facto states**

On first sight it does not seem that the present-day international system offers more alternatives of approaches to de facto states than merely a dichotomy between complete denial of their existence or their acceptance as full valued members of the international community. One of the alternatives is the Taiwan model. Its goal is the active economic, technological and cultural cooperation with Taiwan even for the states that did not recognize it as an independent country. This means that the states recognizing governmental sovereignty of People's Republic of China over the whole Chinese territory do not maintain diplomatic contacts with Taiwan, but respect its economic and commercial independence and have strong relationships in this particular area. However strong relationships demand institutional support and in the case of unrecognized states it is quite a problem. Although Taiwan is diplomatically unrecognized by most countries, this complication is solved through private companies or non-profit organizations that officially represent the state during bilateral negotiations. A classic example of such a privatization of diplomatic relations is the bilateral relationships of USA with Taiwan. Since the signing of the so-called Taiwan Relations Act (TRA) in 1979, the American Institute on Taiwan (AIT) represents the American government in relationships with Taiwan. It is a private non-profit organization and its employees are career diplomats, who are during the service in Taiwan relieved from the status of government employees. AIT is financed from the state budget through the Department of State. Paragraph 7 of the TRA confers to the AIT employees power otherwise assigned only to American consular clerks. Taiwan parallel to AIT is the Coordination Council for North American Affairs (CCNA). According to Taiwan Relation Act all contacts between USA and Taiwan must be run through these two non-profit organizations. Whereas Taiwan ranks among the fifteen leading exporters worldwide, and in volume of trade with the EU surpasses even the populous states as India or Brazil, it is in the interest of European countries to maintain economic relations with Taiwan even despite the status of political non-recognition of its independence and the insistence on one-China policy. For all that the EU states establish in Taiwan offices similar to the American AIT. It is also the case of the Czech Republic. The website of the Czech Department of Foreign Affairs states that there are no bilateral international conventions between Taiwan and the Czech Republic but the interests of the Czech Republic in Taiwan are represented by the

Taipei Economic and Cultural Office whose conduct are the economic-commercial, cultural and consular activities. It is not a consulate in the strict sense of the word, but the office is financed by the Czech Ministry of Foreign Affairs. With respect to the volume and importance of economics of Abkhazia, South Ossetia, Transnistria and Nagorno-Karabakh however the recurrence of Taiwan model to other de facto states is very improbable.

There is another, more probable alternative that could provide the sensitive engagement for de facto states through limited recognition of their existence but without international recognition of their independence. Some economic organizations have adopted this model. As compared with the UN and most other international organizations some of these economic organizations, like APEC (Asia-Pacific Economic Cooperation), the WTO (World Trade Organization) or the ADB (Asian Development Bank), do not have as an essential condition international recognition of the state. In case of APEC organization, its members are not only independent states but also more widely conceived "economics." This formulation thus makes it possible for Taiwan and Hong Kong, aside from Republic of China, to be members of APEC.

In the case of the WTO, and its predecessor GATT, is the right to become a member of General Agreement on Tariffs and Trade defined in paragraph XXXII that says any government can be a member of GATT on the assumption it will meet the conditions on tariffs and trade given by this agreement (General Agreement on Tariffs and Trade). Thus a member is the contracting party represented by the state. In 1947 Burma, Southern Rhodesia and Sri Lanka became contracting parties of GATT, even though they were not independent states in that time. Hong Kong became a member of GATT in 1986 and after eleven years became also a member of the WTO. Taiwan became a member of the WTO in 2002, under the name of "Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu," "Chinese Taipei" in short. Hong Kong and Taiwan represent entities with its own tariff policy that can be changed by government depending on agreements concluded within the WTO. In case of both of these entities it is apparent their membership depends on functional competence of their governments and not on their legal position.

A similar approach could be applied to de facto states in some other institutions such as International Civil Aviation Organization (ICAO), International Maritime Organization (IMO) or United Postal Union (UPU). From this demonstration it is quite evident the limited access to membership in some international organizations does not automatically imply international recognition of de facto state independence and the reducing of isolation definitely promotes economic and social development in these entities.

## Conclusion

The EU declared several goals in relation to de facto states in the post-Soviet region: provision of security at the EU outside borders through conflict resolution, insistence on territorial integrity of parent states, support of the democratization and the development of civil society, image uplift of the EU across the whole region and establishment of cooperation with European neighbourhood countries. Using the example of Abkhazia, it can be shown that the EU fails at all points except democratization and local civil society development. Moreover, the conflict continues in all four post-Soviet de facto states and there is no visible progress in the peace process on the level of “track one diplomacy.” The reputation of the EU in the de facto states is quite damaged because of the permanent stress placed upon the territorial integrity of Georgia, Moldova and Azerbaijan. As a result of this, in the de facto states the EU is rather perceived as the mediator of parent states proposals, rather than an independent negotiator of peace initiatives. With a view to security assurances and economic assistance of Russia, the maintenance of Georgia, Moldova and Azerbaijan territorial integrity is much more a virtual game than the reflection of reality. The EU has failed to develop functional cooperation in de facto states, so far. Furthermore, it is apparent, that no economic and social development through exogenous factors can take place against this background.

Taking into consideration the basic attributes of de facto states, i.e. relatively long existence, the parent states have no lever to pull out for taking these entities under their control and their existence complicates economic and social development not only within such entities but also in directly neighbouring states, moreover such entities present a serious security risk for whole region, it is therefore apparent that the EU should end its non-functional approach to de facto states of using sanctions, embargoes or ignorance and choose some sort of more sensitive engagement approach.

## Notes

- <sup>1</sup> The name in brackets is the name of the given de facto state in its original language transcribed to the Latin alphabet.
- <sup>2</sup> This approach of covering identity of sources also recommends EPLO (European Peace Liason Office).
- <sup>3</sup> The author's interview with the Abkhazian freelance journalist, Sukhumi, October 8<sup>th</sup> 2009.
- <sup>4</sup> The author's interview with an employee of the Office of the Armenian President, Yerevan, 23 October 2009.
- <sup>5</sup> The author's interview with the head of a non-profit organization in Nagorno-Karabakh, Stepanakert, 16 October 2009.

- <sup>6</sup> Abkhazia – 8,700 km<sup>2</sup> and 216 thousand inhabitants, South Ossetia – 1,900 km<sup>2</sup> and 72 thousand inhabitants, Nagorno-Karabakh – 8 200 km<sup>2</sup> and 138 thousand inhabitants, PMR – 4 100 km<sup>2</sup> and 555 thousand inhabitants.
- <sup>7</sup> The Data was calculated from various sources by the author of this paper. Seeing that the numbers in many of these conflicts relatively vary the reported data of casualties and refugees rather represent an attempt for illustrative approximation of the situation than the precise number statistics of casualties and displaced persons in conflict regions of the de facto states.
- <sup>8</sup> The author's interview with an Abkhazian journalist in Sukhumi 10 October 2009.
- <sup>9</sup> In 2008, the Court of Justice of the European Communities decided that conflict prevention can be financed under development cooperation programmes. The financial gap in funding peacebuilding within the period of 2007–2013 was revised consequently.
- <sup>10</sup> The last widely accepted official census took place in Abkhazia in 1989, when the region was inhabited by 525,000 people. Postwar estimates vary from source to source. Abkhazian population census in 2003 reported that Abkhazia's population comprises 214,000 people. Some scientists and staff of the UN, however, consider this data slightly overestimated.
- <sup>11</sup> EU-Georgia Action Plan 2006.
- <sup>12</sup> An interview with an Abkhazian academic from the Department of International Relations at Sukhumi State University, 10 October 2009.
- <sup>13</sup> The author's interview with an employee of a local non-profit organisation in Abkhazia, 8 October 2009.

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