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European Commissioner for External Relations and European
Neighbourhood Policy
'Frozen Conflicts': Transnistria, South-Ossetia, and the Russian-Georgian
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Honourable Members, happy to be here. Since we last discussed, there have been substantial developments in several of the 'frozen conflicts' concerning Moldova and the South Caucasus. I am aware of your active interest in these issues and appreciate the opportunity for discussion today.

As you will be aware I visited the South Caucasus in early October when the ENP Action Plans with all three countries were finalised. We now have a strong, operational basis for closer cooperation.

Before I talk about the EU's support, it is important to recall the impact of relations with Russia: during recent months we have seen gas price increases for Moldova, import bans on Moldovan and Georgian wines and water; the *de facto* support given to Transnistria on the referendum, and the strong reaction to the Georgian expulsion of Russian military officers.

These issues were addressed with president Putin at the dinner on the occasion of the informal European Summit in Lahti and I raised these issues with Foreign Minister Lavrov only a few days ago. The forthcoming Foreign Ministers' Permanent Partnership Council on 3 November and the EU – Russia Summit in Helsinki on 24 November will also enable further discussion.

Let me also mention the OSCE and the helpful role it has played by refusing to observe and recognise the referendum in Transnistria, and its important role in returning the Russian officers to

their authorities.

Now let me mention some specific examples of the EU's support to the region:

On Moldova/Transnistria,

I would like to highlight the successful EU Border Assistance Mission (EUBAM) which has played an important role in the introduction of a New Customs Regime between Moldova and Ukraine. This programme was allocated €20 million for two years and over 70 customs officials and border guards were seconded from EU member states.

All major Transnistrian companies have now registered in Chisinau and are working under this new regime. Combating customs fraud will crucially cut the illicit revenue currently enjoyed by the Transnistrian leadership.

We have been concerned about Russia's support to the Transnistria leadership and therefore strongly welcome the resumption of talks between Russia and Moldova. We were also worried that the new Ukrainian Government would change track on this issue - I was therefore very pleased when PM Yanukovich assured me of his ongoing support. We will continue to stress the importance of Ukrainian co-operation.

Under the new ENPI instrument, Moldova will see a substantial increase in EC funding. It will also receive a grant under the macro-financial assistance programme to help address shocks caused by increased energy prices and the Russian ban on Moldovan wines.

On Russia/Georgia relations,

We are very concerned about the crisis between Georgia and Russia. GAERC conclusions of October 17th called on both parties to act in line with their international commitments and obligations.

We are particularly concerned by the expulsion of large numbers of Georgians from Russian territory which appears in direct contradiction to Russia's commitments to the European Convention on Human Rights, and to the 1975 Helsinki Final Act^[1]. I have raised this issue with Mr Lavrov.

Georgia has its share of responsibility. During my recent visit to Georgia I urged President Saakashvili to apply moderation, and encouraged him to rebuild trust.

On South Ossetia

It is disappointing that the recent meeting of the Joint Control Commission (JCC) for S. Ossetia was inconclusive. We understand Georgia's wish for reviewing the Joint Control Commission's composition, but existing peace mechanisms should be fully utilized until new ones are in place.

The recent Needs Assessment Study and the June 2006 international donors' conference show there is scope for constructive dialogue. We are pleased this rehabilitation programme continues despite the crisis.

The Commission has made a significant financial contribution to support a peaceful settlement, including a €9.5 million economic rehabilitation programme in South Ossetia. Funds for rehabilitation have also been earmarked under the new EC financial assistance programme for 2007-10.

The EU has an important role in supporting any peace settlement. But the most immediate need is to get relations between Russia and Georgia back on track. The Commission will continue to support these efforts.

^[1] The 1975 Helsinki Final Act contains a commitment on solving disputes among signatory parties through mediation and other peaceful means, and an obligation to refrain from using political motivated economic restrictions.