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**GEORGIA'S PANKISI GORGE**  
**RUSSIAN, US AND EUROPEAN CONNECTIONS**

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**JABA DEVDARIANI**  
**AND**  
**BLANKA HANCILOVA**

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**JABA DEVDARIANI AND BLANKA HANCILOVA<sup>1</sup>**

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The Georgian government fails to exercise effective control over parts of its territory. In the last decade, Georgian statehood has been threatened by a civil war and secessionist conflicts. Its government has failed to reform its armed forces and has lost control over the Pankisi Gorge, a sparsely populated patch of the Caucasus Mountains on the border to Chechnya. Some hundreds Chechen fighters including several dozen Islamic extremists connected to the al-Qaeda network are believed to be hiding in that area. After the attacks on the United States on 11 September, the risks posed by failing states in the propagation of international terrorist networks are being taken more seriously into consideration.<sup>2</sup> The US decision to send up to 200 special operation forces to Georgia in March 2002, in order to train Georgian forces to regain control over the Pankisi Gorge, proceeds from this logic.

The European Union and its member states are fully engaged in the American-led campaign against international terrorism. While the EU is not a major factor in the military actions planned to tackle the presence of the international terrorists in Pankisi, it has a significant role to play in supporting these actions. As will be argued in this paper, this possible support is not limited to humanitarian and development programs to make the solution to the Pankisi problem sustainable. Finding conjunction between security and developmental responses and institutions is a major challenge for EU policy in relation to Pankisi.

The first part of this paper provides background information on the Pankisi Gorge, analyses the weakness of the Georgian armed forces, the motives and details of US-Georgian security assistance and the Russian response to the enhanced American involvement. The final section of this paper analyses European Union policies in Georgia in the framework of its anti-terrorism agenda and its cooperation with the OSCE in Georgia. The paper concludes in identifying the role of the Pankisi issue in the context of European Union policies, and includes some policy recommendations concerning future EU policies towards Georgia.

## **1. The Pankisi Problem**

### **1.1 General Description**

The Pankisi Gorge is located in the Caucasus mountain range in the north-eastern part of Georgia. It stretches 34 km from Mt. Borbalo to Alazani Valley. The Pankisi Gorge is mainly populated by Kists. There are seven predominantly Kist villages in Pankisi Gorge: Duisi, Jokolo, Kvemo Omalo, Birkiani, Dzibakhevi, Shua Halatsani and Zemo Halatsani. The Kist

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<sup>1</sup> Jaba Devdariani is from the UN Association of Georgia and Dr. Blanka Hancilova is from the Institute for International Relations, Prague. The authors wish to thank Bruno Coppieters, Michael Emerson, Irakli Laitadze and Mamuka Kudava for their comments on this paper.

<sup>2</sup> On policy shifts related to September 11, see Anatol Lieven, 'New Enemies Demand New Strategies as the Cold War Ends' in *The Times*, 13 September, 2001 and Ariel Cohen, 'Central Asia to Play Prominent Role in US-Russian Cooperation', *EurasiaNet*, 14 September 2001, available at <http://www.eurasianet.org/departments/insight/articles/eav091401.shtml>, accessed on March 3, 2002.

community is part of the Vainakh ethnic family, which includes Chechens and Ingush.<sup>3</sup> The Kist community has solid tribal/clan traditions. Kists speak their own dialect and are predominantly Muslim. The school system provides for education in Georgian with Russian as a secondary language, but in some of the families a mix of the Georgian and Kist dialect is spoken. Livelihood of the local communities is based on cattle farming and artisanship. The villages of the gorge possess local self-governance institutions subordinated to the administration of Georgia, but the powers of these institutions are diluted both by the general weakness of the Georgian state and by the parallel tribal and community systems based on the authority of elders. Despite their strong communal identity, the Kists do not voice any demand for territorial secession or unification with Chechnya.

The socio-political texture of the Pankisi region was radically transformed in the 1990s with the advent of Georgian independence and the severe downward spin of the Georgian politics and economy. The general crisis of governance manifested itself in the region by the paralysis of the local government structures and the absence of law enforcement. In the first years after independence, Georgia was immersed in a civil war between supporters and adversaries of the first democratically elected president Zviad Gamsakhurdia and in secessionist conflicts in South Ossetia and Abkhazia. But the relatively closed clan-based structure of the Kisti community of the Pankisi Gorge buffered then the direct impact of the political upheavals. It so maintained relative stability in the period 1991-94.

This situation was complicated by the first Chechen war 1994-96. In previous years, military equipment of the Soviet military troops, which had been dissolved in Georgia, had already been transiting through the region into the Chechen republic. This process intensified with the beginning of the war. The open borders with Russia's rebellious Chechen republic and close relations to ethnic kin across the border provided good incentives for illegal arms dealings.

Simultaneously the gorge became the transit point for drug trafficking. International criminal networks are since then covering transit routes, which start in Central Asia (Afghanistan) and lead through Daghestan and other republics in the North Caucasus into Georgia. Drug trafficking enters the territory of Pankisi Gorge and the Georgian breakaway region of South Ossetia. Later it continues further westwards to Turkey and then to Europe.<sup>4</sup>

In the first years of Georgian independence, the criminalisation of the gorge has been facilitated by the weak presence of the law enforcement forces engaged elsewhere in conflict areas. When the criminal networks took root, the gorge became virtually inaccessible to the law enforcement agencies. Simultaneously, corrupt links between the police officials and the criminal networks were created.<sup>5</sup> The isolation of Pankisi has further been fostered by the

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<sup>3</sup> Their migration to Georgia started in the 17<sup>th</sup> century and lasted approximately till the second half of the 19<sup>th</sup> century.

<sup>4</sup> Former Minister of Justice, Mikhail Saakashvili recently spoke of the danger of increased drug trafficking as a result of domination of the Northern Alliance in Afghanistan. The Northern Alliance leadership, ethnically Tajik, was, according to the ex-minister, the main source of trafficking the narcotic substances through former CIS countries, using their connections with ethnic kin in Tajikistan. See: *Georgia Reformer Concerned by Drug Trafficking Menace in Georgia* at Eurasia Insight, 7 January 2002; <http://www.eurasianet.org/departments/qanda/articles/eav010702.shtml>, accessed 27 February 2002.

<sup>5</sup> The period of 1995-99 was the period of stabilization in Georgia marked by increased influence of the police and security officials. According to many observations, the police and security officers put an end to some of the most influential Georgian warlords, but maintained share in their illegal profits. Increased aspiration for the political influence and widespread allegations in corruption led to resignation of the most infamous police and security officials in October-November 2001.

collapse of Georgian economy and state-supported social safety net, which increased the popular apathy of the inhabitants of the region towards government agencies.

It may be concluded from this brief description that even before the beginning of the Second Chechen War in 1999, the Pankisi Gorge already formed a comfortable hideaway for wanted criminals and a convenient 'node' in a criminal network providing financial support to the Chechen guerrillas and individual strongmen. Corrupt involvement of the police officials, remoteness of the gorge and ethnic divisions obscured these developments from the eyes of the major part of the Georgian population.

## **1.2 Tensions grow - 1999 to 2000**

With the beginning of the Second Chechen war in 1999, some 7,000 Chechen refugees have been looking for shelter across the border. This almost doubled the population of the Kistine villages and posed additional humanitarian and economic challenges.<sup>6</sup> The majority of Chechen refugees in Pankisi arrived in December 1999 and in the beginning of 2000. The refugees' arrival put the area into a spotlight of the international humanitarian agencies and national media. Since then, the Pankisi Gorge has become an internal and external security concern for Georgia.

Even if it is not possible to argue, as demonstrated above, that the refugees were the main causal factor in creating these threats, the Second Chechen War has greatly enhanced the existing social and political tensions. The arrival of the refugees, and with them of some ex-combatants and guerrillas, increased both the rank-and-file and operational abilities of the criminal networks operating in Pankisi. Since 2000 there have been several cases of high profile kidnappings within the gorge, which made the gorge infamous within Georgia as a criminal enclave. These included the kidnapping of Spanish and Lebanese businessmen, and even of a member of the Georgian Parliament.

The public outrage at this deterioration of the situation led to inter-ethnic tensions between Kist/Chechen and Georgian villages of neighbouring districts in June and July 2001. There were even cases of reprisals where members of these villages were kidnapped. Georgian villagers started to form vigilante groups. The involvement of the Georgian authorities – including the Georgian President Eduard Shevardnadze – and of high-ranking Chechen officials managed eventually to de-escalate the conflict.

In 2000-2001, there was increasing popular pressure in Tbilisi and other cities of Georgia against corruption and the failure of to establish law and order. Law enforcement agencies were widely believed to be themselves part of corrupt criminal networks. In fall 2001, the wave of anti-governmental protests forced the resignation of the Interior and State Security ministers Kakha Targamadze and Vakhtang Kutateladze. The mishandling of the Pankisi crisis was one of the main allegations directed against them.

Moreover, the situation in the Pankisi Gorge was posing a serious security threat to Russia. After the inflow of the Chechen refugees into Georgia at the end of 1999, the Russian official agencies repeatedly accused the Georgian government of harbouring Chechen terrorists and of tolerating their training camps in Pankisi. Since 2000 there have been repeated cases of violation of the Georgian airspace by Russian aircraft and fighter helicopters, which

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<sup>6</sup> UNHCR reports the figure 7601 for December 31, 2000. The updated figures are not yet available. It has to be noted that included in above figure are the Kists who initially left Georgia to seek jobs in Chechnya (Russian Federation) but were forced to return after the hostilities resumed. However, it is likely that the number of Chechen refugees in the gorge is presently lower, since some of them have continued to other parts of Georgia or went abroad.

occasionally performed mining and opened fire on Georgian territory.<sup>7</sup> Russian officials frequently spoke of the necessity to curb lawlessness and terrorist hideouts in Pankisi by a joint Russian-Georgian military operation.

Since 1998-99, the Pankisi Gorge became the focus of radical Wahhabi Islamists. A private school functions there since late 1998, which teaches Arabic and Koran and occasionally sponsors successful students to receive education in Arabic countries, predominantly in Saudi Arabia. Wahhabis provide financial assistance to the newly converted, which makes joining their ranks for the inhabitants of economically backward region attractive. The humanitarian organisation "Jamaat", which operates in Pankisi with the support of the Wahhabi faction, distributes humanitarian assistance from Islamic countries on a monthly basis to all inhabitants of the gorge – both refugees and the locals. A Wahhabi mosque was built in 2000. The development of religious fundamentalism became a new threat for the region.

The terrorist attacks on the US on September 11, 2001 led to a radical turn in security priorities of the regional powers and to a realignment of international forces. Confronted with an enhanced cooperation between Russia and the United States in their policies against Islamic terrorism, the Georgian government abandoned its previous policies of denying the presence of Chechen guerrillas.<sup>8</sup> A tougher stance of the American administration on terrorism forced the Georgian government to show determination to tackle the problem, or, alternatively, to face unwanted external security involvement.

### 1.3 A Turning Point - 2002

An attempt by the Georgian police and security to crack down on crime initiated on 11 January 2002 has not led to any substantive results. The inability of the officials to handle the situation caused to the contrary additional frustration of the local community.<sup>9</sup> The operation degenerated into a farce as four policemen got kidnapped from the police checkpoint (and were released later). From this moment on, the pressure from the Russian officials and the press on the Georgian authorities regarding the necessity of a resolute military engagement in Pankisi became insurmountable.

In the margins of these developments, the US *chargé d'affaires* in Georgia spoke on February 11 about possible connections between the Chechen guerrillas in Pankisi and al-Qaeda and Taleban forces. Some Chechen guerrillas, particularly the Arab field commander Khattab, would play a prominent role in this respect.<sup>10</sup> The American administration declared two weeks later, on 28 February, that 200 US military personnel would be deployed in Georgia to train the Georgian military in anti-terrorist operations.

## 2. The Georgian Armed Forces

The current situation of the Georgian military is especially worrisome in the context of the threat of international terrorism. At present, the Ministry of Defence has about 19,300 troops

<sup>7</sup> Russian aircraft (reportedly SU-24M bombers) used air-deployed anti-personnel landmines (PFM-1 by Russian classification) to mine the mountain passes not accessible to the ground troops.

<sup>8</sup> Georgia's National Security Council chairman Nugzar Sajaia admitted presence of Chechen ex-combatants during the meeting with his Russian counterpart. See Civil Georgia

<http://www.civil.ge/cgi-bin/newspro/fullnews.cgi?newsid1012458314,26818>, accessed March 3, 2002.

<sup>9</sup> Jaba Devdariani: Georgian Officials Prepare to Tackle Pankisi Problem, *Eurasia Insight*, January 15, 2002, <http://www.eurasianet.org/departments/insight/articles/eav011502.shtml>, accessed March 3, 2002.

<sup>10</sup> A Gorgeous Mess, *The Economist*, March 3-8, 2002, p.24

(including the National Guard), while there are 7,000 border troops and 6,500 interior troops under the Ministry of Internal Affairs, which also controls the country's 15,000 policemen.

In the years following independence, parts of the armed forces played an overtly political role in the civil war and the coup d'état which unseated President Gamsakhurdia in 1991-92. Some parts of the army were also involved in the attempted coup against Shevardnadze in 1992; in the revolts led by Gamsakhurdia loyalists in 1993; and in the assassination attempts on Shevardnadze in 1995 and 1998. A defence ministry brigade mutinied in October 1998, and six months later the police and security authorities claimed to have averted an anti-government conspiracy. Moreover, military have been engaged in secessionist conflicts in Abkhazia and South Ossetia in the period 1992-94 as well as in skirmishes with Gamsakhurdia loyalists in Western Georgia.

Born in civil strife, political unrest and secessionist conflicts, the Georgian army did not have the chance to become a well-structured modern force. The armed forces are not held in high esteem by the Georgian public. It retains many characteristics of its para-military origins as volunteer militias. In order to avoid future threats coming from the army, the Georgian authorities have instituted a system of checks and balances which would make it impossible for one of the security forces (police, interior troops, defence ministry) to outmatch another in numbers and capacity. This objective has been achieved, however, at the cost of rendering the armed forces incapable of meeting the security threats facing the country.

The defence budget has particularly suffered from budget cuts in recent year. As a consequence, the Georgian military spending in relative and absolute terms is the lowest in the Southern Caucasus. Projected defence spending was only 0.5% of GDP in 2000 and it was almost halved by the budget cuts induced by the poor collection of revenues at the end of that year. The chronic lack of funding has recurrently led to social protest within the armed forces. But both the Ministry of Finances and international financial institutions are resisting attempts to increase the defence budget.

The lack of military funding precludes an improvement of the situation. Since 1994, the Ministry of Defence has been cooperating with Western experts to devise plans for army reforms. Such reforms would include a reduction in personnel from 20,000 to 10,000-12,000. The reform plans further envisage a shift to mobile, highly trained units according to NATO standards and a restructuring of the General Staff. Alongside budgetary constraints, internal divisions in the army have obstructed the reform process. There is little organisational cohesion or *esprit de corps* in the army. Relations are tense between Soviet officers and their western-trained colleagues, while Defence Minister Davit Tevzadze has been accused of favouritism towards specific generals. National Guard commanders are particularly disquieted that the Eleventh Motorised Brigade receives the lion's share of international assistance and will be the first to be reformed to NATO standards. In the context of the fight against terrorism NATO has reinstated its offer to help Georgia in reforming its armed forces. The current US assistance is contributing to this aim.

The budgets for the interior and security ministries are also inadequate and it is widely acknowledged that corrupt practices in the collection of informal 'levies' and smuggling are sustaining their personnel. This clearly impacts upon the willingness of these agencies to tackle lawlessness in the country, particularly in Pankisi. The high degree of corruption and criminality in the law enforcement bodies is far from being a taboo in Georgia. In June 2001, the Parliamentary Defence and Security Committee Chairman Giorgi Baramidze accused high-ranking interior ministry officials of involvement in drug-trafficking and kidnapping in Pankisi Gorge.

In their current shape, the Georgian armed forces are not only unable to provide security, but are actually bearing the potential to foment political instability.<sup>11</sup> Assistance of the United States would only partially address the problems of the Georgian army and security forces. It can improve the public image of the military and provide Georgia with two or three better equipped and trained battalions. However, the lingering problems of sluggish funding and general disorganisation would persist. The lack of financial means makes it impossible to support the current drafting system or to permit the necessary investments for the development of a professional army.

### 3. The US Military Involvement and the Russian Response

According to official declarations, the United States conducts a 'train-and-equip' program in Georgia. The US soldiers, which arrived in March 2002, are not to be engaged in combat, but have strictly training and advisory functions. Up to 200 US military instructors from elite forces are due to train up to 2000 Georgian troops. About 1500 men of the ministry of defence are trained as rapid deployment forces with special accent on anti-terrorist skills and 500 soldiers of the State Border Defence Department receive additional training as border guards. The American side also provides for the necessary equipment for these troops. The transfer of 10 UH-1H "Huey" transport helicopters to the Georgian army (6 by the US air force and 4 by the Turkish military) in October 2001 is part of the program. The Georgian Defence Minister stated on March 1 to the Georgian national television channel that the major part of the training would be completed till late May 2002, but added then that the US instructors would remain in Georgia "as long as necessary." Due to the technical delays, the training was launched in late April 2002 and, according to the latest information will be carried over to 2003. It was also mentioned, that the US experts would also assist in setting up the Crisis Management Centre at the General Staff of the Georgian Armed Forces, which would improve command-and-control capability of the army.

Both Russia and the United States have been viewing the Pankisi situation through the prism of anti-terrorism, hence gave priority to the military and security measures. According to some analysts the timing of the US involvement was not influenced by any new information about the presence of Arab-linked terrorists, but rather had to do with the Russian reaction to the US proclamations made in the course of the fight against terrorism.<sup>12</sup> Russia considers the Chechen guerrillas in Pankisi to be international terrorists and called for a military action against them within days of the US actions in Afghanistan. Russia's military involvement has consistently been opposed by the Georgian government, out of the fear of being dragged into the Chechen war. The US involvement may have prevented Russian attacks on Georgia.<sup>13</sup>

Russia has opposed an enhanced American involvement at its southern borders. On the negative side, the US involvement has changed the balance of power in the region to the

<sup>11</sup> Throughout 2001 the military remained in a focus of attention. In February-April, 2001 interior ministry contract troops staged a hunger strike to demand payment of 14 months' wage arrears; they returned to normal service having failed to secure backpay. Similarly, defense ministry contract troops serving in the NATO-led Kosovo peacekeeping were preparing to sue the government over its failure to pay wages. In a more dramatic occurrence on May 25, 2001 a battalion of the National Guard mutinied and occupied a base of interior ministry forces. Their main demands were payment of five months' wage arrears and improved social conditions. The crisis was only resolved by the direct intervention of President Eduard Shevardnadze, who guaranteed that the leaders would not be prosecuted.

<sup>12</sup> Juergen Schmid: Krieg gegen den Terrorismus im Südkaukasus? Die USA entsenden Militärberater nach Georgien, *SWP Brennpunkte*, <http://www.swp-berlin.org/produkte/brennpunkte/milgeorgien1.htm> accessed March 23, 2002.

<sup>13</sup> Zeyno Baran: *Georgia Update*, March 4, 2002, CSIS, Washington, D.C., p. 2.



detriment of Russia. It may fear that the US involvement in Georgia is a covert attempt to encroach on Russia's strategic and economic interests. The securisation of the Baku-Ceyhan pipeline project, which would ensure the transport of Caspian energy resources to the West, should not be neglected in this context.<sup>14</sup>

On the positive side, Russia hopes that US engagement will help Georgian forces to tackle the criminal networks in Pankisi, which could in turn help Russia to settle situation in Chechnya. The US demonstrated interest to remain in consultation with Russian counterparts. Consequently, top Russian officials have sent mixed signals regarding their position on US assistance, particularly in the first period after its announcement. Defence Minister Sergei Ivanov argued on 11 March, 2002 that Russia was concerned by the US involvement in Georgia.<sup>15</sup> But President Vladimir Putin stated on March 1, 2002 on CIS Summit in Almaty that this involvement is "not a tragedy."<sup>16</sup>

The US assistance alleviates some of the most pressing security concerns Georgia has in connection with Pankisi. First of all, it increases confidence both at home and abroad in Georgia's ability to handle the criminals and terrorists. Domestic and foreign pressures on the government to act resolutely in Pankisi are posed to subside. Second, the Georgian military and some international experts are hoping that the arrival of US instructors would induce the guerrillas – whose number have been estimated by Georgian military sources at about 500<sup>17</sup> – to leave the gorge and not expose the refugees – mostly their family members – to the risk of armed escalation.<sup>18</sup> As a result, criminal networks in Pankisi would lose the armed backing of the guerrillas. The ability of the law enforcement agencies to arrest and detain criminals would also improve, especially if the specially trained army units back up police operations.

The objectives of US assistance however, address only some of the problems in the gorge. It removes the most acute security threats such as the possibility of public pressure to oust the government for its inaction in Pankisi, and the covert or direct military engagement by Russia, which would have utterly destabilising influence on Georgia's internal politics as well as on the region. But this type of military assistance does not solve most of the inter-ethnic, social and economic factors that allowed the criminal networks to prosper. The humanitarian concerns of the refugees remain to be addressed. We can say that the US assistance solves Georgia's problems *connected with* Pankisi, but does not solve the problem *of* Pankisi. There is, moreover, a serious risk that the success of the military and police operations may be

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<sup>14</sup> According to Colin Powell, US secretary of state, Kazakhstan crude oil was becoming of "critical importance" in meeting Western energy needs in the next years. *America 'Advises' Shevardnadze: Bush stirs the Caucasian Pot*, in: Jane's Foreign Report, Southwest Asia and Middle East, March 7, 2002. Also, speculations have appeared on possible use of the Georgian airfields for the antiterrorist operation in Iraq. Such an operation was, however regarded by many experts as pointless from the military point of view due to, on one hand, availability of the closer-located Turkish airbases and the US carrier fleet, and on the other because Russian military antiaircraft systems deployed in neighboring Armenia, which would provide Russia with information about the movements of the US planes.

<sup>15</sup> *Russia Concerned With US Plans in Georgia - Russian Defense Minister*; see Civil Georgia <http://www.civil.ge/cgi-bin/newspro/fullnews.cgi?newsid1015852710.5834>, accessed March 26, 2002.

<sup>16</sup> *Putin Says "No Tragedy" in US-Georgian Cooperation* <http://www.civil.ge/cgi-bin/newspro/fullnews.cgi?newsid1014970792.70153>, accessed March 26, 2002.

<sup>17</sup> *Financial Times*, 23-24 March 2002.

<sup>18</sup> Georgia's Chef of Staff Gen. Gela Bezhuashvili stated on March 8, 2002 to the Georgian media that the Chechen militants already started to leave the gorge. Similar notion, that the guerrillas would "get the message" and leave Pankisi was voiced by Ariel Cohen of Heritage Foundation in his interview to Civil Georgia internet magazine. <http://www.civil.ge/cgi-bin/newspro/fullnews.cgi?newsid1014385500,25939>, site visited March 3, 2002.



nullified if the conditions that create a favourable environment for proliferation of the criminal networks and lawlessness are not addressed. These conditions include:

- a. *The Russo-Georgian border remains transparent for the criminal networks.* War-torn Chechnya will remain a security concern for Georgia as long as the conflict is not settled on the political level. The narrow mountain paths on border with Russia remain open for illegal crossings. It is extremely difficult to establish effective border control in high mountainous terrain, particularly for the poorly equipped Georgian border troops. The security assistance should span an improvement of the border controls, and an improvement of the police and security forces to prevent illegal activities within the gorge.
- b. *The credibility of the central Georgian government and local self-government remains low.* A meaningful program of improving local governance and economic rehabilitation can only restore the credibility of the local authorities and of the central government. This would draw on existing community structures of the gorge and involve its inhabitants in planning and activities.
- c. *(c)The confidence between the Kist/Chechen and Georgian communities has been breached.* Series of mutual kidnappings accumulated a number of serious grievances between the Georgian and Kist/Chechen communities. This may become a serious threat for political stability, especially in the context of clan structures and traditions, which include the custom of blood feud. Community reconciliation would be impossible without active involvement of the community elders. Law enforcement agencies will have to use subtle diplomacy to gain some credibility in the process.
- d. *There are limited means in Pankisi Gorge for a meaningful legal economic activity.* The traditional activities of cattle-farming and artisanship are not sufficiently attractive and profitable for the youth. There is a need to devise a comprehensive economic rehabilitation projects taking into account the specificities of the highland areas.
- e. *Illegal possession of firearms is common.* Even in Soviet times most of the Kist families possessed rifles, some owned legally (for hunting and protection of cattle herds) and some illegally. After the dissolution of the Soviet Union, the possession of weapons has proliferated. Existence of large quantities of illegal firearms enhances the threat of a destabilisation in the region. It is, however, impossible to confiscate them without causing popular discontent. These arms are however frequently used for protection of the criminals, drug-trafficking routes and for kidnappings. Alternative devices for controlling the proliferation of weapons, based on similar experiences in other conflict regions, have to be devised.
- f. *The influence of the radical religious movements such as the Wahhabis increases.* The persecution of Wahhabis in the Russian Federation leads to increased activities of this religious faction on its periphery. Their presence in the Pankisi Gorge permits them to retain vital links to the North Caucasus. But this presence in Georgia serves as an additional irritant for the Russian officials who equal Wahhabism with terrorism. Until now, the majority of Kists views Wahhabis with suspicion and even resentment. They are perceived as outsiders to the local community. But steady financial inflows from the Wahhabis may help them to rally support of the population. Large unemployment and general economic distress are likely to induce locals, especially the youth, to join the ranks of militant Wahhabis in case of any violent escalation in the gorge.

## 4. European Union Policies

### 4.1 The EU anti-terrorism agenda

Throughout the 1990s, the EU was challenged by numerous crises taking place on its closer or further peripheries. This propelled the enhancement of Common Security and Foreign Policy. The development of the EU civil crisis management capacities is inextricably linked to the formulation of the European Security and Defence Policy (ESDP) at the EU summit in Cologne in June 1999 and the adoption of the Headline Goals for Rapid Reaction Force on the Helsinki summit in December 1999.<sup>19</sup> The civil dimension of crisis management has since then been seen as a crucial part of the overall crisis management efforts and the EU has repeatedly recognised that “a balanced development of military and civilian capabilities is necessary for effective crisis management by the Union”.<sup>20</sup> However, at this point there are no clear guidelines about the geographical scope or the involvement range of EU crisis management operations. It remains unclear how far the EU wants and can project its crisis management capabilities.

After the attacks on the World Trade Center in September 2001, the EU adopted at the Extraordinary European Council Meeting on 21 September 2001 an Action Plan against Terrorism, which besides improvements in the Justice and Home Affairs sphere, called for the development of international legal instruments and effective measures to combat the funding of terrorism. As for the involvement outside of the EU, the EU acknowledged “the fight against terrorism requires of the Union that it play a greater part in the efforts of the international community to prevent and stabilise regional conflicts”. It is recognised by the EU officials that the terrorist, unconventional warfare calls for unprecedented responses and the EU approach to prevention has to be more inventive. In addition, the EU must, in our view, look deeper into the causes of conflict and as there are increasingly born out of failed states, the EU has to assist such states to rebuild themselves.<sup>21</sup>

### 4.2 EU Policies in the Southern Caucasus

Over the past decade, the EU made an effort to play a positive role in the conflict resolution processes in the Southern Caucasus, but it did not devote significant financial resources or political attention to this region. It remains outside the EU's zone of immediate interests as long as the daunting tasks of its enlargement and involvement in post-conflict reconstruction operations in the Balkans are not completed. The most visible part in the EU presence in the region has been the signature of Partnership and Cooperation Agreements (PCAs) with Armenia, Azerbaijan and Georgia. These have all been in force since July 1, 1999. Its various

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<sup>19</sup> Under the Helsinki Headline Goal, EU member states are to be able, by 2003, to deploy within 60 days after the activation order up to 60,000 personnel (Rapid Reaction Force), which is to be sustained for at least a year and is to be capable of conducting the full spectrum of Petersberg Tasks (humanitarian and rescue tasks; peacekeeping tasks and tasks of combat forces in crisis management, including peacemaking). In the sphere of non-military crisis management the EU specified at EU summit in Feira in June 2000 four priority areas: police, strengthening the rule of law, strengthening civilian administration and civil protection.

<sup>20</sup> Declaration on the Operational Capability of the Common European Security and Defence Policy, Annex II to the Presidency conclusions - Laeken, 14 and 15 December 2001;

<http://ue.eu.int/pressData/en/ec/68827.pdf>, accessed on March 15, 2002.

<sup>21</sup> Javier Solana, Speech at the conference “The Fire and the Crystal”, in Rimini, Italy; October 21, 2001; <http://ue.eu.int/solana/details.asp?BID=107&DocID=68095>, accessed on March 21, 2002.

assistance programs amounted since 1992 for Georgia alone to more than 350 mil EUR. The EU supported several regional integration programs, namely TRACECA and INOGATE.<sup>22</sup>

In 1999, the European Commission declared that EC assistance to the Southern Caucasus should continue to take the form of a mix of short and medium measures (humanitarian support and TACIS projects), however in the medium term, assistance should become increasingly related to conflict resolution.<sup>23</sup> In 2001, the EU voiced its commitment to increase its presence in the region. The visit of the EU Troika to the Southern Caucasus in February 2001 reflected EU's growing concern with its long-term energy security as well as the aim to increase the EU profile in the region. On 28 February, 2002 the European Parliament called for the European Commission to begin work on a proposal for a joint and global long-term strategy supporting the South Caucasus countries. This strategy should be based on the experiences of the Stability Pact for South-East Europe. A number of Members of the European Parliament criticised the Union for not sufficiently rising to the challenges in the region.<sup>24</sup>

### 4.3 EU Policies in Georgia and Cooperation with the OSCE

The EU Country Strategy Paper 2002-2006 for Georgia sees the establishment of a business climate conducive to foreign and domestic investments as the overall objective of its policies. Obstacles preventing effective action in this direction should be removed. The main thrust of the current EU programming is directed at tackling the key barriers on the road to development, notably corruption, and advancing institutional reform in social and economic sphere. The EU has also repeatedly acknowledged that the conflicts in Abkhazia and South Ossetia remain “a major impediment to development in Georgia and contribute to regional instability”.<sup>25</sup>

The European Union reacted to the worsening security situation in Pankisi in July 2000, when the Council adopted under the Common Foreign and Security Policy a “Joint Action regarding a contribution of the European Union towards reinforcing the capacity of the Georgian authorities to support and protect the OSCE Observer Mission on the border of the Republic of Georgia with the Chechen Republic of the Russian Federation”.<sup>26</sup> The EU provided €1 million assistance in the form of non-military equipment to reinforce the capacity of the Georgian Border Guards to support and protect the OSCE Observer Mission on the border with the Chechen Republic of the Russian Federation. A year later, in July 2001, the EU adopted a Joint Action of almost identical wording, but with a far smaller budget (€45 000).

The OSCE was the first international organisation, apart from the humanitarian agencies, to devise specific measures relating to the situation in Pankisi. In December 1999 the OSCE Permanent Council adopted, on a request by the Georgian government Decision No 334, a widening of the mandate of the OSCE Mission to Georgia to include the monitoring of the

<sup>22</sup> TRACECA Transport Corridor Europe Caucasus Asia, <http://www.traceca.org/>, accessed on March 21, 2002; INOGATE Interstate Oil and Gas Transport to Europe, <http://www.inogate.org/>, accessed on March 21, 2002.

<sup>23</sup> The European Union's Relations with the South Caucasus, under the Partnership and Cooperation Agreements, *Communication from the Commission to the Council and the European Parliament*, COM (1999) 272 final, Brussels, June 7, 1999, par 3.10.

<sup>24</sup> (EU) EP/South Caucasus: EP requests joint strategy and refers to genocide of Armenians – Turks react sharply; *Bulletin Quotidien Europe*; No. 8162, March 2, 2002, p 15.

<sup>25</sup> EU/EC Country Strategy paper 2002-2006, National Indicative Programme 2002-2003, [http://europa.eu.int/comm/external\\_relations/georgia/csp/02\\_06\\_en.pdf](http://europa.eu.int/comm/external_relations/georgia/csp/02_06_en.pdf), accessed on March 23, 2002, p 5.

<sup>26</sup> Council Joint Action 2000/456/CFSP; July 20, 2000, *Official Journal OJ L 183*, 22. 7. 2000, p 3.

Chechen part of the border between the Russian Federation and Georgia by unarmed OSCE monitors.<sup>27</sup> On December 13, 2001 the OSCE decided to expand the geographic scope of the mission to include the Ingush part of the border between the Russian Federation and Georgia.<sup>28</sup> The Secretary General of the OSCE, Ambassador Jan Kubis, travelled to Tbilisi in March 2002 to get first hand information on the activities of the OSCE Mission to Georgia and conditions for its expansion, first of all concerning border monitoring. The OSCE Permanent Council has been considering increasing the size and the scope of the mission.<sup>29</sup>

This means that the EU already has a history of the cost-sharing cooperation with OSCE to tackle specific security-related problem in Pankisi, although its policy impact remains rather modest. This experience can be built upon to further expand the cooperation with the OSCE and with other involved agencies and engage in a policy dialogue with the local, regional and international stakeholders.<sup>30</sup>

The European Union has gathered experience in Georgia in addressing some of these problems. EU's impact in hard security aspect of the Pankisi problem is quite limited, both because of its still nascent foreign security policy and as the Pankisi problem requires, above all, Georgian government's commitment to effectively implement police functions in the region. It has given material support to the Georgian Border Guards at the Russian border to Chechnya in 1999. Continuation of such a type of support to security forces is crucial and should be continued.

The European Union, through its TACIS program, has also some experience in addressing such problems as local governance and economic and social rehabilitation. NGOs that are working on confidence building programs have likewise received EU assistance in other conflict regions in Georgia. Similar aid could be provided for programs addressing the conflicts between Kists and Georgians.

Moreover, the new uncertainty emanating from military action and security operations in and around Pankisi can prohibitively increase the conditionalities<sup>31</sup> and risks for implementation of EU projects and the achievement of their objectives. These risks are twofold:

- i* *The situation in Pankisi could have a detrimental influence on the conflicts in Abkhazia and South Ossetia.* The EU committed itself to closely follow the internal conflicts in Georgia, including supporting the efforts to resolve the conflicts as well as post conflict rehabilitation.<sup>32</sup> The Georgian authorities may, with the American involvement in the protection of their borders, create the illusion that a military solution is possible in the breakaway regions of Abkhazia and South Ossetia. Georgia's Minister of State Security, Valeri Khaburdzania argued on February 28, that Abkhaz de facto government gives shelter to some tens of criminals with al-Qaeda connections.<sup>33</sup> The spokesperson of the US State Department, Richard Boucher stated in this connection on March 11 that the US

<sup>27</sup> OSCE Permanent Council Decision 334, 335, 346, 372, 406, 442.

<sup>28</sup> OSCE Permanent Council Decision 450.

<sup>29</sup> OSCE Press Release, [http://www.osce.org/news/generate.php3?news\\_id=200](http://www.osce.org/news/generate.php3?news_id=200), accessed on March 21, 2002.

<sup>30</sup> Along with OSCE, there is a potential for exploring the avenues of cooperation and coordination with NATO's Partnership for Peace (PfP) initiative.

<sup>31</sup> Under "conditionalities" the EU policy documentation usually refers to the variables specific to the political, legal and/or economic environment that affect implementation of the specific policy objectives.

<sup>32</sup> See the General Affairs Council's conclusions of February 26, 2001, [http://europa.eu.int/comm/external\\_relations/cpcm/gac.htm#cp280102](http://europa.eu.int/comm/external_relations/cpcm/gac.htm#cp280102), accessed on March 26, 2002.

<sup>33</sup> *Afghan Fighters Infiltrate Europe via Abkhazia – Georgian Security Chief Says*, Civil Georgia <http://www.civil.ge/cgi-bin/newspro/fullnews.cgi?newsid1014897972.89856>, accessed March 26, 2002.

has no information concerning this fact and downplayed the possibility of Georgia using US trained forces to attack the secessionist regimes.<sup>34</sup> One of the many factors, which Western policies have to take into account, is the presence of the Russian peacekeepers in Abkhazia and South Ossetia. This makes the engagement of US troops in these regions highly unlikely. However, the political statements of the Georgian officials are likely to impact negatively on the reconciliation with the breakaway regions and reinforce their “siege mentality”.

- ii *The Georgian decision-makers are prone to increase concentration on vital “core security” objectives at the expense of the developmental goals perceived as secondary to the security challenges.* Over-reliance on foreign security assistance may lead the Georgian government to lose sight of the pertinent governance problems. This may lead to a situation where the key policy area of the EU involvement, namely the establishment of a business climate conducive to foreign and domestic investments, may fall off the agenda of the Georgian government. The search for a solution of Pankisi may strip the Georgian government of the political will to tackle the issues of mismanagement and bad governance. It may discontinue political and economic reforms. The acutely perceived security threat may also provide an excuse and a smokescreen for putting the anti-corruption agendas on a backburner.

Volatility in Pankisi negatively affects the investment climate in Georgia hindering the EU’s overall objective in the country. Should the situation in Pankisi escalate, it will impact the assistance packages from all the major donors. The assistance will be skewed towards the short-term, humanitarian concerns, while the longer-term objectives, such as development and the strengthening of the state institutions and civil society will be sacrificed.

Geographical proximity of the Pankisi Gorge to the vital transportation routes will also impact negatively on feasibility and economic viability of the TRACECA and INOGATE projects, which are the main projects supported by the EU and aimed at integration of the South Caucasus region with European infrastructure. The leaders of the South Caucasus countries consider these projects vital and a lag in implementation would lower the strategic profile of the EU in the region.

It may thus be concluded that, aside from the negative impact on a country level, instability associated with the Pankisi problem would impact negatively on the EU’s overall regional strategic objective to support a “politically stable and economically prosperous Southern Caucasus.”<sup>35</sup> But while the current developments threaten the EU’s strategic position and implementation abilities on its southern tier, they can also serve as a momentum to consolidate and articulate its “integrated approach” to the region’s concerns.

It is clear that the present level of Russian and US involvement in the region is higher than that of the EU. However, that does not mean that the EU should take a back seat in shaping the region’s future, especially given the significance of the region in the context of the fight against international terrorism and the fact that the Caucasian states have repeatedly stated their objective to join the European structures. The key challenge to the EU policies highlighted by Pankisi problem is the need to find a compromise between institutionally and practically quite distinct areas of security and development assistance. EU has a long history of multilateral political consultative process and possesses a developmental vision. Its revived

<sup>34</sup> *No Definitive information on Al-Qaida Fighters’ Presence in Abkhazia – Boucher Says*, Civil Georgia <http://www.civil.ge/cgi-bin/newspro/fullnews.cgi?newsid1015918240.85479>, accessed March 26, 2002.

<sup>35</sup> EU/EC Country Strategy paper 2002-2006, National Indicative Programme 2002-2003, [http://europa.eu.int/comm/external\\_relations/georgia/csp/02\\_06\\_en.pdf](http://europa.eu.int/comm/external_relations/georgia/csp/02_06_en.pdf), accessed on March 23, 2002, p 5.

interest towards the security challenges in wider European context offers possibilities for exploring the ways for closer coordination with other regional and international institutions. In our view the EU must at this stage *remain engaged* in order to be capable of effective contribution to the fight against international terrorism. It must also *remain informed* in detail about the “hard security” concerns and planned actions to meet the challenges they present. The EU must also *remain committed* to its objectives and facilitate the environment for adequately using its available capabilities and instruments to support the democratic transition of Georgia.

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Centre for European Policy Studies  
1 Place du Congrès  
1000 Brussels, Belgium  
Tel: 32(0)2.229.39.11 Fax: 32(0)2.219.41.51  
E-mail: [info@ceps.be](mailto:info@ceps.be) Website: <http://www.ceps.be>