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REPORT

on the need for an EU Strategy for the South Caucasus
(2009/2216(INI))

Committee on Foreign Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the need for an EU Strategy for the South Caucasus (2009/2216(INI))

The European Parliament,

- having regard to its previous resolutions on the South Caucasus, including its resolution of 15 November 2007 on strengthening the European Neighbourhood Policy (ENP)¹ and its resolutions of 17 January 2008 on a more effective EU policy for the South Caucasus² and on a Black Sea Regional Policy Approach³,
- having regard to its recent resolutions of 17 December 2009 on Azerbaijan: freedom of expression⁴, of 3 September 2008 on Georgia⁵; of 5 June 2008 on the Deterioration of the Situation in Georgia⁶; and of 13 March 2008 on Armenia⁷,
- having regard to the Communication from the Commission to the European Parliament and the Council of 3 December 2008 entitled ‘Eastern Partnership’ (COM(2008)0823),
- having regard to the Joint Declaration of the Prague Eastern Partnership Summit of 7 May 2009,
- having regard to the ENP Action Plans adopted with Armenia, Azerbaijan and Georgia in November 2006 and to the European Neighbourhood and Partnership Instrument (ENPI), closely linked to the implementation of the ENP Action Plans,
- having regard to the ENP Progress Reports on Armenia, Azerbaijan and Georgia adopted by the Commission on 23 April 2009,
- having regard to the Country Strategy Papers 2007-2013 and the National Indicative Programmes 2007-2010 under the ENPI for Armenia, Azerbaijan and Georgia,
- having regard to the Mid-Term Review of the ENPI Programming Documents for Armenia, Azerbaijan and Georgia,
- having regard to the Partnership and Cooperation Agreements concluded with Armenia, Azerbaijan and Georgia in 1996,
- having regard to the relevant monitoring reports of the Parliamentary Assembly of the Council of Europe (PACE),
- having regard to the report of the International Fact-Finding Commission on the Conflict

¹ OJ C 282E, 6.11.2008, p.443.

² OJ C 41E, 19.2.2009, p.53.

³ OJ C 41E, 19.2.2009, p.64.

⁴ Texts Adopted, P7_TA(2009)0120

⁵ OJ C 295E, 4.12.2009, p. 26.

⁶ OJ C 285E, 26.11.2009, p. 7

⁷ OJ C 66E, 20.03.2009, p. 67

in Georgia published on 30 September 2009 (the Tagliavini Report),

- having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs and the opinion of the Committee on International Trade (A7-0123/2010),
- A. whereas at the Foreign Affairs Council held on 8 December 2009 the EU reaffirmed its intention to promote stability, cooperation, prosperity and good governance throughout the South Caucasus, including through technical assistance programmes,
- B. whereas, as a result of the August 2008 war in Georgia, of the EU's successful intervention to achieve a ceasefire agreement and of the great need for further engagement in order to secure its full implementation, the EU became a significant security actor in the region, through the deployment of the EU Monitoring Mission, the launch of a major post-war assistance programme and the start of a fact-finding mission on the causes and course of the war,
- C. whereas 2009 has seen intensification of the negotiations for the settlement of the Nagorno-Karabakh conflict mediated by the Organization for Security and Cooperation in Europe (OSCE) Minsk Group,
- D. whereas persons forcefully displaced from the conflict zones in the South Caucasus are still denied the right to return to their homes; whereas the three countries have embarked on programmes for local integration of their refugees and internally displaced persons, however they still face numerous difficulties hindering their success; whereas refugees and internally displaced persons (IDPs) should not be used by the authorities concerned as political instruments in conflicts,
- E. whereas Armenia and Turkey's signing in October 2009 of protocols on the establishment and development of diplomatic relations and the opening of their shared border is a promising step, but ratification has not followed,
- F. whereas the frozen conflicts are an impediment to the economic and social development and hinder the improvement of the standard of living of the South Caucasus region as well as the full development of the Eastern Partnership of the ENP; whereas a peaceful resolution of the conflicts is essential for stability in the EU Neighbourhood; whereas further efforts should be made so as to identify common areas of interests that can overcome divergences, facilitate dialogue and promote regional cooperation and development opportunities,
- G. whereas the EU respects the principles of sovereignty and territorial integrity in its relations with the South Caucasus states,
- H. whereas the Eastern Partnership creates new possibilities for deepening bilateral relations and also introduces multilateral cooperation,
- I. whereas the Eastern Partnership aims at accelerating reforms, legal approximation and economic integration, and bringing tangible support for the consolidation of statehood and

territorial integrity of partner countries, is based on the principles of conditionality, differentiation and joint ownership and envisages the negotiation of new Association Agreements, which will require the assent of the European Parliament,

- J. whereas the EU Neighbourhood East (EURONEST) Parliamentary Assembly is to be officially constituted as a crucial multilateral mechanism of intensified interparliamentary dialogue between the European Parliament and the EU's six Eastern partners, including Armenia, Azerbaijan and Georgia, with the aim of bringing these countries closer to the EU,
- K. whereas the situation in the South Caucasus region calls for an increasingly proactive policy in the EU engagement in this region and whereas the launch of the Eastern Partnership and the entry into force of the Lisbon Treaty provide a good opportunity to devise an EU strategy towards the South Caucasus,
 - 1. Reaffirms that the EU's main objective in the region is to encourage the development of Armenia, Azerbaijan and Georgia towards open, peaceful, stable and democratic countries, ready to establish good neighbourly relations and able to transform the South Caucasus into a region of sustainable peace, stability and prosperity, with a view to enhancing the integration of these countries in European policies; considers that the EU needs to play an increasingly active political role to achieve this objective, by developing a strategy that would combine its soft power with a firm approach, in agreement with the countries of the region and complemented by bilateral policies;

Security issues and peaceful resolution of conflicts

- 2. Emphasises that retaining the status quo in the conflicts in the region is unacceptable and unsustainable, since it bears the constant risk of an escalation of tensions and a resumption of armed hostilities; considers that all sides should actively engage to achieve stability and peace; advocates the use of cross-border programmes and dialogue among civil societies as tools for conflict transformation and confidence-building across the division lines; underlines that the EU has an important role to play in contributing to the culture of dialogue in the region and in ensuring the implementation of relevant UN Security Council resolutions, including UN Security Council Resolution 1325 (2000);
- 3. Notes that conflict management and conflict resolution as well as basic dialogue necessitate inter alia recognition of the rights and legitimate interests of all relevant parties and communities, openness to review perceptions of past events and reach a common understanding of past events, willingness to overcome hatred and fear, preparedness to compromise over maximalist positions, abandon revanchist attitudes and readiness to discuss real concessions, in order to be able to consolidate stability and prosperity;
- 4. Points to the importance of conflict prevention, including through respect for the rights of all members of national minorities, religious tolerance and efforts to strengthen social and economic cohesion;
- 5. Stresses the responsibility of external actors to use their power and influence in ways that are fully consistent with international law, including human rights law; believes that further and balanced cooperation between external actors in the region should be pursued

to contribute to achieving peaceful settlement of conflicts; considers it unacceptable for any external actors to introduce conditions for the respect of the sovereignty and territorial integrity of the South Caucasus states;

The Nagorno-Karabakh conflict

6. Welcomes the dynamic pace of the negotiations on the Nagorno-Karabakh conflict illustrated by the six meetings between the presidents of Armenia and Azerbaijan held over the course of 2009 in the spirit of the Moscow Declaration; calls on the parties to intensify their peace talk efforts for the purpose of a settlement in the coming months, to show a more constructive attitude and to abandon preferences to perpetuate the status quo created by force and with no international legitimacy, creating in this way instability and prolonging the suffering of the war-affected populations; condemns the idea of a military solution and the heavy consequences of military force already used, and calls on both parties to avoid any further breaches of the 1994 ceasefire;
7. Fully supports the mediation efforts of the OSCE Minsk Group, the Basic Principles contained in the Madrid Document and the statement by the OSCE Minsk Group Co-Chair countries on 10 July 2009 on the margins of the G8 Summit in L'Aquila; calls on the international community to show courage and political will to assist in overcoming the remaining sticking points which hinder an agreement;
8. Is seriously concerned that hundreds of thousands of refugees and IDPs who fled their homes during or in connection with the Nagorno-Karabakh war remain displaced and denied their rights, including the right to return, property rights and the right to personal security; calls on all parties to unambiguously and unconditionally recognise these rights, the need for their prompt realisation and for a prompt solution to this problem that respects the principles of international law; demands, in this regard, the withdrawal of Armenian forces from all occupied territories of Azerbaijan, allowing the return of displaced populations to their homes, and requests international forces to be organised with respect of the UN Charter in order to provide the necessary security guarantees in a period of transition, so that the displaced persons can return to their homes and further conflicts caused by homelessness are prevented; calls on the Armenian and Azerbaijani authorities and leaders of relevant communities to demonstrate their commitment to the creation of peaceful inter-ethnic relations through practical preparations for the return of displaced persons; considers that the situation of the IDPs and refugees should be dealt with according to international standards, including with regard to the recent PACE Recommendation 1877(2009), 'Europe's forgotten people: protecting the human rights of long-term displaced persons';
9. Stresses that real efforts are needed to pave the way for a lasting peace; asks all relevant authorities to avoid provocative policies and rhetoric, inflammatory statements and manipulation of history; calls on the leaders of Armenia and Azerbaijan to act responsibly, tone down speeches and prepare the ground, so that public opinion accepts and fully understands the benefits of a comprehensive settlement;
10. Believes the position according to which Nagorno-Karabakh includes all occupied Azerbaijani lands surrounding Nagorno-Karabakh should rapidly be abandoned; notes that an interim status for Nagorno-Karabakh could offer a solution until the final status is

determined and that it could create a transitional framework for peaceful coexistence and cooperation of Armenian and Azerbaijani populations in the region;

11. Stresses that security for all is an indispensable element of any settlement; recognises the importance of adequate peacekeeping arrangements in line with international human rights standards that involve both military and civilian aspects; calls on the Council to explore the possibility of supporting the peace process with Common Security and Defence Policy (CSDP) missions, including sending a large monitoring mission on the ground that could facilitate the establishment of an international peacekeeping force, once a political solution is found;

The Armenia-Turkey rapprochement

12. Welcomes the protocols on the establishment and development of diplomatic relations between Armenia and Turkey, including the opening of the common border; calls on both sides to seize this opportunity to mend their relations through ratification and implementation without preconditions and in a reasonable time frame; stresses that the Armenia-Turkey rapprochement and the OSCE Minsk Group negotiations are separate processes that should move forward along their own rationales; notes, however, that progress in one of the two processes could have wide-ranging, potentially very positive consequences in the region as a whole;

The conflicts in Georgia

13. Reiterates its unconditional support for the territorial integrity and inviolability of the internationally recognised borders of Georgia, and supports the continuous efforts made by the Georgian authorities to achieve a settlement of its internal conflicts in Abkhazia and South Ossetia; welcomes the Tagliavini Report and supports its main observations and conclusions; expects that the extensive background information provided by the Report can be used for legal proceedings at the International Criminal Court and by individual citizens as regards infringements of the European Convention on Human Rights; supports the EU Monitoring Mission (EUMM) mandate; calls for its further extension and its full implementation; notes that Russia and the de facto authorities of the occupied territories, which are under Russian effective control, are blocking parts of its implementation;
14. Notes with satisfaction that the international community almost unanimously rejects the unilateral declaration of independence of South Ossetia and Abkhazia, and calls on the parties to respect the Ceasefire Agreement of 2008 as well as to guarantee the safety and free access of EUMM personnel on the ground and calls on Russia to honour its commitment to withdraw its troops to the positions held before the outbreak of the August 2008 war;
15. Calls on Russia to respect the sovereignty and territorial integrity of the Republic of Georgia and the inviolability of its internationally recognised borders, and therefore strongly condemns the recognition by the Russian Federation of the independence of the breakaway Georgian regions of South Ossetia and Abkhazia as contrary to international law; notes with serious concern the agreement between the Russian Federation and the de facto authorities of Abkhazia of 17 February 2010 concerning the establishment of a

Russian military base in Abkhazia without the consent of the Government of Georgia and notes that such an agreement is in contradiction with the Ceasefire Agreements of 12 August and 8 September 2008;

16. Stresses the importance of protecting the safety and rights of all people living within the breakaway regions, of promoting respect for ethnic Georgians' right of return under safe and dignified conditions, of stopping the process of forced passportisation, of achieving a reduction of the de facto closed borders, of obtaining possibilities for the EU and other international actors to assist people within the two regions; underlines the need for more clearly identified short- and medium-term objectives in this respect; encourages Georgia to continue implementing its IDP Action Plan and assisting the IDPs within its territory;
17. Stresses the need to address the Georgian-Abkhaz and Georgian-South Ossetian dimension of the conflicts and ensure that the rights and concerns of all populations involved are equally taken into account; stresses the fact that the isolation of Abkhazia and South Ossetia is counterproductive to conflict resolution and welcomes the State Strategy on engagement through cooperation adopted on 27 January 2010; encourages the Georgian authorities to consult all stakeholders regarding the preparation of an action plan on the implementation of this Strategy; emphasises the importance of confidence-building measures and people-to-people contacts across the conflict; furthermore, encourages the EU to promote projects of freedom of movement along with Administrative Border Lines between affected people;
18. Considers the great importance of the Geneva Talks as the only forum in which all sides to the conflict are represented and where three major international actors – the EU, the OSCE and the UN – work in close cooperation for the security and stability of the region; regrets that the potential of this forum has not yet yielded substantial results and that incidents continue to take place on the ceasefire line despite the welcome establishment of the Incident Prevention and Response Mechanism; calls on the parties to fully exploit the Mechanism and its potential for the enhancement of mutual confidence; calls on the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy (VP/HR) to make every effort to give new and fresh impetus to these talks with a view to reaching a satisfactory stabilisation of the situation and fully implementing the August 2008 Ceasefire Agreement;

Progress towards democratisation and respect for human rights and the rule of law

19. Stresses that democratisation, good governance, political pluralism, the rule of law, human rights and fundamental freedoms are of paramount importance for determining the future relations of Armenia, Azerbaijan and Georgia with the EU; calls for renewed efforts by the countries to implement in full the ENP Action Plans and calls on the Commission to continue to assist them in such efforts; is concerned by the limited progress made by the countries in the South Caucasus region in this area, as shown in the Commission 2009 progress reports and reflected in Council of Europe recommendations; welcomes the initiation of the human rights dialogues between the EU and Georgia and Armenia and invites Azerbaijan and the EU to finalise discussions on an equivalent cooperation structure;
20. Highlights the importance of engaging further in democratic reforms and the essential role

of political dialogue and cooperation as key to developing a national consensus; stresses the importance of strengthening more independent, transparent and stronger democratic institutions, including the independence of the judiciary, strengthening parliamentary control over the executive and ensuring democratic change of power, supporting and empowering civil society and developing people-to-people contacts in promoting democracy and the rule of law; notes the slow progress in democratisation, despite the commitments made;

21. Points to the still widespread corruption in the region and calls on the authorities to step up the measures to fight it, as it threatens the economic growth and social and political development of the countries concerned; greater attention should be paid to the fight against monopolies as well as recruitment in public services; welcomes the progress made by Georgia in the fight against corruption;
22. Takes note of the elections that took place recently in the countries of the region; underscores the importance of free and fair elections to be held in accordance with international commitments and standards and the need for these countries to make further efforts in adopting and implementing reforms to reach these standards, including with the view to strengthening post-election control mechanisms and ensuring proper investigation and accountability for any post-election violence; highlights the role for the EU in providing technical assistance and securing international and independent monitoring of elections; confirms the position that the EU does not recognise the constitutional and legal framework in which the elections in the breakaway territories take place and defends the political rights of displaced persons;
23. Considers freedom of expression to be a fundamental right and principle and the role of the media to be essential, and stresses the need for the media to be free and independent; is concerned by the restrictions on freedom of expression and the lack of media pluralism in the countries of the South Caucasus and calls on the authorities to ensure both; deplores the continuing harassment and intimidation of media professionals, attacks, torture and ill-treatment of journalists; considers that self-regulatory principles and mechanisms, an important element of freedom of speech, need to be enhanced and strengthened by competent professional bodies;
 - is preoccupied about attacks on journalists in Armenia and in particular about the continued detention of opposition activist and journalist Nikol Pashinian, despite the welcomed amnesty of 18 June 2009;
 - remains concerned about the deterioration of the media climate in Azerbaijan; while welcoming the Presidential pardon of 99 prisoners on 25 December 2009, deplores the detention and sentencing of the two youth activists and bloggers, Emin Milli and Adnan Hajizade; accordingly calls for their release;
 - calls on the Georgian authorities to clarify the situation regarding media ownership and the granting of media licences; notes the initiative of the Georgian Parliament to extend the Public Broadcaster Board to include more opposition and civil society representatives and expects results in this respect;
24. Takes the view that freedom of assembly must be guaranteed, as it is essential to the development of a free, democratic and vibrant society; notes with concern the difficulties, direct and indirect, which civil society faces in organising itself and is disturbed by the

adoption of laws and practices that might indirectly limit freedom of assembly, including administrative harassment on fiscal matters; underlines the important role of civil society for the democratisation, peace and reconciliation processes in the region;

25. Calls on the countries in the region to participate actively in the work of the EURONEST Parliamentary Assembly and use fully its potential as a framework for multilateral and bilateral exchanges of views, as well as for legislative approximation to EU standards and parliamentary scrutiny on democratic reforms; in this regard notes that the intensified dialogue between the members of parliament of the countries in the region is crucial; hopes that this could create a framework for bilateral meetings between members of the parliaments of Armenia and Azerbaijan in order to start a parliamentary dialogue, in the presence of members of the European Parliament; also calls on interested EU Member States' national parliaments and on the European Parliament to strengthen parliamentary cooperation with the parliaments of the region in order to increase their role and policy-making capacities;

Economic issues and social development

26. Holds the view that broader cooperation on a regional level and with the EU in sectors such as economy, transport, energy and environment is essential for the optimal development of the sectors themselves and for ensuring stability in the region, but that cooperation should also embrace the building of human capital in the whole region as a long-term investment; welcomes the fact that all three countries benefit from the EU's Generalised System of Preferences (GSP) and takes note that they all qualify for the GSP+ for sustainable development and good governance; notes that regional cooperation in the judicial and police fields and the establishment of integrated border management are essential for further promoting mobility in the region and towards the EU; deplores the fact that implementation of regional projects with the involvement of all three countries is still hindered by the persistence of unresolved conflicts;
27. Underscores the importance of building a favourable business climate and the development of the private sector; notes that the noteworthy economic growth of Azerbaijan is mainly based on oil and gas revenues; supports the reform process, which makes the economy more attractive to foreign investors; encourages the Azerbaijani authorities to accelerate the negotiations on accession to the World Trade Organization (WTO) and calls on the Commission to further support Azerbaijan in this process; welcomes the progress made in economic reforms in Armenia and Georgia; notes, however, that the economic development of Armenia and Georgia has been affected by the global economic crisis and welcomes the EU decision at the end of 2009 to provide macrofinancial assistance to the two countries;
28. Expresses its concern at the rapidly increasing military and defence spending in the South Caucasus and the build-up of military arsenals; points out that this relevant part of domestic budgets drains away a remarkable amount of financial resources from more urgent issues like poverty reduction, social security and economic development; calls, in this regard, on the Council and the Commission to prevent EU macrofinancial assistance from funding indirectly the military build-up in the region;
29. Notes the strategic geopolitical location of the South Caucasus and its increasing

importance as an energy, transport and communications corridor connecting the Caspian region and Central Asia with Europe; considers it of the utmost importance therefore that EU cooperation with the South Caucasus be given high priority, not least in matters relating to energy; emphasizes the role of the three countries as essential for the transit of energy resources, as well as for the diversification of the EU's energy supply and routes; in light of this, recalls once again that the Union should take concrete steps to ensure the political stability of the region; welcomes the readiness of Azerbaijan and Georgia to further play an active role in the promotion of market-based energy supply and transit diversification in the region; strongly recommends to the countries involved and the Commission to include Armenia in relevant transport and energy projects in the region;

30. Recognises the significance of the region for the EU's energy cooperation and energy security, especially in the context of the development of the Southern Corridor (Nabucco and White Stream); stresses the importance of deepening the EU-Azerbaijani energy partnership and notes the great value of Azerbaijan's energy resources and the essential role these play in its economic development; underscores the importance of ensuring that the benefits deriving from the exploitation of natural resources are evenly distributed and invested in the development of the country as a whole, permitting it to brace itself against the negative repercussions of an eventual decline in oil production; notes the intensifying Azerbaijani - Russian partnership, particularly in the energy sector, and welcomes in this context the intention of Azerbaijan to diversify its economy; underlines the importance of transparency in the energy sector in this region as a key requisite for investors' confidence and commends Azerbaijan for its participation in the Extractive Industries Transparency Initiative;
31. Recognises the vital role of the development of new infrastructures and transport corridors, projects connecting the Caspian Sea and Black Sea regions through or from the South Caucasus, as also referred to in the communication on the 'Second Strategic Energy Review'; in this context, supports all the initiatives that will contribute to establishing a more robust producer-consumer and transit countries dialogue, with an exchange of expertise on energy regulatory systems and on security of supply legislations and an exchange of best practices, including transparency and solidarity mechanisms and the development of early warning mechanisms for energy disruptions; believes that this goes hand-in-hand with the convergence of regulatory frameworks, market integration and non-discriminatory regime to cross-border transmission infrastructures;
32. Underscores the importance of promoting energy efficiency measures, investing in renewable energy sources and ensuring that environmental concerns are catered for; recognises that generating diversity of supply is vital and can only be attained through enhanced cooperation with neighbouring states; takes the view that the Regional Environmental Centre for the Caucasus should be adequately funded and supported so that credible cross-border projects can also be run; considers the plans announced by Azerbaijan to make the development of alternative energy sources a government priority to be praiseworthy and encourages the pursuit of such objectives; welcomes the decision of Armenia to decommission the nuclear plant in Medzamor and encourages the Armenian authorities to seek viable alternative solutions for energy supplies, as requested by the EU; welcomes the efforts of the Georgian government to develop the hydropower sector and underlines the need for EU support in that regard;

33. Considers that promoting social cohesion and social dialogue through the involvement of all social actors, promoting gender equality and women's rights, investing in education and health, developing human capital and ensuring adequate standards of living are essential in order to build vibrant democratic societies; takes positive note of the adoption by the three countries of their respective programmes on poverty reduction and encourages their thorough implementation;

Towards an EU strategy

34. Welcomes the Eastern Partnership and takes note of the related initiatives that have been activated and the meetings that have been held; stresses that, in order to make it credible, it should be accompanied by concrete projects and adequate incentives; intends to develop further the parliamentary dimension of the Partnership;

35. Welcomes the possibility provided by the Eastern Partnership to deepen bilateral relations with the countries of the South Caucasus and the EU by establishing new contractual relations in the form of Association Agreements; highlights the importance of incorporating milestones and benchmarks to be included in the successor documents of the current Action Plans; recalls that the conditions for starting negotiations include a sufficient level of democracy, the rule of law and human rights, and calls on the Commission to provide technical assistance where necessary, in order to assist the countries in meeting the preconditions; welcomes, in particular, the Comprehensive Institution-Building Programme offered by the Eastern Partnership as an innovative tool, specifically intended to help the countries to meet these preconditions; reiterates the prerogative of the European Parliament to be immediately and fully informed at all stages of the process of the negotiation of Association Agreements, also since it will have to give its consent for the conclusion thereof; expects the implementation of Association Agreements by all South Caucasus countries to accelerate the process of economic integration and political cooperation with the EU;

36. Considers that the ENP Action Plans and the implementation thereof constitute an essential basis for evaluating respect for commitments and the progress of bilateral relationships with the EU and for considering the upgrading of contractual relations with the countries concerned; notes Armenia's and Georgia's commitment to the implementation of the ENP Action Plans and calls on Azerbaijan to accelerate its efforts in this regard; takes the view that the European Parliament should be involved in this process; notes that progress differs among the three countries in the implementation of the respective ENP Action Plans; believes that negotiations on the new Association Agreements should take into account these differences and the different objectives as well as the regional dimension and that the countries must be treated equally;

37. Takes the view that the regional dimension of the EU Strategy for the South Caucasus should be duly strengthened; welcomes, in this regard, the allocation of additional financial resources for the ENPI within the framework of the Eastern Partnership for regional development programmes and multilateral cooperation; calls on the Commission to define a set of regional and cross-border projects and programmes for the three South Caucasus countries in fields such as transport, environment, culture and civil society, in order to provide concrete incentives for enhancing cooperation and building confidence

between the parties;

38. Recalls that all the South Caucasus countries are also part of the Black Sea Synergy initiative, which enhances mutual confidence between the partners by fostering regional cooperation in certain areas, including through cross-border programmes; underlines the importance for the EU of the Black Sea region and asks the Council and the Commission, and especially the VP/HR, to develop ideas and strategies for stronger cooperation between all the Black Sea countries and for increasing links with the European Union; with a view to this, recommends the establishment of an institutionalised structure taking the form of a Black Sea Union;
39. Reaffirms that the positions of Russia, Turkey and the USA play an important role in conflict resolution in the South Caucasus; points out that the development of the Eastern Partnership is not aimed at isolating Russia but, on the contrary, is aimed at bringing peace, stability and a sustainable economic progress to all the parties concerned, with benefits for the whole region and the neighbouring countries;

Security issues and peaceful resolution of conflicts

40. Believes that providing support to conflict resolution processes is crucial and that the EU is well placed to support confidence-building, reconstruction and rehabilitation and has the possibility to help involve the communities affected; in this regard, the creation of spaces for civic engagement not just between leaders but also between civic organisations is pivotal; furthermore, considers it essential to maintain a high level of international attention to all the conflicts in the region to ensure their swift resolution; recognises regional cooperation as a necessary condition for confidence-building and the reinforcement of security, in accordance with the ENP priorities; calls on all parties to fully engage in the multilateral cooperation track of the Eastern Partnership without linking it to the final solution of the conflicts;
41. Stresses the dangerous potential for a spillover of frozen conflicts in the region; in this context, recommends the setting-up of a Conference on Security and Cooperation in the South Caucasus, embracing the countries concerned and the relevant regional and global actors, with a view to developing a Stability Pact for the South Caucasus;
42. Takes note of the current EU involvement in conflict resolution processes in the region and believes that the entry into force of the Lisbon Treaty justifies a more prominent role for the EU; fully supports the EU Special Representative (EUSR) for the South Caucasus, Peter Semneby; welcomes the work of the EUMM in Georgia and calls for increased EU action to persuade Russia and the relevant de facto authorities to stop blocking the EUMM from entering South Ossetia and Abkhazia; considers that the EU now has the opportunity to support the resolution of the Nagorno-Karabakh conflict and underlines the importance of the EU contribution in this regard; therefore finds it inevitable for the EU's role in the Minsk Group to be upgraded through the establishment of an EU mandate for the French Co-Chair of the Minsk Group; calls on the Commission to explore the possibility of providing humanitarian aid and assistance to the population in the Nagorno-Karabakh region as well as to the IDPs and refugees who fled the region; asks the Commission and EUSR Semneby to consider extending to Nagorno-Karabakh aid and information dissemination programmes as in Abkhazia and Ossetia;

43. Calls on the VP/HR to follow closely the developments in the region and to be actively involved in the conflict resolution processes; acknowledges the work of the Special Representative for the South Caucasus and expresses the hope that the High Representative will ensure its continuity and consistency; encourages the Council to consider the possible use of tools from the CSDP to step up its participation in the peace-building and conflict-management processes;
44. Calls on the Commission to explore the possibility of granting substantial financial and technical support to measures building confidence and promoting trust between and among the populations and to participate in rehabilitation and reconstruction in all conflict-affected regions, such as income-generating projects and projects targeting the socio-economic integration of IDPs and returnees and the rehabilitation of housing and aiming at dialogue and mediation, as well as to continue elaborating and supporting civil-society projects that aim to promote reconciliation and contacts between local populations and individuals;

Democratisation, human rights and the rule of law

45. Supports EU funding and assistance to the region to promote these principles and processes and considers that such EU assistance should take place within the framework of political conditionality, such as progress in political dialogue and reform and democratisation processes; warns against the possibility for governments to misuse conflicts to distract the interest of the international community from domestic issues;
46. Calls on the Commission and the Council to ensure that the commitments included in political conditionality packages are respected, such as the specific commitment by the Georgian Government to inject new momentum into democratic reforms included in the EU post-conflict assistance agreed between the Commission and Georgia in January 2009, and to report regularly to the European Parliament on progress;
47. Welcomes the work of the High Level EU Advisory Group to Armenia; welcomes the possibility of increased financial assistance within the framework of the Eastern Partnership, including assistance to prepare for the negotiation of new Association Agreements with the EU, and calls on the Commission to study the possibility of offering tailor-made assistance also to Azerbaijan and Georgia;
48. Takes the view that special attention should be given to the rights of minorities and vulnerable groups and encourages Armenia, Azerbaijan and Georgia to implement public education programmes in the area of human rights which promote the values of tolerance, pluralism and diversity, including the respect of the rights of sexual minorities and other marginalised and stigmatised groups;
49. Expresses its concern regarding the refusal of Eutelsat to broadcast the Russian language service of the Georgian public broadcaster, as this refusal appears to be politically motivated; points out that this refusal leaves de facto satellite transmission monopoly over the regional Russian-speaking audience to Intersputnik and its main client, Gazprom Media Group; stresses that it is of the utmost importance that in a democratic and pluralistic society the airing of independent media is not impeded;

50. Recognises the potential role of the Eastern Partnership Civil Society Forum as the forum to foster the development of a genuine civil society and strengthen its entrenchment in the states of the region and calls on the Commission to ensure that the Forum receives sufficient financial support; draws attention to the importance of financing civil society projects and the role that the EU Delegations in the region play in selecting these, and the significance that the projects can have in promoting contacts at regional level;

Economic cooperation and social development

51. Considers that the EU should continue to support economic development, trade and investment in the region and that trade policy is a fundamental factor in political stability and economic development and will lead to a reduction in poverty in the South Caucasus; believes that the negotiation and establishment of the Deep and Comprehensive Free Trade Area could play a very important role in this respect; calls on the Commission to consider possible ways to assist the countries in the region in their preparation, negotiation and implementation in the future, including sustaining the commitments deriving from the future deep and comprehensive Free Trade Agreements (DCFTAs), and to provide in due time a comprehensive evaluation of the social and environmental impact of these agreements; furthermore, encourages the countries of the South Caucasus to consider establishing a free trade area among themselves;
52. Highlights the geopolitical situation of Armenia, Georgia and Azerbaijan in relation to the European Union, Turkey as an EU candidate country, Russia and Iran; considers that trade is one of the key components of the EU's overall policy of fostering political stability, respect for human rights, sustainable growth and prosperity and takes the view that the regional dimension of the EU Strategy for the South Caucasus calls for a regional approach to negotiations on trade agreements; calls on the Commission to identify common areas of economic interest that can overcome divergences, facilitate dialogue and promote regional cooperation; calls for greater EU engagement and involvement with a view to bringing about integration in the region, given that the Community now has exclusive competence on trade policy;
53. Welcomes the conclusion in May 2008 of the feasibility studies for Georgia and Armenia, showing that DCFTAs would bring significant economic benefits to these countries and the EU, thereby allowing the Commission to enter into a preparatory phase for future negotiations on DCFTAs; encourages Georgia, Armenia and Azerbaijan to improve their progress towards fulfilling their respective ENP Action Plans and the Commission's recommendations, particularly in terms of improving their administrative and institutional capacity and implementation of regulatory reforms (especially regarding the poor levels of intellectual property protection in all three countries), which is one of the necessary preconditions for the effective implementation and sustaining the effects of such ambitious FTAs; believes that the conclusion of FTAs with Georgia, Armenia and Azerbaijan could not only lead to economic growth, but could also increase foreign investment, create new jobs and eradicate poverty;
54. Recalls that energy security is a common preoccupation; urges the EU, therefore, to give more robust support to the energy projects in the region in accordance with European standards, including projects promoting energy efficiency and the development of

alternative energy sources, to step up its cooperation on energy issues and to work firmly towards realisation of the southern energy corridor, including completion of the Nabucco pipeline as soon as possible; also calls on the Commission to ensure that the energy- and transport-related projects in the South Caucasus foster relations between the three countries and are not a cause of exclusion of certain communities; reaffirms the importance of the Baku Initiative and its corresponding supporting programmes, INOGATE and TRACECA;

55. Stresses that political stability is essential for the reliable and uninterrupted supply of energy resources so as to ensure the proper conditions for infrastructure development; in this respect, recalls that the double energy corridor formed by the Baku-Tbilisi-Ceyhan (BTC) and Baku-Tbilisi-Erzurum (BTE) pipelines fosters rapprochement between the EU and the Caspian region; calls for the rejuvenation of the existing bilateral agreements or Memorandums of Understanding concluded with the three South Caucasian countries in the field of energy, with the inclusion of an 'energy security clause' laying down a code of conduct and specific measures in the event of energy disruption; considers that energy supply and transit provisions should be a component in the negotiation of wide-ranging Association Agreements with those countries;
56. Reiterates the significance of people-to-people contacts and mobility programmes, especially those aimed at youth, and of twinning programmes with EU regions and local communities with national minorities experiencing a high degree of autonomy; believes there is a need for a significant increase in the numbers of students, teachers and researchers participating in mobility programmes; welcomes the conclusion of the visa facilitation and readmission agreements with Georgia and calls on the Council and the Commission to make progress towards visa facilitation and readmission agreements with Armenia and Azerbaijan;
57. Reaffirms the need for the EU to develop a strategy for the South Caucasus, given the importance of the region for the EU and the potential role that the EU has in fostering further the development of the region and in the solution of its conflicts;

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58. Instructs its President to forward this resolution to the Vice-President of the Commission/High Representative of the Union for Foreign Affairs and Security Policy, the Council, the Commission and the governments and parliaments of Armenia, Azerbaijan and Georgia.

18.3.2010

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Foreign Affairs

on the need for an EU Strategy for the South Caucasus
(2009/2216(INI))

Rapporteur: Metin Kazak

SUGGESTIONS

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Highlights the geopolitical situation of Armenia, Georgia and Azerbaijan in relation to the European Union, Turkey as an EU candidate country, Russia and Iran, and considers it therefore of the utmost importance that cooperation with the South Caucasus should be given high priority, especially with regard to the solution of the frozen conflicts, not least in matters relating to the economic and commercial development of the region, energy security, political stability, and the promotion of democracy and good governance;
2. Calls on the Commission to identify common areas of economic interest that can overcome divergences, facilitate dialogue and promote regional cooperation;
3. Considers that trade is one of the key components of the EU's overall policy of fostering political stability, respect for human rights, sustainable growth and prosperity in the Eastern Partnership countries in general, and in the South Caucasus region in particular;
4. Takes the view that the regional dimension of the EU Strategy for the South Caucasus calls for a regional approach to negotiations on trade agreements;
5. Welcomes the conclusion in May 2008 of the feasibility studies for Georgia and Armenia, showing that deep and comprehensive free trade agreements (DCFTAs) would bring significant economic benefits to these countries and the EU, thereby allowing the Commission to enter into a preparatory phase for future negotiations on DCFTAs; calls on Azerbaijan to accomplish its accession to the WTO as soon as possible, as WTO membership is a prerequisite before any FTA negotiations can be considered; calls on the Commission to give Azerbaijan technical assistance in order to accomplish its accession to the WTO; encourages Georgia, Armenia and Azerbaijan to improve their progress towards fulfilling their respective ENP Action Plans and the Commission's

recommendations, particularly in terms of improving their administrative and institutional capacity and implementation of regulatory reforms (especially regarding the poor levels of intellectual property protection in all three countries), which is one of the necessary preconditions for the effective implementation and sustaining the effects of such ambitious FTAs;

6. Calls on the Commission to support, by means of appropriate technical assistance mechanisms, the strengthening of the financial and banking system in the South Caucasus states in order to respond to the demands of the business environment and investors;
7. Considers that the future conclusion of association agreements and the subsequent possible conclusion of DCFTAs with each of these countries would be a first step towards encouraging the establishment of a network of a similar type of FTAs between these countries, thereby establishing deep and comprehensive free trade areas among the countries involved, aimed at enhancing regional integration; calls on the Commission to support and strengthen the involvement of local and regional authorities in cross-border cooperation in order to enhance cooperation through the establishment of an enabling legislative framework;
8. Believes that the conclusion of FTAs with Georgia, Armenia and Azerbaijan could not only lead to economic growth, but could also increase foreign investment, create new jobs and eradicate poverty;
9. Welcomes the efforts of several regional cooperation organisations, in particular the Organisation of the Black Sea Economic Cooperation (BSEC), aimed at greater integration in the South Caucasus region; calls for greater EU engagement and involvement with a view to bringing about integration in the region, given that the Community now has exclusive competence on trade policy.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	17.3.2010
Result of final vote	+: 21 -: 1 0: 1
Members present for the final vote	Laima Liucija Andrikienė, David Campbell Bannerman, Daniel Caspary, William (The Earl of) Dartmouth, Joe Higgins, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Iuliu Winkler, Jan Zahradil, Pablo Zalba Bidegain, Paweł Zalewski
Substitute(s) present for the final vote	Catherine Bearder, George Sabin Cutaş, Salvatore Iacolino, Libor Rouček, Michael Theurer, Jarosław Leszek Wałęsa
Substitute(s) under Rule 187(2) present for the final vote	Sylvie Guillaume

ANNEX



PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET
EUROPÄISCHES PARLAMENT EUROOPA PARLAMENT ΕΥΡΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT
PARLEMENT EUROPÉEN PARLAMENTO EUROPEO EIROPAS PARLAMENTS
EUROPOS PARLAMENTAS EURÓPAI PARLAMENT IL-PARLAMENT EWROPEW EUROPEES PARLEMENT
PARLAMENT EUROPEJSKI PARLAMENTO EUROPEU EURÓPSKY PARLAMENT
EVROPSKI PARLAMENT EUROOPAN PARLAMENTTI EUROOPARLAMENTET

COMMITTEE ON INDUSTRY, RESEARCH AND ENERGY

The Chairman

Mr Gabriele Albertini
Chair for the Committee
on Foreign Affairs

Ref.: D(2009)70478
HC/ac

Brussels,

An EU Strategy for the South Caucasus

Dear Chair,

Your Committee is currently preparing a non-legislative own-initiative report on ‘An EU Strategy for the South Caucasus’ (2009/2216 (INI)).

Given the energy implications of this dossier, ITRE submitted to the Conference of Committee Chairs on 24.11.2009 a request to deliver an opinion, authorized by the Conference of Presidents on 17.12.2009.

Coordinators of the ITRE Committee, given the tight time schedule, decided not to draw up a formal opinion on the draft report due to the lack of time and the very heavy workload in the committee in January 2010, with the organisation of the hearings of the Commissioners-designate.

Coordinators, however, at their meeting of 2 December 2009, decided to deliver an opinion through a letter.

Therefore I invite you to consider the following suggestions in your motion for a resolution:

1 - notes the strategic importance of the Southern Caucasus - Georgia, Armenia, Azerbaijan - as a major transmission area for diversification and security of energy supply in the EU, providing the corridor for the transit of Caspian basin and Central Asia oil and gas resources; to a less extent, notes the potential significant contribution of the development of the Azeri gas field Shah Deniz Phase II, in the period to 2015, and the projects of pipelines competing for this resource;

2 - stresses the role of the existing oil and gas pipelines, the Baku-Supsa and Baku-Tbilissi-Ceyhan (BTC) crude oil pipelines and the South Caucasus natural gas pipeline (Baku-Tbilissi-Erzurum, BTE), in enhancing the diversity of supply options from Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan;

3 - recognises the vital role of the development of new infrastructures and transport corridors, diversifying suppliers and routes such as the Nabucco, the Trans-Caspian gas pipeline (TCP), the Turkey-Greece-Italy Interconnector (TGI), the White Stream, the INOGATE (Interstate Oil and Gas Transport to Europe) and TRACECA (Transport Corridor Europe-Caucasus-Asia), projects connecting the Caspian Sea and Black Sea regions through or from the South Caucasus as also referred to in the communication on the 'Second Strategic Energy Review';

4 - underlines that investors confidence rely on transparent and coherent governance, data transparency on oil and gas reserves, production capacity and transport infrastructures, as well as on an overall political stability in this region; is concerned that political risk in the South Caucasus following the conflict in Georgia in 2008 increases the difficulty and cost of infrastructure projects in the region;

5 - stresses that political stability is essential for reliable and uninterrupted supply of energy resources so as to ensure the proper conditions for infrastructures' development; in that respect, recalls that the double energy corridor formed by the BTC and BTE pipelines fosters the rapprochement between the EU and the Caspian region;

6 - reminds in this context the inclusion of the South Caucasus in the European Neighbourhood Policy in June 2004, and welcomes in particular the Council conclusions on 8 December 2009 on the South Caucasus, reaffirming the principles of the joint declaration of the Prague summit 7 May 2009 which established the 'Eastern Partnership' (EaP) - including the 3 South Caucasian countries - as a specific Eastern dimension of the European neighbourhood policy;

7 - expresses its full support to the proposal of establishing an EU-Neighbourhood East Parliamentary Assembly (EURONEST) as the authority designed to be the parliamentary institution of the Eastern Partnership; considers that there is a real role to play for the European Parliament in promoting or validating the orientations given in terms of harmonisation of partners' energy policy.

8 - encourages the multilateral cooperation that will take place within the EaP Platform 3 on 'Energy security' with the aim to strengthen the energy security of the EU and of the partners with regard to long-term energy supply and transit; and adheres to the four '*core objectives*' adopted in the field of energy solidarity and security mechanisms, infrastructure development, interconnections and diversification of supply, promotion of increased energy efficiency and use of renewable resources, regulatory framework;

9 - in this context, supports all the initiatives that will contribute to establish a more robust producer-consumer and transit countries dialogue, with the exchange of expertise on energy

regulatory systems and on security of supply legislations, exchange of best practices, including transparency and solidarity mechanisms and development of early warning mechanisms for energy disruptions; believes that it goes hand-in-hand with convergence of regulatory frameworks, market integration and non-discriminatory regime to cross-border transmission infrastructures;

10 - encourages the regional cooperation in energy market developments and welcomes the complementarities of the Eastern Partnership with other initiatives currently carried out under the INOGATE programme in support of the Baku Initiative and under the Black Sea Synergy; estimates that synergies with regional programmes could be pursued under the *'Flagship Initiative on the promotion of regional electricity markets, improved energy efficiency and increased use of renewable resources'* and develop a concrete approach to reinforce cooperation between transmission system operators (TSOs), regulatory authorities and ensure a strong process of harmonisation of network access conditions as well as compatible rules for transmission and transit;

11 - considers that the activities carried out under the *'Flagship Initiative on diversification of energy supply and transit routes'* which provides political support to the development of a Southern corridor, could mutually benefit from the long-term planning conducted under the European 10-year network development plan and from the ongoing process of revision of the Trans-European Energy Network (TEN-E) guidelines, in identifying appropriate interconnections and infrastructures projects;

12 - calls for the rejuvenation of the existing bilateral agreements or Memorandum of Understanding concluded with the 3 South Caucasian countries in the field of energy, with the inclusion of a 'energy security clause' laying down a code of conduct and specific measures in the event of energy disruption; considers that energy supply and transit provisions should be a component in the negotiations of wide-ranging association agreements with those countries;

I hope that this way of expressing the opinion of the ITRE Committee facilitates the adoption of your final report.

Yours sincerely,

Herbert Reul

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	8.4.2010
Result of final vote	+: 53 -: 1 0: 1
Members present for the final vote	Gabriele Albertini, Elmar Brok, Mário David, Marietta Giannakou, Anna Ibrisagic, Jelko Kacin, Ioannis Kasoulides, Tunne Kelam, Nicole Kiil-Nielsen, Maria Eleni Koppa, Andrey Kovatchev, Eduard Kukan, Alexander Graf Lambsdorff, Krzysztof Lisek, Sabine Lösing, Ulrike Lunacek, Mario Mauro, Kyriakos Mavronikolas, Francisco José Millán Mon, Alexander Mirsky, Andreas Mølzer, Raimon Obiols, Ria Oomen-Ruijten, Pier Antonio Panzeri, Ioan Mircea Pașcu, Alojz Peterle, Bernd Posselt, Cristian Dan Preda, Fiorello Provera, Jacek Saryusz-Wolski, Werner Schulz, Adrian Severin, Marek Siwiec, Ernst Strasser, Hannes Swoboda, Charles Tannock, Inese Vaidere, Kristian Vigenin
Substitute(s) present for the final vote	Laima Liucija Andrikiienė, Elena Băsescu, Adam Bielan, Diogo Feio, Elisabeth Jeggle, Metin Kazak, Evgeni Kirilov, Norbert Neuser, Tomasz Piotr Poreba, Vittorio Prodi, Marietje Schaake, György Schöpflin, Traian Ungureanu
Substitute(s) under Rule 187(2) present for the final vote	Marije Cornelissen, Franziska Keller, Marek Henryk Migalski, Michail Tremopoulos