

Quarterly published by the EU Institute for Security Studies
 43 avenue du Président Wilson - 75775 Paris cedex 16 - France
 phone.: + 33 (0) 1 56 89 19 30 • fax: + 33 (0) 1 56 89 19 31
 e-mail: institute@iss-eu.org
<http://www.iss-eu.org>



Risks of the status quo

Nicole Gnesotto

Director

Many observers have mocked the divisions among Europeans, their absence and therefore their impotence, in the search for a solution to the Israeli-Palestinian conflict. But that is to forget that it is above all the strongest player who lacks the will to act, and that today it is in particular in the European theatre that the Union's performance, or lack of it, should be judged.

■ Yet this especially is the sensitive point. Six months after the terrorist attacks of 11 September, it is difficult to detect within the European Union any signs of a new strategic momentum, at a time when, conversely, the United States has begun to re-examine everything from scratch. In fact, paradoxically, the more the Europeans worry or are critical of American strategic developments, the less they seem capable of agreeing a common view of the new strategic context, and therefore even the slightest changes to ESDP.

■ There would, however, be nothing very new about these divisions were it not for the fact that they are kept going by a similar crisis that has shaken NATO since 11 September. US attitudes are actually calling into question some of NATO's founding principles: collective action (there is a tendency to favour ad hoc coalitions), the organisation's function of acting as a link for interoperability between the American and European armed forces (the US denounces the gap in capabilities and opts for military unilateralism), its function as an alliance (Article 5 has been marginalised) and coupling (disengagement from the Balkans and reform of the NATO commands). These changes in US policy do not of course mean the end of NATO. They merely signal that the United States does not want to feel itself bound by Atlantic conservatism, especially if it appears to serve the Europeans' security interests more than it does its own. However, rather than giving rise to creative thinking by the Allies on the amount of

flexibility that is desirable within NATO, this crisis is perturbing and paralysing the Europeans, who wish above all to keep the status quo: the difficult discussions on the EU taking over Operation Amber Fox are a perfect illustration of this.

■ Now, this eagerness on the part of Europeans to keep things as they are has at least two disadvantages. On the one hand it blatantly contradicts all the major trends post-11 September, which point to an inevitable increase in the Europeans' share of the burden of dealing with the Balkans. The more the United States decides that its strategic priorities lie elsewhere – with terrorist threats and the risk of proliferation – the more its involvement in the Balkans will become uncertain or even out of the question. The groundswell is thus leading the Europeans to a growing role, and increasingly by themselves, in managing this area, in other words an irreversible increase in the European Union's responsibility there.

■ The other disadvantage is that this conservatism potentially has all the ingredients necessary to accelerate a growing tendency for the United States to distance itself from Europe. Whereas America is in a state of ferment over strategy, the Europeans persist everywhere in maintaining the status quo (by attempting to keep NATO just as it used to be, ESDP as it was to be and America as it no longer wants to be). It isn't that conservatism in matters of strategy is a drawback or a mistake in itself. But this contrast between the (sometimes questionable) intense effervescence in the United States and the extreme passivity in Europe (except when on occasion it criticises America) is scarcely helpful for the future of transatlantic relations. Especially at a time when fires are raging in other parts of the world, pushing European issues even further down the list of US strategic priorities and interests.



Institute Activities

The Institute and the Union

■ Policy notes and full reports on seminars were sent to the Council and the High Representative for CFSP.

■ On 6 February a dinner was held in Brussels with Javier Solana for the directors of several European institutes (Nicole Gnesotto).

Institute publications

Brochure

The brochure about the new Institute, *An institute at the service of CFSP*, was published in February.

Chaillot Papers

■ *N° 51: From Nice to Laeken: European defence core documents (vol. 2)*, compiled by Maartje Rutten (April).

Occasional Papers

■ *N° 33: A new European Union policy for Kaliningrad*, by Sander Huisman, a former visiting fellow (March).

■ *N° 34: Bigger EU, wider CFSP, stronger ESDP? The view from Central Europe*, edited by Antonio Missiroli (April).

Forthcoming

■ *Chaillot Paper N° 52: Terms of engagement: The paradox of American power and the transatlantic dilemma post-11 September*, by Julian Lindley-French.

■ *Chaillot Paper N° 53: Enlargement and European defence after 11 September*, by Pal Dunay, Jacek Saryusz-Wolski and Jiri Sedivy; edited by Antonio Missiroli.

■ *Occasional Papers N° 35: L'ONU au Kosovo: leçons de la première MINUK*, by Eric Chevallier.

Seminars

■ On 8 February, the Institute's task force on South-Eastern Europe (Dimitrios Triantaphyllou), composed of analysts, officials and journalists, met in Paris to discuss 'The Albanian question'.

■ A seminar on 'European defence after 11 September' (Maartje Rutten) was held on 18 March. This was the first step in the Institute's work programme on a European book on defence.

■ A seminar entitled 'The EU and Russia: a security partnership?', organised by the Institute (Dimitrios Triantaphyllou) in association with the Russia & Eurasia Programme of the Royal Institute of International Affairs, London, was held in Paris on 25 March.

External publications

Julian Lindley-French

– 'Jeux de pouvoir : un point de vue britannique sur la politique étrangère française' in *La Revue internationale et stratégique*, n° 45, printemps 2002.

– 'The Politics of Doctrine', *RUSI Journal*, March 2002.

Antonio Missiroli

– 'Italy: continuity, change and adaptation', in Gisela Müller-Brandeck-Bocquet (ed.), *Europäische Außenpolitik* (Baden-Baden: Nomos Verlagsgesellschaft, 2002).

– 'Trends in the Development of European Security and Defence Policy' in Elisabeth Davidson, Arita Eriksson and Jan Hallenberg (eds.), *Europeanization of Security and Defence Policy* (Stockholm: Swedish National Defence College, 2002).

Analysis

Crisis in Moldova

One could have been forgiven for thinking, that little had changed since the 1980s when, in late February, thousands of pro-Romanian demonstrators took to the streets of Chisinau, Moldova's capital, to protest against government measures seen as pro-Russian. Moldova is led by the Communist Party, which won a majority in parliament last year and elected a communist president, Vladimir Voronin. The protestors called on him to abandon proposed measures that would establish Russian as Moldova's second language and revise the school history syllabus to downplay Moldova's Romanian past.

Facing massive protests, Voronin retreated. Intent on maintaining the pressure, however, the Christian Democratic Popular Party, Moldova's pro-Romanian party, has since called for early parliamentary elections. While this plea will not be heeded, these events highlight a crisis gripping one of Europe's forgotten corners.

For all the apparent similarities, Moldova is different to what it was in the 1980s. It faces a crisis that has four interwoven strands. First, the protests underline discord over Moldova's identity. Historically, Moldovan Bessarabian lands were a part of Romania. Moldovans constitute 60 per cent of the population, and the Moldovan language is Romanian. However, Moldova has always been close to the Slavic world. Ukrainians represent 14 per cent of the population and Russians 13 per cent. Bessarabia was incorporated into the USSR after the 1939 Molotov-Ribbentrop Pact. Under Soviet rule, Moscow sought to create a Moldovan

On-line/http

All of the Institute's publications and reports on seminars can be accessed on the Institute's website:

www.iss-eu.org

ova

identity distinct from Romania. Naturally, in 1990-91, Moldova's movement towards independence focused at first on the Moldovan language. However, the goal of a 'return to Romania' was abandoned, as Moldovan leaders preferred to be kings in their own land than governors of a Romanian province. The recent protests, however, are a reminder that questions of identity are not resolved.

The second strand is profound social and economic weakness. Formerly one of the USSR's poorest republics, Moldova is today Europe's poorest country after Albania. It has made headway towards reform, which is reflected in its accession to the WTO in 2001. However, Russia's 1998 crisis was a severe blow. Growth rates slipped, output fell, inflation rose, public salaries fell into arrears and Moldova's balance of payments plummeted. Some 800,000 Moldovans left the country.

External pressures form the third strand. Moldova's external debt is one such weight. In 2002, debt servicing will reach close to 70 per cent of the budget. In addition, the IMF has suspended credit pending a range of reforms that are difficult for the communist leadership to swallow. Failing debt rescheduling by the Paris Club, Moldova is likely to default. Moreover, Moldova's relations with its neighbours are not smooth. Moldova's \$300 million debt to Russia, which provides it with energy, is a bone of contention. A bilateral treaty was initialled with Romania in 2000 but not signed by the new Romanian government that came to power in 2001. Ties with Ukraine are

strained because of Moldovan allegations that Kyiv has not cracked down on smuggling into Moldova.

These pressures are linked with the fourth strand, that of the separatist region of Transnistria (Pridniestrovskaya Moldovskaya Respublika, or PMR). On the left bank of the Dnestr river, the PMR has developed the features of statehood, including armed forces and a president (the Russian Igor Smirnov). The conflict there has an ethnic shape (Russians and Ukrainians represent about 51 per cent of some 650,000), but its root cause is not ethnicity: there is no ethnic animosity. Rather, it is a political struggle by PMR elites to control their area.

The PMR impacts on the other three strands of the crisis. An authoritarian throwback, the region is deeply criminalised, affecting Moldova through massive losses in revenue and impacting on the region with arms and other forms of smuggling. Moldova's pipelines pass through the PMR, which also contains a range of modern industries and Moldova's only energy plant, so that meaningful economic reform is impossible without it. In the 1990s, Russia provided limited support to the PMR, through gas supplies and the presence of peacekeeping forces. Under Putin, Russian relations with the PMR have become more circumspect and close ties have developed with Voronin. The EU has a low profile in Moldova. Some shifts occurred in 2001, when Moldova joined the Stability Pact for South-Eastern Europe and the Commission agreed to a Strategy Paper 2002-2006. However, the spirit of EU policy has not changed: Moldova has

largely been forgotten and there is no strategy on the PMR. The centre of gravity of Moldova's problems lies in the PMR, however, so EU strategy should focus on this pressure point in order to prise loose the other problems.

Settlement of this crisis is feasible but it will require a kick-start. The essence of any EU strategy should be an enhanced political presence that seeks to break the impasse. The aim should not be to displace the OSCE, which has played an effective role in overseeing Russia's military withdrawal from the PMR. EU involvement could start with a greater political presence to push, *with Russia*, for four objectives: first, to link Moldova with the Balkans peace process and accord it a higher status than hitherto; second, to work with the more pragmatic government under Vladimir Putin to further demilitarise the PMR; third, to strengthen Moldovan law enforcement to halt smuggling; and finally, to push for joint checkpoints on the PMR's border with Ukraine to halt the flow of goods to and from Transnistria.

An enhanced EU role would fall in line with Russia's interest in supporting the new Moldovan leadership. Such cooperation might even add substance to the Russia-EU 'strategic partnership.' Certainly, an EU strategy towards the PMR is vital in order to work towards resolving the challenges facing a part of Europe which can no longer be ignored.

Dov Lynch

The author, who is presently at the Department of War Studies, King's College, London, will shortly be joining the Institute as a research fellow.

Institute staff

In the first quarter of this year the process of selecting members of the Institute's team was continued, and the following are now in post:

- Xavier La Roche, Head of Administration;
- Burkard Schmitt, research fellow and assistant director for the adaptation of the Institute;
- Antonio Missiroli, research fellow, also responsible for press relations;
- Hanno Ranck, head of IT.

The final selection of other new members of the team will be made by 30 June 2002.

Research awards

Visiting fellows

During the period January to March the following studied at the Institute as visiting fellows:

- Daniel Calin (Romanian), whose research topic was European Security and Defence Policy and the role of the countries seeking EU membership;
- Dorothee Schmid (French), who worked on the EU's policy towards the Mediterranean.
- Rafal Trzaskowski (Polish), who examined the Polish position on the future of Europe.



Comment

Paying for EU crisis management

Europeans spend much less than Americans on defence but are quite ready to engage in crisis management in so far as it entails a strong commitment to peace-building, especially (but not exclusively) in their immediate neighbourhood. Their political, financial and military presence in the Balkans – under different flags – is a good case in point. Comparing EU and US military budgets is therefore misleading and to a certain extent unfair: the Union's general inadequacies and specific shortfalls should be measured primarily against its declared goals and ambitions. Such a proviso, however, does not necessarily make things easier, in particular if one looks at the difficulties the Fifteen have had recently in financing the forthcoming EU police operation in Bosnia, a comparatively small and relatively 'soft' mission, and in an area close by.

■ The EU Treaty hardly helps. The current provisions on CFSP (Art. 28), in fact, make a distinction between 'administrative' expenditure – to be charged always to the EC budget – and 'operational' expenditure, also to be charged to the EC budget (unless the Council unanimously decides otherwise) but with a caveat: operations 'having military or defence implications', in principle, are expected to be charged to the member states in accordance with the GDP scale. This means that the operability of ESDP is left entirely to the discretion, goodwill, and generosity of individual countries, which also have the option of abstaining 'constructively' (Art. 23) and thus not paying for common missions. If EU crisis management is to become more credible and effective, it needs to change and adapt its internal policy incentives.

■ On the strictly operational side, the peculiarity of ESDP – as compared to the 'old' CFSP (all-civilian) and NATO (all-military) – is that its foreseeable operations entail a mix of civilian and military tasks. On the one hand, the notion of 'administrative' expenditure can be interpreted quite broadly, encompassing e.g. such preliminary steps as fact-

finding missions, pre-planning, and several civilian aspects. Resorting to the EC budget also enhances legitimacy and democratic accountability. To this end, however, the CFSP budgetary line especially should be significantly increased: if not right away, then in the budgetary period 2007-13.

■ On the other hand, there will always be a problem of availability and readiness. If human and financial resources for EU operations have to be mobilised on an ad hoc basis and primarily (and above all voluntarily) by member states, the Union's political engagements will inevitably be subject to domestic contingencies. If costs 'lie where they fall', as in the formula adopted by NATO, EU operations may translate into an array of different coalitions of the willing (and financially able) determined, once again, by the specific circumstances. That, in turn, might impinge on decision-making, shifting the actual control of operations to the 'Committee of Contributors' and potentially increasing the civilian-military dichotomy. On top of that, if more or less the same countries always offer money and personnel (if any), they may end up demanding a special status, similarly to what happens in the UN with the permanent members of the Security Council. And this is against the spirit of the Treaty, unless it takes the form of 'enhanced cooperation' and Art. 27 of the Nice Treaty is revised accordingly. The NATO formula could therefore be kept as an additional option for EU operations – especially for the military personnel involved – rather than a general rule.

■ For its part, the Union should test a concept more in line with its nature, one capable of promoting commonality and solidarity while also addressing the 'burden-sharing' issue: in financial terms (key of contributions), in human terms (forces made available) and in the combination thereof. Given the prevailing hostility among member states to granting the European Parliament a *droit de regard* on ESDP operations, the Fifteen could envisage setting up a

common fund to be financed annually and managed by the Council Secretariat. If it proves effective, it could be inserted in the EC budget later on. Such a fund could cover the common civilian and military costs of mounting EU operations: logistics, infrastructure, local procurement, in-theatre headquarters. It could include both 'start-up' expenditure (to be reimbursed) and running costs. In principle, if UN and OSCE experience is any guide, it could even cover the per diem of the civilian and military personnel on the ground. Its overall annual size could usefully be linked to the foreseeable costs of the Helsinki and Feira Headline Goals (both entail operations of 'at least one year') in order also to build on agreed policy and articulate it further.

■ Finally, not being an integral part of the EC budget, such a fund could deviate somewhat from the GDP scale of contributions that seems to create so many problems these days. There is already a precedent for the Union's external action, namely the European Development Fund, whose key is marginally different and periodically adjustable. In fact, it takes into account the willingness of some member states to pay a bit more than their due, thus partially relieving the bigger contributors or those who are in a difficult financial situation: the same, incidentally, happens with the OSCE operational budget. If this principle of marginal adjustment is accepted, it could usefully be applied to EU operations by factoring in the degree of actual participation of member states (in either civilian or military terms, or both). In other words, those who participate relatively less would pay a little more into the common budget, and vice versa. Of course, fair criteria should be set for such assessment and extreme situations (only payers or only participants) avoided. In perspective, this principle of 'mixed pooling' could also be extended to the participation of third countries in EU-led operations.

Antonio Missiroli