



**THE EU-RUSSIA CENTRE REVIEW**

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**Preface: Lord Paddy Ashdown, President, EU-Russia Centre**

I welcome this timely publication of essays on Russian foreign policy. The Russian invasion of Georgia, after a dangerous miscalculation by President Saakashvili, has reminded the post-modern EU elite that hard power is still an important factor in today's world. In July, President Medvedev published a new strategic concept for Russian foreign policy. It emphasised the importance of international law and the key role that the United Nations should play in resolving international issues of peace and security. The way Russia behaved in Georgia, both before and after the August conflict, must either cast doubt on the validity of the new doctrine or speculation about a difference of view between Medvedev and Putin. There seems little doubt that the hasty recognition of South Ossetia and Abkhazia by Russia was carefully planned and designed to capitalise on the advantage Russia gained from Georgia's blunder. Before the crisis erupted, Moscow had been issuing thousands of South Ossetians with Russian passports, a prelude to claiming that Russia intervened to "protect Russian citizens".

Russia makes great play of a parallel with Kosovo. There were, however, two important differences between Kosovo and South Ossetia. The West intervened in Kosovo for overwhelming humanitarian reasons – to overturn Milosevic's attempts at ethnic cleansing, the practical result of which was that Belgrade lost the moral and practical ability to govern an area in which it claimed sovereignty, but where Serbs were outnumbered nine to one by the people they had abused and terrorised. No such conditions apply in either South Ossetia or Abkhazia. Second, international peace keepers operate in Kosovo under a UN Security Council Resolution. No such legal framework governs Russian occupation of Georgian sovereign territory. Third, the West spent nearly a decade in negotiations involving the UN – and Russia – in an attempt to find a solution acceptable to both Serbia and Kosovo. It was only when these lengthy and tortuous negotiations had failed – and the alternative was a likely resumption of hostilities – that the West recognised Kosovo.

What do recent events mean for the EU? First, it was hugely encouraging that it was the EU which was widely seen as the only game in town when it came to international mediation. President Sarkozy is to be congratulated for his swift and successful involvement. Second, the French plan for a beefed up EU defence policy is right and should be embraced by all member states as soon as possible. We are not talking about a European army, but a more capable EU willing to look after its own security and take

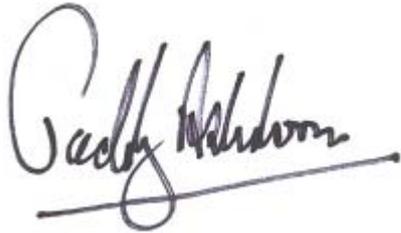
greater responsibility for regional security. Apart from a quantum increase in the potential of European forces and in the political leverage they can exert, there would also be huge savings to be made if member states really cooperate on defence procurement. Both US presidential candidates have warned that they will expect the EU to do more in the security field. Now is the time for the EU to act. Third, the EU has to pay more attention to the neighbourhood and in particular the remaining 'frozen conflicts'.

The European Neighbourhood Policy has to be given real substance. Why should Ukrainians or Georgians enjoy a less favourable visa regime than Russians?

How should the EU deal with a more assertive Russia? Well, not by seeking to isolate it as some argue. Indeed in times of tension, it is essential to maintain channels of communication. That is not to say business as usual. I think we need a twin track policy: tough on Russia's breach of international laws, but, for the moment at least, open to a continuation of the dialogue in other areas, such as the rule of law, economic and commercial matters. We have to reject any attempt to revert to the old 19<sup>th</sup> century idea that Europe should be governed again on the basis of spheres of influence, rather than the democratic choice of nations. The EU was formed to break away from that bloody concept, for which we in Europe paid so dearly. If the choice, therefore, is between accepting that Russia's neighbours must limit their democratic right to choose their future, in order to accommodate Russia's views about what should and should not be done, there should be no doubt where democratic Europe must stand and no confusion in Russian minds about this either. On the other hand, there is no profit in widening this disagreement to all areas.

I believe the EU reacted in the right way, postponing the start of negotiations on a new agreement with Russia until Moscow has withdrawn its troops to their original positions. Hopefully these conditions will be fulfilled soon and the talks can start. We should have no illusions about Russia today. The present leadership certainly does not share common values with the EU. But the West has to take Russia more seriously than in recent years, a period when both seemed to talk more past each other than with each other. Looking ahead, both sides have much to gain from a forward-looking agreement that provides a fair balance of interests. One example is the need to improve Russia's appalling record on energy wastage. This is an area where the EU could, and should, help Russia.

Organisations like the EU-Russia Centre have a role to play in these difficult times. By promoting dialogue with Russia and encouraging the EU to speak with one voice, I think we have made a modest input to the development of EU-Russia relations. This collection of essays is another contribution to greater mutual understanding.

A handwritten signature in black ink, which appears to read "Rachel Ashdown". The signature is written in a cursive style and is underlined with a single horizontal line.

Rt Hon Lord Ashdown of Norton-sub-Hamdon GCMG KPE PC

President  
EU-Russia Centre

## Introduction

When we commissioned this series of articles before the summer we had no foresight that there would be a military conflict between Russia and Georgia and that the whole world would be discussing the future of Russian foreign policy. Some commentators have argued that the Russian move into Georgia will lead to a new world order. Others have argued that the conflict was essentially a localised affair and that normal relations between Russia and the West will be resumed after a decent interval. Time will tell, but it is difficult to see a return to normal relations when trust has been so badly eroded.

The crisis led to a massive outflow of capital from Russia and a huge fall in the Moscow stock exchange. Many Russian economists and businessmen have begun to question the policy of the Kremlin arguing that in an era of globalisation Russia is dependent on world markets and cannot afford to pursue such aggressive behaviour. The global credit crunch also affected the situation in Russia. It remains to be seen how the government will respond. There are indications that Medvedev does not want to cut off ties with the West but full implementation of the Georgian cease-fire accord will be an essential precondition for the EU to re-engage with Russia.

What was noticeable in the Georgian crisis was the leading role played by the EU and in particular the French Presidency. Unlike the divisions over Iraq in 2003, on this occasion the EU displayed a commendable unity, even if member states had differing perceptions of the nature of the alleged threat from Moscow. Both the US and NATO were regarded as too partisan in the conflict. President Sarkozy twice visited Moscow and Tbilisi, the second time accompanied by President Barroso and Mr Solana. Without the EU's intervention there was a danger of a slide towards a full-scale war between Russia and Georgia.

The reason for asking a number of experts to comment on Russian foreign policy was the change in the Kremlin from Putin to Medvedev. Some commentators had suggested that the new president would take a 'softer' approach towards foreign policy than his predecessor. Others suggested that continuity would be the name of the game because, having no independent power base, Medvedev had little room for manoeuvre. The sudden conflict in the Caucasus, when Putin rushed to the war zone from Beijing, seemed to indicate that the latter assessment was correct.

Another important background issue was the new Russian foreign policy doctrine of July that spoke of the need to enhance the role of international law and the UN, the reduction of the use of force as a method to resolve international disputes, the need for diplomacy and tools of soft power, and the imperative of multilateralism and cooperation among regional multi state organisations such as the EU. One might question parts of this doctrine in the light of the Georgian conflict.

We decided to give our authors, a mix from the EU and Russia, until mid September to revise their articles. Readers should thus make allowance for this deadline as it is clear that there are on-going ramifications from the conflict which will continue for some time. Our experts cover a wide area in their contributions. The first group of authors tackles the direction of Russian foreign policy picking up the election of Medvedev, the new foreign policy doctrine enunciated in July, and the conflict in Georgia. Further contributions cover regional issues such as the common neighbourhood, the Caucasus and Central Asia, the Arctic, China and the US, plus the role of the military and finally Russia's attitude towards the OSCE and Council of Europe.

**Nadia Alexandrova-Arbatova** argues that the election of Medvedev provides an opportunity for a change in Russian foreign policy. His Berlin speech shows that he prefers a policy of cooperation rather than confrontation with the West. Cooperation with the EU, she argues, is also essential if Russia's modernisation strategy is to be successful. Arbatova believes that the Putin-Medvedev relationship is complex and contains a paradox – Medvedev and Putin need each other if they are to achieve their goals. She argues that Medvedev cannot totally escape from the foreign policy consensus in Russia but it would be helpful if the West learned from its mistakes in dealing with Russia. Preaching does not work. Moscow is ready for pragmatic compromises providing its fundamental interests are respected.

**George Bovt** suggests that while Russia was provoked into a military response in Georgia it has no resources to sustain a long-term confrontation with the West. He points out that there is more government responsibility for foreign policy, whereas previously such responsibility lay solely in the Kremlin. Bovt highlights the importance of any NATO decision on membership for Ukraine and Georgia – two clear 'red lines' for Russia. He criticises the Kremlin for failing to explain why some alliances are 'good' and others 'bad'. Bovt also questions whether Medvedev's proposal for a new European security agreement is for real or just window dressing.

**Rainer Lindner** considers that the war in the Caucasus might have strengthened the leadership at home, but it has also damaged Russia's image abroad. He tends to the

'Putin is really in charge' camp. Linder notes the potential influence of the new federal agency for CIS affairs. He suggests that Russian foreign policy is 'post-ideological' and very much based on interests, especially those of the energy sector. He concludes that EU security can only be had with Russia and not against Russia.

**Nataliya Smorodinskaya** argues that Russia's aggressive behaviour towards the rest of the world is tied up with economic expansion and profit or rent-seeking for the elite. It helps the Kremlin conceal political centralisation and compensates for failures in economic modernisation. She examines the 'vertical' type power structures and suggests that Moscow's "asymmetric response" to Georgia's intervention in South Ossetia is a natural consequence of the failure to proceed with market reforms and the growing economic problems in Russia.

**Andrew Monaghan** suggests that Russian foreign policy reflects a combination of confidence and strength but also weakness and insecurity. He notes that the new foreign policy doctrine is critical of US unilateralism and at the same time notes the decline of the Atlantic community. The Kremlin is seeking to make Russia a more attractive pole, while claiming a right to be consulted on all international issues. But Russia's more assertive foreign policy masks a number of domestic weaknesses which must be tackled if Russia is really to be a major foreign policy actor. Monaghan draws attention to the exodus of the brightest and best from the foreign ministry to better paid jobs in the private sector.

**Olena Prystayko** examines the very different policies, attitudes and approaches of the EU and Russia towards the common neighbourhood. For Russia, the post-Soviet space is the top priority as was seen by the Georgian conflict. How will other CIS members now respond to a more assertive Russia? And what role could, and should, the EU play in the region? After considering the differences between the countries in the neighbourhood, she assesses the European Neighbourhood Policy with a critical eye. She calls for a beefed up EU approach to the East and welcomes the Polish-Swedish proposals in this regard. She views the Georgian crisis as a defining moment for the region and suggests that the EU must move urgently to strengthen its Ostpolitik.

**Pavel Baev** looks at Russian policy towards the Caucasus and Iran. He notes that the neighbouring countries will have to contend with Russia's willingness to use military power as well as the energy weapon to achieve its interests. He touches on how the crisis might affect Russia-Turkish relations and speculates on a possible deal involving South Ossetia and Cyprus. Baev also examines Russia's 'cautious attitude' towards Iran and the Middle East and concludes that there is still much to play for in the region.

**Jos Boonstra** looks at the return of ‘the great game’ in Central Asia. For the first decade after the collapse of the Soviet Union, Russia was absent from the region. Now it is back and seeks to use its cultural, linguistic and economic ties to boost its influence in the area. It has an advantage over the EU in that it is happy to turn a blind eye to human rights violations. Russia wants stability and cheap energy supplies from the region. It will seek to increase its military presence partly to counter western involvement. Russia’s comeback in the region poses problems for the countries there seeking to retain their independence. The EU needs to strengthen its presence in Central Asia so as not to leave the field open for Russia.

**Katarzyna Zysk** looks at Russia’s growing interest in the Arctic. She describes how Russia views Western involvement there as a threat and how Moscow has taken steps to increase Russia’s military presence in the region. She also notes Russian concerns that the West might seek to ‘steal’ energy and other resources belonging to Russia. The West must ensure that international law is the cornerstone for developments in the Arctic.

**Peter Ferdinand** examines Russia’s relations with China. He notes that President Medvedev’s decision to make his first official visit outside the ‘near abroad’ to China in May of this year was intended to remind the rest of the world, and especially the West, that Russia can play an independent role in world affairs. The two countries have sought to play up the importance of multipolarity and supported each other’s right to develop in their own ‘sovereign democratic’ manner. But Ferdinand also notes the underlying tension in the relationship and concludes that an alliance between Moscow and Beijing is highly unlikely.

**Yu Bin** agrees that relations between Russia and China are based more on pragmatism than any shared world vision. He notes the increase in high level visits, but also the drop off in arms sales from Russia to China. There are no quick fixes to the problem areas of the relationship.

**Andrei Zagorski** assesses the prospects for US-Russian relations. He notes recent differences over NATO enlargement, missile defence and the CFE treaty. After the Georgian crisis prospects for resolving any of the major issues affecting the bilateral relationship are zero. Much will depend on the attitude the new occupant of the White House takes towards Russia.

**Carolina Vendil Pallin** looks at the Russian military and concludes that the officer corps has been marginalised in external policy making. This may be surprising to some readers in the wake of the military conflict in the Caucasus, but Carolina Pallin gives

several examples to support her case. She suggests that while Russia may have thousands of nuclear warheads, they do not really count for much in conflicts such as the Balkans. Russia is simply not capable of conducting sustained military operations outside Russia.

**Bill Bowring** examines Russia's attitude towards the OSCE and Council of Europe. He points to Russia's ambiguous stance towards the OSCE and its continuing refusal to ratify Protocol 14 that would speed up the work of the European Court of Human Rights. This reflects Russia's dissatisfaction with the Strasbourg court although, as he notes, it always complies with its judgements, or pays compensation. Bowring also considers the importance of the Kosovo dispute in souring relations between the West and Russia.



**Fraser Cameron**  
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## Russia after the Presidential Elections: Foreign Policy Orientations

By

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### Introduction

Russia's firm response to the invasion of South Ossetia by Georgia has become the first serious trial in Moscow's relations with the West after the March presidential elections. At the same time, the conflict in South Ossetia has represented the first major test for President Dmitry Medvedev. Leaving aside the origins and history of the frozen conflicts in Georgia, it should be recognised that the crisis in South Ossetia has been a product of differing geopolitical interests for Russia and the West, as well as a complex interplay of foreign policy and domestic interests of the parties involved, including external players. The conflict should be analysed in the broader context of Russia's domestic and foreign policy challenges under the Medvedev presidency.

### A New Window of Opportunity

The Medvedev presidency has opened a new window of opportunity for radical changes in Russia's domestic and foreign policy evolution. "He is expected to take on the difficult but necessary task of carrying out reforms, is known to dislike labels, considering ideology harmful, [and he said] human rights and freedoms are vital ingredients of any civilised society."<sup>1</sup> So, President Medvedev's strategy is aimed at modernising the existing economic petrol-state model. This is not only about the volume and quality of Russian GDP, but also about democratisation of Russia's political system and reassessment of its multiple vectors foreign policy. In principle, the foreign policy of any big country in the multipolar world is that of tous azimuts. This does not mean, however, the absence of clear priorities by geography or by problem areas. Russia's multiple vector foreign policy can be viewed as an attempt to bypass the question of clear priorities. Russia's European choice as a general direction for its evolution has not become final, irreversible or common to its new political elite and the public. Apart from the administrative mess, it is to an even greater degree an indication of a bitter ideological struggle between various political forces over the choice of model for the internal development of the Russian Federation. This has an impact on the country's

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<sup>1</sup> [www.globalpolitician.com/24766-russia-medvedev-putin](http://www.globalpolitician.com/24766-russia-medvedev-putin)



foreign policy priorities and choice of partners and adversaries, who have been changing at a dizzy pace.<sup>2</sup>

Generally speaking, Medvedev's modernisation strategy is about the European choice as a model for Russia's economic and political evolution. At the same time, it would be wrong to reduce it simply to Russia's relations with the European Union. Russia needs this strategy in order to become a modern and democratic state, notwithstanding the stances and views of the EU and NATO. There is a growing risk of Russia succumbing to Dutch Disease – the apparent relationship between the exploitation of natural resources and a decline in the manufacturing sector combined with moral fallout. One cannot exclude that those political forces in EU countries which have reconciled themselves to the existing political system in Russia and which are prone to look at Russia purely as an important external energy supplier, will not be very happy with Medvedev's modernisation strategy. They will be fearful that it will increase domestic consumption of hydrocarbons and they will question Russia's international energy commitments. Nonetheless, if implemented, at the end of the day the strategy will have a positive impact on Russia-EU relations, including the security sector where Russia and the EU could complement each other more than in any other area. But a new confrontation with the West would be detrimental to Medvedev's objectives, whether for Russia's internal development or its foreign policy evolution.

### **Medvedev's Foreign Policy Agenda**

From the very beginning, President Medvedev's foreign policy agenda differed from that of his predecessor and Putin has accepted this. Medvedev is focused on cooperation with the West, rather than confrontation. While in Berlin in June 2008, during his first trip as the newly elected president, he proposed a universally binding international security agreement using the template of the Helsinki accords.<sup>3</sup> This proposal has been criticised as a new Gorbachev-like initiative – “say something glamorous first, and worry about implementation later”. But in its substance, it was a message to the West, first and foremost NATO, to identify a new agenda for transatlantic cooperation, to readjust it to the post-bipolar security challenges and to reduce the gap in security between Russia and the West – surely not an unworthy objective. In no sense should it be viewed as an attempt to ‘decouple’ Europe from the United States, despite assertions that

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<sup>2</sup> A Common Space of External Security between Russia and the EU: Obstacles and Imperatives, Concept of the Committee “Russia in a United Europe” presented at the Annual Meeting in Stockholm, 5-7 October 2007.

<sup>3</sup> [www.mnweekly.ru/politics/20080610/55332964.html](http://www.mnweekly.ru/politics/20080610/55332964.html)



“Atlanticism has outlived its usefulness”. Both Medvedev and Lavrov made it clear that Russia’s new big ideas on transatlantic security recognise the US as an essential partner for Russia and the EU. However, both clearly insisted on equal roles for Russia, the EU and the US in dealing with European security challenges and forming the new institutional architecture in the transatlantic space.<sup>4</sup>

Medvedev broke with his predecessor on another fundamental issue: Russia’s relations with the West, by saying that western concern over Russia’s political and economic unpredictability was at the core of recent tensions. Putin’s argument has been that Russian-Western relations soured as Russia became stronger and that the West’s dislike of a strong Russia is to blame for the present poor state of relations.<sup>5</sup>

During the CIS meeting in June, Medvedev tried to downplay the escalating tension between Moscow and Tbilisi over the status of the pro-Russian separatist region of Abkhazia. “I think that we ourselves are capable of resolving all the issues that face us today, overcoming the difficulties before us and building relations for the long term,” he said. Although Medvedev reconfirmed Russia’s negative attitude towards NATO’s enlargement to include Ukraine and Georgia, “he apparently refrained from threatening Ukraine with missile attacks, or Georgia with dismemberment”.<sup>6</sup> There was cautious optimism that a compromise between Russia and Georgia on the main controversies would be found. The August mission of the special Russian envoy, Ambassador Yuri Popov, was aimed directly at preventing the military option.

Across the board, the tone and political vocabulary of Russian diplomacy with the emergence of Medvedev started to change. It was recognised that he had revived the optimistic language that had not been heard much in Russia or the West since the late 1980s and early 1990s. But the key question was whether form would be transformed into substance. With the adventurism of Georgian President Mikhail Saakashvili and the Bush administration, the likely became inevitable in Georgia, making this question purely rhetorical. As seen in the West, Russia’s involvement in the South Ossetia conflict has already closed the post-Munich period in its foreign policy. Many liberals in Russia and abroad have been disappointed at Medvedev’s performance and ‘tough guy’ image during the crisis. But the fact is that as a liberal, like Kennedy and Clinton, he is highly

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4 [www.russiaprofile.org/page.php?pageid=International&articleid=a1215522778](http://www.russiaprofile.org/page.php?pageid=International&articleid=a1215522778)

5 <http://intrel.meetup.com/62/messages/boards/thread/4455637>

6 [www.worldpoliticsreview.com/Article.aspx?id=2296](http://www.worldpoliticsreview.com/Article.aspx?id=2296)



vulnerable to criticism from nationalist forces in Russia and cannot afford to appear weak at 'the moment of truth'. The South Ossetia conflict opened a new stage in Russia's foreign policy after the presidential elections.

### **Domestic and External Challenges**

President Medvedev faces many problems. First and foremost, resistance from Russia's huge bureaucracy. He cannot remove with a stroke of a pen the entire new class that is Russia's post-Communist nomenklatura, the fruit of a full-fledged state-monopoly capitalism. This class can flourish only in the present economic and political system. To rely on it would mean to become a hostage to its interests. To completely ignore it would mean that none of Medvedev's decisions would be implemented. The only way to cope with this challenge is to re-establish a reasonable and balanced division of power, to create an independent judiciary and arbitration bodies able to manage and restrain the bureaucracy. This solution calls for the regular replacement of senior officials and wider development of free media and law-abiding public organisations. Here lies one of the paradoxes of Russian reality: to become independent from the state bureaucracy and informal influences of the Putin era, Medvedev will have to rely on Putin's support, unless and until he creates his own constituency and power base. This is especially true since Prime Minister Putin is Medvedev's ally on Russia's modernisation strategy.

Medvedev's second challenge is closely related to the West and its policy towards Russia. Will Russia's western partners be able to learn lessons from their mistakes and recognise new realities in their relations with the country? Or will they remain immune to new ideas and opportunities? No doubt in the West, as in Russia, there will be an intense debate between liberals and conservatives, partisans of Russia's engagement and those who believe only in the containment strategy. "One gets the impression that, although many people understand that the era of 'Yeltsin's mellowness' has gone for good, they cannot - or will not - accept it."<sup>7</sup> Russia's disagreement with the West over Kosovo, Iraq, Iran, and NATO expansion is always presented as anti-western rhetoric, leaving little hope for compromise. The fact that Iraq was invaded by "the leader of the free world" should be accepted, not as an excuse or taboo for criticism, but rather as a warning that democracy is no guarantee of no mistakes.

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<sup>7</sup> <http://intrel.meetup.com/62/messages/boards/thread/4455637>



The same can be said about the heavy-handed US/NATO involvement in the post-Soviet space. Russian liberals warned Washington and Brussels on many occasions that NATO's enlargement to Georgia and Ukraine without a clear policy towards Russia was fraught with a new confrontation. Nobody in the West wanted to take these warnings seriously, in line with the logic "Russia had already swallowed several waves of NATO enlargement and nothing happened". To put it simply, the crisis in South Ossetia was triggered by the Bush administration, which "pushed hard for Georgia to join NATO, against European misgivings and Russian fury at the idea".<sup>8</sup> Probably, there were illusions in Washington that Medvedev as a liberal would not react with force to Saakashvili's provocation, or if he did, this would present Russia as a belligerent aggressor. In both cases, the Republicans thought they would profit from the crisis. In the first, the US would win diplomatically as an architect of NATO's enlargement to the CIS, in the second they would show that the Cold War veterans were still in demand.

One of the key questions that gnawed at the minds of political analysts after the presidential elections was who – Medvedev or Putin – would really be in charge of Russian foreign policy?. The general perception in the West was that Medvedev's role would be reduced to 'fence-mending diplomacy', while Putin would remain 'the real boss'. The conflict over South Ossetia has given more arguments to western observers to judge who Russia's real leader is. As *The Times* journalist Bronwyn Maddox wrote: "The past five days of the conflict in South Ossetia have answered the puzzle of who is running Russia. Putin is clearly in charge. Medvedev has seemed like his puppet. Putin flew from the Olympic Games to the border of South Ossetia, an action man dashing in to comfort terrified civilians. Medvedev has been confined to the Kremlin."<sup>9</sup> This is a very superficial and incorrect conclusion. The reality is much more complex. Since Georgia's membership of NATO has become 'a red line' for Russia, it has been extremely tempting for Russian hawks to use the wind in their sails to close down this problem once and for all by taking Tbilisi and imposing a new version of Finlandisation on Georgia. This did not happen because Putin and Medvedev acting together succeeded in the implementation of a policy of sober restraint. The fact that Russia's president is Medvedev, who is neither conservative nor nationalist, has helped Putin to contain 'the war party' – not to mention demonstrate his support for Medvedev.

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8 <http://www.reuters.com/article/latestCrisis/idUSN11397807>

9 <http://smallwarsjournal.com/blog/2008/08/13-august-flash-point-south-os/>

But even without reading between the lines and hair splitting on ‘who is boss?’,<sup>10</sup> it is clear that the management of Russian foreign policy is in transition. The so-called ‘tandemocracy’ in Russia is a model aimed at ensuring transition from the period of stabilisation to modernisation without dramatic internal changes. The more successes at home and abroad Medvedev has, the more confident and independent he will be in the decision-making process.

### **Medvedev and the Foreign Policy Consensus**

Despite good intentions, Medvedev will not be able to ignore the existing foreign policy consensus in Russia. When Putin told the West not to expect an easy ride from his successor, he meant exactly that. Medvedev confirmed this during his trip to Berlin where he suggested a pause on Kosovo, on NATO’s enlargement (“one more step to the East and relations with Russia will be fundamentally spoilt”), and on new US missile defence plans in Europe. He said that Russia’s views should not be tailored to western positions and that the UN should not be replaced by other fora.<sup>11</sup>

The foreign policy consensus of the main political groups: the ruling moderate conservatives, nationalists, communists and Russian liberals – rests primarily on agreement on Russia’s external challenges. In particular, the paradigm of relations from the 1990s, based on Russia’s unilateral concessions to the West, is no longer accepted, nor is European integration becoming a hostage to the new members’ selfish interests. NATO’s enlargement to the CIS space, notably to Ukraine and Georgia, is considered ‘a red line’ for Russia. Kosovo’s independence is seen as a direct violation of international law. America’s ABM (anti ballistic missile) plans in Europe are perceived as a threat to strategic stability. But the underlying assumptions, and correspondingly the recommendations on Russia’s proper response, from these political groups are quite different. The ruling class is not homogenous. It includes the new generation of ‘imperialist idealists’ and the so-called pragmatists, who have adapted Palmerston’s dictum of 19<sup>th</sup> century Russia to the 21<sup>st</sup> century, claiming that “Russia doesn’t have permanent friends or enemies, but permanent interests”.

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<sup>10</sup> Much speculation has been fuelled by reports that the diplomat Yuri Ushakov, Russia’s former ambassador to the United States, has been recalled to Moscow to serve as Putin’s deputy chief of staff in charge of foreign affairs. This is really strange given that Putin as prime minister has the whole apparatus of the foreign ministry at his disposal. In line with this logic, some observers have stressed the difference between Medvedev’s foreign policy approach as presented on 15 June from Putin’s. From their point of view, this is revealed in the last chapter “Forming and realising foreign policy”. There, a special provision points out “the government of the Russian Federation takes measures to realise foreign policy”, while in the concept signed by Putin in 2000, the role of the government was not mentioned at all. The new provision, however does not contradict the Constitution.

<sup>11</sup> <http://worldsjournal.blogspot.com/2008/06/when-will-west-answer-medvedevs.html>



The most conservative section of ‘the hydrocarbons *nomenklatura*’ is guided by the logic ‘the worse, the better’. These people are intensely interested in a new confrontation with the West because it is their natural environment and the best guarantee for their personal well being. They believe that Russia is an independent centre of power, a kind of microcosm or civilisation on its own. In public, they criticise US unilateralism and NATO arbitrariness in international relations, but they simultaneously advocate following the US example and grabbing anything Russia can take, along the lines of the Kosovo precedent. They claim that NATO’s enlargement to the CIS space has untied Russia’s hands with respect to some parts of the territories of Ukraine and Georgia and Saakashvili’s adventure in South Ossetia gave them additional ammunition.

The liberal part of the Russian political class retains the understanding that Russia can, and should protect, its national interests within international law. They are disappointed with the West because its apparent disregard for Russia’s legitimate interests reduces the chances for democratic reforms. They are concerned that NATO’s enlargement to Ukraine and Georgia is fraught with risk of local conflicts between Russia and NATO. They argue that Russia will not become stronger if it incorporates the so-called rebellious autonomous republics in the CIS space, but would be surrounded by a belt of offended, often hostile states. Judging by his views and background, Medvedev is part of this political sentiment.

This was reflected in the new foreign policy concept presented by Medvedev on 15 June 2008 outlining the need to enhance the role of international law and the UN as the supreme international institution, a general reduction in the effectiveness of force as an instrument to resolve international disputes, the need for diplomacy and the tools of ‘soft power’, and the imperative of multilateralism and cooperation among various overlapping regional multistate organisations. Throughout the South Ossetia crisis, Medvedev placed strong emphasis on the international, legal and humanitarian aspects, having described the “treacherous and unprovoked attack on Tskhinvali” as “an aggressive military action” directed against Russian peacekeepers and peaceful citizens.<sup>12</sup>

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<sup>12</sup> [www.itar-tass.com/level2.html?NewsID=12937848&PageNum=0](http://www.itar-tass.com/level2.html?NewsID=12937848&PageNum=0)



### **Trial by Conflict/Post-Conflict Strategies**

It is too early to make a long-term forecast of future developments in Russia-West relations after this crisis. Much will depend on Russia's post-conflict strategy, especially its foreign policy priorities and the lessons learned from its former approach to the frozen conflicts. Without absolving Georgia from its responsibility in the recent conflict, it is necessary to recognise that Russia has misinterpreted its role as mediator; over the past 16 years, Russia could have played a more active part. It had huge influence on Georgia, and even more on South Ossetia and Abkhazia. If Russia had itself worked out a package of agreements aimed at regulating the conflict, and had forced the parties to sign this package, then, perhaps, the tragedy would not have happened.<sup>13</sup>

Russia has won a military campaign while complying with its peacekeeping responsibility to the South Ossetia people, but it has lost the information campaign. Russia has drawn 'a red line', having shown NATO that its opposition to the Alliance's enlargement to the CIS space has not been simply words. At the same time, the fact that Russia found itself isolated in this conflict can't be neglected. None of its allies in the CSTO, SCO or EuroAsEc clearly and unequivocally supported Russia in the South Ossetia conflict. No doubt, this will have long-term consequences for the CIS at large, as well as for Russia's relations with its individual members. Russia's closest neighbours are confronted today with a difficult dilemma: how to ensure their security – through external security guarantees, first and foremost with the US/NATO, or through a new model of relations with Russia. The latter will totally depend on Moscow. First, the hasty and unilateral recognition of the independence of South Ossetia and Abkhazia along the Kosovo model will be detrimental for the CIS, not to mention Russia's relations with the West. Second, it is important to actively create collective positions on international cooperation, because, no single country – not even the US – can throw down a challenge to the whole world.

The conflict in South Ossetia has shown that it is the European Union which has turned out to be Russia's only responsible international partner. The EU has taken on a difficult mission, not only to be a mediator in the conflict but, like after the Kosovo crisis in 1999, to seek to reduce the growing gap between Russia and the West. However, the Russian-Georgian conflict has increased differences inside the EU on how to deal with Moscow.

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<sup>13</sup> [www.carnegie.ru/en/pubs/media/78822.htm](http://www.carnegie.ru/en/pubs/media/78822.htm)

## Implications for the West

The new official concept, and more importantly its future practical implementation, is, and will be, a product of complicated domestic infighting and compromises among various political groups, views, state institutions and key figures. Alongside domestic developments (foremost the successes and failures of Medvedev's economic and political reforms), much will depend on the evolution of Russia's external environment – its relations with other global and regional states. The latter depends on whether the West is ready to recognise that numerous differences between itself and Russia on important international issues have nothing to do with ideological confrontation.

These differences are forged by the simple fact that Russia and the West have, in many respects, different histories and differing current economic, geopolitical and military positions. This does not imply that Russia is just lagging behind the West in development. It is simply a fact that Russia is moving towards a market economy and democracy via its own unique historic route (i.e. not from a rural feudal society, but from a highly centralised industrial state). Moreover, sometimes views between Russia and certain western powers are closer than those between western powers themselves (Iraq 2003, current problems in Iran, Palestine, North Korea, the Kyoto protocol, and CTBT). Finally, the positions of major western countries regularly change (Iran under the Shah and today's Iran, Iraq in the 1980s and 1990s, India's nuclear status past and present). After all, recognition of the legitimacy of a different point of view is the fundamental principle of democracy inside most advanced and prosperous nations and in their relations between themselves. Such differences must not exceed some generally recognised boundaries. In world affairs, these boundaries are those of international law and the acknowledgement of the imperatives of globalisation and interdependence. Likewise, with respect for the domestic politics of any particular country claiming to be a member of a civilised community of states, such boundaries are recognition of the fundamental principles of democracy and the movement towards their implementation, as hard and controversial as this process may be for many post-Communist societies.

## Conclusion

Contemporary Russia is turning a new page in its historical evolution. There should be no illusion that this will be smooth, fast and easy. But the pertinent global and regional problems and conflicts cannot wait until this stage is accomplished. Russia' current leadership is ready to cooperate with the West, provided that its clearly formulated



foreign interests are taken seriously and respected. When these interests differ from those of the West or particular western powers, the disputes should be resolved by a mutually acceptable compromise or a trade-off between various foreign policy interests through the wise tactics of diplomatic linkage. In contrast to the 1990s, Moscow is no longer willing to accept the resolution of disputes through western preaching or pressure. Pragmatic political compromise is the slogan of the day for Russian foreign policy. It would be yet another historical blunder if the West missed this unique opportunity.

## Russian Foreign Policy under Dmitry Medvedev

By

George Bovt

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### Introduction

Since coming to power on 7 May 2008, Dmitry Medvedev has not been able to demonstrate world-class leadership with his new foreign policy strategy. None of the efforts he made up to the war with Georgia over South Ossetia in August appeared to be taken very seriously – at least by Russian public opinion and the Russian ruling elite. Perhaps this is not only due to the ineffective delivery of his ideas, but also because none of his ideas were actually new, including the proposal for a European security treaty.

### Continuity

One of the most important foreign policy goals for Medvedev, in the long run, would be the same as Vladimir Putin pursued, namely promotion of Russian business abroad. The Russian elite under Putin chose the path of integration into the global economy. With Medvedev, they could try to accomplish this integration under what could be depicted as a 'liberal economic banner'. That is why Medvedev was picked by Putin to be his successor as being the most suitable representative of that trend. The war with Georgia amended the general foreign policy agenda, pushing confrontation with the West into first place. But in the long run, Medvedev's overall aim has not changed. Objectively speaking, Russia has simply no resources for a purely confrontational agenda.

It is premature to speak about concrete differences between Medvedev's and Putin's foreign policy. In any case, these may prove to be largely a matter of nuance. With a still powerful Putin looking over his shoulder, Medvedev will be operating for some time to come within a rather narrow range of foreign policy options. He simply cannot reverse the trends and alter the framework adopted during Putin's rule. During the Georgian crisis, it was not very clear for Russian and international observers whether it was Medvedev who took all the decisions. But generally, the behaviour of the political leadership looked like a consolidated stance.

During the very first weeks of his presidency, Medvedev began to speak more softly on certain issues, for instance human rights, the rule of law and some humanitarian

problems. But when addressing more important strategic matters, most observers see little change as his room for manoeuvre remains quite limited. One change noted by many commentators is that, for the first time, the Russian foreign policy strategy now determines the role of the government. Previously, foreign policy was always considered almost a monopolised prerogative of the president. Now, it says that “the government of the Russian Federation carries out measures aimed at the realisation of foreign policy”. This phrase was included in the document which was presented to the Ministry of Foreign Affairs (MID) as a new foreign policy doctrine by Medvedev in July. It is designed to replace the previous strategy, signed by Putin in 2000. Of course, in the new document, all the necessary curtsseys have been made to the fact that the political course is continuous: at the very beginning, it says that it only “develops and amends” the previous doctrine. So, there is no pretence of producing a conceptual revolution.

Nevertheless, some thematic differences can be found in the new strategy compared to the previous one. This is partly dictated by the fact that the world has changed since 2000, and not in the way anybody could have predicted at the time. The biggest surprise was the resurgence of international terrorism. But to an even greater extent, the changes are caused by the fact that Russia’s confidence in its own strength has multiplied since 2000. During the eight years of Putin’s reign, the struggle against a monopolar world was almost the leading motive for the country’s foreign policy. Now, if you believe the phrasing in the new strategy, that goal has been partly achieved: it states that the West will “lose its monopoly over the globalisation processes”. That is, either the unipolar world no longer exists, or it is about to become extinct.

Soon after the war with Georgia and in the midst of the diplomatic confrontation with the US and the European Union over Russia’s unilateral recognition of Abkhazia and South Ossetia, Medvedev announced some new aspects of his foreign policy. Among those was the unequivocal proclamation that Russia has some special interests in some regions, which was very close to claiming ‘spheres of influence’.

### **New European Treaty**

In the 2000 strategy there were some words about the need to make the Organisation for Security and Cooperation in Europe more effective. In the 2008 strategy, Moscow is quite explicit in demonstrating its disillusionment with the organisation, and ready to bury it, together with unipolarity. The new document reflects the idea made public by Medvedev of signing a new “agreement on European security”. The Russian president

proposes to start developing this agreement as part of the process of preparing for an all-European summit.

Medvedev announced this initiative during his visit to Germany in the early summer. His proposal to create a new all-European treaty and a pan-European summit that would launch a brand new European system of international security recalled the famous Briand-Kellogg Pact which came into force in 1929. Signed by the major European powers starting with Germany, and by the United States and the USSR as well, the pact proclaimed the prohibition of war as the tool for achieving any foreign policy goals. Medvedev's initiative could also recall the idealistic concept of the last Soviet leader Mikhail Gorbachev, who wanted to launch a new foreign policy and a modern security system in Europe no longer based on outdated Cold War divisions and extending over the entire transatlantic space from Vancouver to Vladivostok.

Medvedev's proposal was politely heard in European capitals. Yet no practical steps followed. It looks quite typical of contemporary Russian foreign policy: too many thoughts and ideas, thrown into the air, remaining unelaborated and quickly forgotten in the absence of any follow-up. That prompts the question: was Medvedev's initiative ever intended to be fit for practical implementation? Or was it just tossed to the world's media as no more than a propaganda thesis, emphasising the 'distinctiveness' of the new Russian leader from his toughly-spoken predecessor? After negotiations with the EU on the new Partnership Treaty were indefinitely postponed over the Georgian crisis and relations with the EU downgraded to 'cold diplomatic war', Moscow's attempts to remind partners of this initiative met little response.

### **G8 and UN**

This was not the last time that Medvedev tried to advocate some 'global initiatives'. He did that, for instance, during the July G8 summit in Japan. Since this was his first G8 event, it was quite understandable that his aides were tasked to rethink old ideas and formulate new proposals so that the president could give a strong performance at the meeting. Medvedev advanced the idea of 'grain summits' at which G8 agriculture ministers would meet to tackle the deteriorating agricultural crisis and global surge in food prices. The other idea which recently became quite popular among Russian politicians (initially put forward by Putin) was to make the rouble fully convertible and transform it into a reserve currency alongside the dollar and the euro. Moscow would become one of the principal financial centres of the world. The idea was also promoted



by Medvedev during the G8 summit, but it was almost unnoticed by the global media, as was the proposal to hold 'grain summits'.

The new (Medvedev) foreign policy doctrine, as presented in July 2008, contains a few contradictions on multinational organisations and Russia's involvement with them. For example, the thesis, already an ever-present part of Russia's foreign policy rhetoric, about the central role the UN plays in the system of international security contrasts with the statement about a crisis affecting almost all international institutions which cannot handle the challenges of today's world. Russia has so far not been very enthusiastic in supporting ideas for reform of the UN. This is mainly because Moscow perceives the organisation, with Russian veto power in the Security Council, as some sort of symbol of its superpower status. There is no sign that Medvedev will be ready to press forward any modern coherent strategy for dealing with the UN.

The same contradictory approach is true for the passage about the necessity of overcoming bloc differences inherited from the past. However, there is still support for the idea of strengthening new blocs; for example, the CSTO (Collective Security Treaty Organisation), the core of which in the CIS is made up by Russia and Kazakhstan. But the strategy gives no answer to the question why are some blocs (apparently NATO) 'bad' by definition, while others are 'good'?

### **Energy Policy: More Focus on Stick than Carrot**

Energy policy is among those spheres where the new president has too little or even no scope for flexibility. First, there is a political consensus in Russia that energy must be used as a powerful tool in its relations with the West, above all the EU, and that any compromises with the West over energy matters (and they are possible) can only be achieved from a position of strength. Second, the energy sphere remains mostly under the control of the all-mighty Prime Minister Putin. Interestingly, the new foreign policy strategy lists quite a few countries in the West by name as Russia's most important partners. The list is slightly different from eight years ago: the 'personal' list is a bit longer and some commentators have already discovered a specific logic in it. It includes the countries with which Russia has relations in gas and energy. So, 'Ms. Pipeline' has only strengthened her influence over Russian foreign policy.

During some high-level contacts between Russian and EU representatives, Europeans keep warning Russia of the threat of being "trapped in the false strength of a petro-



state” (as Peter Mandelson, the EU Trade Commissioner, recently put it). Both sides are now experiencing energy suspicions – where each suspects the other of employing double standards and using the energy weapon as a political instrument. It seems that all attempts to find a compromise will fail until some time in the future when the European energy market becomes at least slightly more diversified with the arrival of new energy exporters, such as Azerbaijan, Kazakhstan, and probably Turkmenistan, Libya and Algeria.

### **EU-Russia: Hope for a Thaw**

Until recently, relations between Russia and the EU have remained heavily politicised. After a long delay, negotiations over a new Partnership and Cooperation Agreement started in July, but the prospects of achieving a quick success seem quite slim. For a long time, Poland blocked the negotiations over the dispute with Moscow on Polish meat exports. Poland is not at all happy with the plans to build the Nord Stream gas pipeline under the Baltic Sea. Some political forces in Poland are demanding repentance and reparations from Russia for Joseph Stalin’s atrocities, in particular the mass execution of Polish officers near Katyn. Of itself this demand is unlikely to be presented as a formal reason for obstructing the Russia-EU negotiations. But it does reflect the sad state of the Russian-Polish relationship when almost anything can serve as a pretext for a veto. Several Polish politicians, for example, have already demanded that Russia not stand in the way of Ukraine and Georgia joining NATO. Some link the start of the negotiations to Moscow ceasing to support Abkhazian separatists. And that is quite typical for Russian-East European relations.

Other EU member states in Eastern Europe have their own objections against coming too close to ‘Putin’s Russia’. For instance, Lithuania has concerns over the future of the Druzhba (Friendship) oil pipeline built during the Soviet era. It is demanding that the oil supply be resumed in full. The situation in Georgia and Russia’s hostile policy towards this republic is also on Lithuania’s list. The potential number of grievances that certain Eastern European countries can use against Moscow is practically endless. Some of them concern the Soviet past and include “compensation” for the Soviet occupation. The list is so long that Russian politicians see little point in meeting the latest requirements since as soon as they are fulfilled, new demands immediately appear.

Speaking in June at a high-level conference in Moscow on “Russia in the 21<sup>st</sup> Century”, Mandelson, said that the EU and Russia needed to shake off “zero-sum thinking” and



false perceptions of each other in order to capitalise on common interests. The EU and Russia needed to build lasting trust in order to manage growing regional and global interdependence. He suggested that the two sides need “new mechanisms” to encourage economic forces. But so far, it is very difficult to believe that both the EU and Russia are becoming even closer to “shaking off zero-sum thinking”, with former Soviet satellites from Eastern Europe causing most of the problems. Moscow in turn has been unable to find a new tone of dialogue with these countries. Russian officials usually painfully overreact when dealing with the attempts of East European countries to condemn, investigate, or critically highlight the Soviet imperial past. Moscow usually unequivocally defends the Soviet “glorious past”, even its Stalinist period. Until Moscow, on one side, and Warsaw, Vilnius, Riga and Tallinn, on the other, find a new adequate tone of dialogue, there is absolutely no hope of any progress in EU-Russian relations, neither on the new partnership agreement, nor on Russia’s entry into the WTO.

It is already quite clear that the negotiations on the new cooperation agreement will last well beyond 2009. It is also evident that Russia will not enter the WTO either this year or in 2009. Even the gradual advance towards visa-free travel between the EU and Russia has no prospect since it could be blocked by any of the new EU member states trapped together with Moscow in the severe disputes over the “damned” or “glorious” Soviet past.

Similarly, questions and doubts can be raised over the current effectiveness of the Russian bureaucratic machine to manage the complex negotiating process with the EU. Here, reference is made to the inevitable personnel and bureaucratic changes as Medvedev steps into the presidency and Putin strengthens his hold over the economic processes and most of Russia’s super-corporations. But the growing ineffectiveness, incompetence and even corruption of Russian professional bureaucrats should also be borne in mind.

At the latest EU-Russia summit in Khanty Mansiysk in June 2008, it was once again noted that Russia and the EU “are riding the same wave” concerning such remote regions as the Middle East and Afghanistan. However, when referring to the separatist entities on the territories of either Georgia or Moldova, the language of dialogue is completely different – there is “no confrontation” between Russia and the EU. But, there is no unity either. In these countries, including the territories of the unrecognised separatist states, a basis is now forming for future competition between, conditionally

speaking, the 'European model' and a model that could be suggested to these countries, but, as of yet has not been, by Russia. But, then, this kind of rivalry is already noticeable in other CIS territories, especially Ukraine. Consequently, even the negotiations on a new agreement between Russia and the EU will inevitably involve elements of rivalry. There is nothing dramatic in this, as healthy competition is a normal phenomenon in international relations when it comes to two dynamically developing entities.

What about that which does not divide, but unites? Have Russia and the EU really moved so far along in terms of their cooperation? Of course, in ten years, Russia has only confirmed its role as an important supplier of energy carriers (for some EU countries the share of Russian supplies is over 30, and even 50, per cent), but such a role has not been complemented by any qualitatively new steps. Today, Moscow and Brussels mutually reproach each other not only for double standards in the field of energy (for a variety of reasons), but also for discrimination in the admission of Russian and European capital to their markets.

At the summit in Khanty Mansiysk, only a small breakthrough occurred: Russia and the EU agreed that they will jointly implement seven projects within the framework of the signed statement on border cooperation. The breakthrough lies in the fact that, for the first time, all seven projects, developed by contiguous regions of the EU and Russia, will be jointly funded. Therein lies a fundamental shift from the TACIS programme, under which assistance projects for Russia were chosen by the European Union, and only then endorsed by the Russian side. Now both parties, especially Russia, are emphasizing fully the principle of equality embodied in these seven projects. Hence, there is a hope that the same principle of equality can be applied to the new agreement. However, should we extrapolate from seven projects that are relatively modest in scale to all spheres of cooperation between Russia and the EU, especially to those that today cause as many disputes as energy does? This is highly questionable.

In an attempt to partly speed up the complex negotiation process, President Medvedev suggested making the new agreement a very general compact document to which other agreements could then be attached. The European Commission, in its turn, would like to have a comprehensive legally binding document. But then the 5-days war with Georgia changed almost everything in Russia's short-run policy towards Europe. Most cooperative initiatives are halted or frozen, and the perspectives for new partnership agreement negotiations are gloomy. Russia feels itself offended by the West supporting,



as Moscow puts it, “Georgian aggression against South Ossetia”. Actually, Moscow found itself on the brink of diplomatic isolation in the weeks following the Five-day war. At that time, there was quite a strong feeling among the Russian ruling elite to pick a ‘we’ll go it alone’ course, to stand up to the West, and to use this confrontation as a tool to mobilise society, although there is also an understanding that the country desperately lacks resources and economic strength to sustain such a confrontation. Nor has it any meaningful allies, even among CIS neighbours.

### **Conclusion**

The perspectives for Russian foreign policy remain unclear. What is almost certain is that Moscow considers non-admission of Ukraine and Georgia into NATO as the ‘lifeline’ for its foreign strategy. President Medvedev has already demonstrated that he treats this problem as ‘existential’ for Russia. While it remains highly doubtful, objectively speaking, whether NATO membership of these two countries really does pose a deadly threat to Russia, the Kremlin shows no sign of retreating on this point.

## **New Realism: The Making of Russia's Foreign Policy in the Post-Soviet World**

**By**

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### **Introduction**

In the aftermath of the armed conflict between Russia and Georgia at the beginning of August 2008, Russia is moving to recalibrate its foreign policy. Although the confrontation in the southern Caucasus was foreseeable, the five-day war has nonetheless pushed the post-Soviet world into a new level of tension. For the first time since 1991, a post-Soviet neighbour has dared to challenge Russia militarily and for the first time since the frozen conflicts appeared in the Black Sea region, Russia has allowed itself to become entangled in an armed conflict outside its own territory, for which it was partially responsible. This shift of direction in Russian foreign policy had been on the cards for some time.

The new foreign policy doctrine of the Russian Federation as of 2008 gives Russian foreign policy a new orientation, not just vis-à-vis the EU, but also vis-à-vis the states in its immediate vicinity.<sup>14</sup> Russia is not looking for an EU perspective and repeatedly ruled out the possibility of future accession to the EU. The Russian Foreign Minister Sergey Lavrov, who stays in office also under Prime Minister Vladimir Putin, had already stated in 2007 that this is because Russia is “a self-sufficient country” (samodostatochnaya strana). Unique alliances with states in the “fraternal neighbourhood” are history. As a returning great power, Russia's new foreign policy is aimed at the “development of the new world order” (formirovanie novogo miroustroistva) in the framework of a “collective leadership” and dominated by national interests. Dmitry Medvedev's hope for a “modern European architecture”, outlined in his address to Russia's diplomats on 15 July 2008, and his sharp criticism of US foreign policy also show Russia's interest to strengthen the role of European and global institutions in security policy.<sup>15</sup>

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<sup>14</sup> Konceptsiya vneshney politiki Rossiyskoy Federatsii (12.7.2008) [Conception of the foreign policy of the Russian Federation], in: <http://president.kremlin.ru/text/docs/2008/07/204108.shtml>

<sup>15</sup> Vystuplenie na soveshchanii s poslami i postoyannymi predstaviteleyami Rossijskoj Federacii pri mezhdunarodnykh organizatsiyakh, (15.07.2008) [Speech at a meeting with ambassadors and charge d'affaires of the Russian Federation with international organisations] The document was blocked on the President's website after appearing for some days. [http://president.kremlin.ru/appears/2008/07/15/1635\\_type63374type63376\\_204113.shtml](http://president.kremlin.ru/appears/2008/07/15/1635_type63374type63376_204113.shtml)

The war in the southern Caucasus has changed the coordinates of Russian foreign policy and transformed European security architecture. Overnight, a new realism has entered Russia's relations with its post-Soviet neighbours and with the West. Russia's disproportionate response to the Georgian army's irresponsible strike in South Ossetia on 6 August 2008 has undoubtedly strengthened the new Kremlin leadership's power within Russia. But abroad the image of Russia as a great sovereign power has suffered. The states of the post-Soviet world are worried. The question is, how will Russia behave abroad in future, especially in its immediate neighbourhood? It can be argued that Russia's new policy towards the countries in the near abroad is the beginning of the end of the post-Soviet space as a region of a common political culture.

### **A New Presidency: Who Makes Foreign Policy Now?**

In Russia, the president is in charge of foreign and security policy, so responsibility has formally passed from Putin to his successor. Medvedev took his time moving into what is for him largely unknown territory, refraining from making any fundamental policy statements until a series of public appearances in Beijing, Berlin, and St. Petersburg in late May and early June 2008, where he cited the primacy of international law and called for a multipolar security system extending from Vancouver to Vladivostok. In particular, Medvedev said that the United Nations should be given greater weight. But the flare-up in relations with the post-Soviet sphere shows that Russia's new leadership tandem sees the world through the eyes of an influential power—regarding the United States, the EU, and Russia as major powers, while the smaller states, Russia's immediate neighbours, have no place as the fourth actor in this scheme.

Although formal responsibility is held by President Medvedev—now supported by Sergei Naryshkin as chief of the presidential administration and his deputies Alexei Gromov and Vladislav Surkov (both of whom are long standing associates of Putin while Surkov is indeed one of the originators of the Putin system)<sup>16</sup> – Putin reserves the right to put in a word behind the scenes (or even in public) to influence decisions on foreign and security policy, and to communicate via Foreign Minister Lavrov. The decision to undertake decisive heavy-handed action in the Caucasus bears Putin's hallmark more than that of the new president. Nonetheless, Medvedev has to develop a foreign policy profile of his own. Only now, after the South Ossetia adventure, does a majority of the Russian population see the new president as a 'real man'.

<sup>16</sup> Hans-Henning Schröder: Die Neuordnung der politischen Führung in Russland, SWP-Aktuell 42, Berlin, May 2008.

Parallel to the presidential administration and the foreign ministry, another foreign policy organisation has been created to strategically plan and implement policy in the post-Soviet world. The Federal Agency for CIS Affairs, announced by President Medvedev in May 2008, began work on 1 September. Attached to the foreign ministry, but said to be answerable directly to the president, it will concern itself with strategic questions and especially with soft security in Russia's relations with its neighbours. Modeled on USAID, it will above all assist Russia and Russian citizens living in the post-Soviet world. Given that this population group regularly serves as political justification for intervention, including in the frozen conflicts, hard and soft security are very close together here.<sup>17</sup> Thus the decisive agency for CIS policy is formally answerable to the president, but at the same time lies in the sphere of influence of the prime minister, through its attachment to the foreign ministry. The creation of the agency underlines the importance the Russian leadership attaches to its neighbourhood.

This policy is based on commercialisation, on securitising international and regional relations, on the 'display' of power. And it is post-ideological. This new foreign policy is caused by (1) the perception of political and economic competition between the US, EU, China, and Russia; (2) growing opposition to Russian attempts to increase its influence in the post-Soviet space by national governments of the neighbouring countries and foreign actors and institutions, (3) a greatly diminished role for Russia as dominant partner for investments and foreign trade, and (4) Russia's lack of a project for integration that would be attractive to its neighbours and could compete with the 'European' way of integration.<sup>18</sup> Since Russia has not developed a new framework for post-Soviet integration and is not being perceived as a model for future cooperation for CIS countries, Russia and the West have to create a stable neighbourhood in Eastern Europe, both in terms of resources and security.

### **Russia's Post-Ideological Approach**

Russia's foreign policy is becoming increasingly post-ideological. The redefinition of the 'near abroad' leads to a new perception of Russia's geopolitical self and a new perception of the others. 'Friends' like Belarus became neighbours and thus stabilisers of Russia itself. Others like Georgia and Ukraine became opponents in the neighbourhood and thus spoilers of Russia's interests. The Russian government has

<sup>17</sup> "SNG popadet pod vlivanie Rossii," *Kommersant*, no. 133, 31 July 2008, <http://kommersant.ru/doc.aspx?DocsID=917672>

<sup>18</sup> A.I. Suzdaltsev: *Postsovetское prostranstvo: edinstvo i mnogoobrazie* [The Post Soviet Space: unity and diversity], in: *Rossia i mir. Novaya epokha. 12 let, kotorye mogut vse izmenit*. Moscow 2008, pp. 384-410.



increasingly prioritised its national interests, and while there is more attention to economic and energy-related aims, they remain simultaneously based in geo-strategic thinking. Russia is undergoing a change from an empire to a nation that sees itself as an energy power; yet demographic, social and political risks threaten to darken Russia's future and temper its ambitions to be a great power.<sup>19</sup> That is why Russia needs to secure global conditions for its 'modernisation' as was outlined in the Foreign Policy Conception of July 2008.

Since the enlargement of the EU and NATO into the Post Soviet World (PSW) the contradictions between the two competing spheres of integration stand out clearly. For now, we can expect cyclical tensions in the post-Soviet world and the East Central European neighbourhood. Russia with its new foreign policy demands and interior weaknesses is confronted by an EU that, as a successful federation of states and internal market, is attractive even to non-members. Russia sees the EU less as a partner and more as a competitor in the post-Soviet space. The idiosyncratic relations between the two spheres of integration are characterised by economic proximity and growing political distance. Russian politics and EU policy towards Russia are ever more interest-based.

Russian interests are guided by the country's energy potential (which at the same time touches on its national interests) and by its desire for primacy in the EU's neighbourhood. The policy of neighbourliness with the other states in the post-Soviet space has long given way to a policy based on national interest. This circumstance will, in future, affect the EU's relations with Russia ever more strongly. At the same time, Russia's dependence will become more evident: for the foreseeable future, the EU is Russia's primary partner in modernisation. The 'North Stream' pipeline project in the Baltic Sea which is economically undoubtedly interesting, but was initially marked by problems of internal public communication, demonstrates that there are diverging interests within the EU. In the transit and Baltic Sea states, the concerns are primarily political, economic and environmental.

### **Neighbours, But No Friends**

Russia has literally no friends in the region; even Belarus is no longer a close ally for Moscow. Moscow and Minsk have become neighbours. In the Strategy Paper of the

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<sup>19</sup> On Russia's future risks see: Rainer Lindner: Russlands defekte Demographie. Zukunftsrisiken als Kooperationschance, SWP-Research Paper, Berlin March 2008. [www.swp-berlin.org](http://www.swp-berlin.org)

Council for Defence and Security Policy (SVOB) ‘The World around Russia 2017’ only Kazakhstan is perceived as the last reliable partner in the region. The story of the relationship exemplifies the agony of the PSW and the creation of post-ideological relationships between Russia and its neighbours. For a long time close relations to the ‘brotherly’ Belarusian nation played a major role for official Russian policy, as the current foreign policy conception of Russia explicitly refers to that country.<sup>20</sup> At the beginning of 2007 the smouldering energy struggle between Russia and Belarus escalated. Moscow crucially cut the economic privileges Belarus had reaped for years from Russia’s account. This does not fit into the publicly assumed carrot-and-stick pattern, according to which Russia punishes disagreeable governments in the post-Soviet space and rewards loyal regimes. Russia finally seems to have abandoned the long-lasting project of political integration with Belarus in the shape of a union state and rather pursue economic self-interest. Concerning the Belarusian economy and the Lukashenka-regime’s political course, this new approach has crucial consequences.<sup>21</sup> Moscow’s actions vis-à-vis Belarus comply with the logic of the transformation of Russian foreign policy during the time in office of President Vladimir Putin. Belarus, however, was put back on the Kremlin’s agenda since a union with the reform-resistant and internationally widely isolated country did not provide significant political merit. Russia gradually dropped its value-driven attitude toward its neighbour, which had been based on ideology and historical myths, in exchange for a pragmatic approach based on purely national interests whose definition is increasingly shaped by economic considerations.

### **Securitising the Neighbourhood**

The armed response to Georgia in South Ossetia has revealed the militarisation of Russian foreign policy. This was the first offensive operation by Russian forces outside Russian territory in more than ten years. One significant cause of Russia’s changed foreign policy coordinates is NATO’s commitment to expansion including Ukraine and Georgia, made in Bucharest in April 2008. Unlike the Baltic States, Moscow regards Ukraine and Georgia as its strategic sphere of influence for both energy and security. Russia shares land or sea borders with six NATO-countries. Former Russian President Vladimir Putin fuelled the flames of the Ukraine debate about its government’s NATO-

<sup>20</sup> “Front-ranking relevance has the strengthening of the union between Russia and Belarus as in the current stage highest form of integration of two states”, Russian Ministry of Foreign Affairs: [www.mid.ru/ns-osndoc.nsf/0e9272bafa34209743256c630042d1aa/fd86620b371b0cf7432569fb004872a7?OpenDocument](http://www.mid.ru/ns-osndoc.nsf/0e9272bafa34209743256c630042d1aa/fd86620b371b0cf7432569fb004872a7?OpenDocument)

<sup>21</sup> Folkert Garbe/Felix Hett/Rainer Lindner: A Breakable Union. The Energy Conflicts between Russia and Belarus, Thomas Gomart a.o. (eds.), The Restoration of Russian Power: Toward an energy-Based Deterrence? (forthcoming)



joining ambitions by calling the possibility of a decision being made against the NATO-sceptical opinion of the majority of the Ukrainian population “undemocratic” and speaking of the possibility of Russian missiles being aimed at targets on Ukrainian territory if a “western missile defence system” were to be set up there. Sergei Karaganov inflamed the discussion still further warning that an “acute and unavoidable political confrontation (perhaps even with a military/political component)” would follow if Ukraine were to join NATO. Such a step would turn the people of Ukraine into “cannon fodder”, he added.<sup>22</sup> More moderate tones were heard from Russia’s ambassador to Kiev, Viktor Chernomyrdin, who said that Moscow would have to “rethink” its relationship with its southern neighbour if NATO really were to open up a clear perspective of membership to Ukraine. President-elect Dmitry Medvedev was also more guarded, warning of a “danger to the present European security system”. Following the EU’s recognition of Kosovo, which had massively affected Russia’s interests in the Balkans, he said, Moscow would have regarded the approval of a NATO Membership Action Plan (MAP) at the organisation’s Bucharest summit in early April as provocation by the West.

Both the EU and NATO should concentrate on fostering Ukraine’s political and economic stability, urging the implementation and consolidation of existing agreements as the precondition for further integration, and defending this policy vigorously to Moscow. Additionally, with an eye to the price hikes in 2009, the idea of a Russia/Ukraine/EU gas consortium should be revived with a view to finding contractual arrangements for these crisis-prone energy relationships. In the field of security policy, relations between NATO and Ukraine should be further intensified in advance of NATO’s 60<sup>th</sup> anniversary summit in 2009 in Strasbourg and Kehl, with Russia kept in the loop via the NATO-Russia Council. NATO must cease to discuss its relationships with Ukraine and Russia exclusively as two separate matters.

Nobody – not even Russia – doubts that in the longer term Ukraine is set for western integration. Russia’s Defence Minister, Ivanov, has rightly asked for a network diplomacy that includes both the EU and NATO. But this network diplomacy should also include Ukraine and Georgia. What we need is an enlightened Euro-Atlanticism with strong all-European roots. NATO, EU, and OSCE, as well as strategic single partners such as Russia will have to be part of the strategic network of security in Wider Europe. Dmitri Trenin is right when stating that without Russia, the West is not able to discuss issues like Iran, North Korea, weapons of mass destruction and missile proliferation successfully. Russia

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<sup>22</sup> Rossiyskaya Gazeta, 26 March 2008.

is ready to help in Afghanistan in the framework of multilateral efforts, such as the decision to launch a pilot project for counter-narcotics training of Afghan and Central Asian personnel. This initiative aims to help address the threats posed by the trafficking in Afghan narcotics.

### **Commercialisation of Foreign Policy**

Conflicts over gas supplies are part of the history of fragmentation of the post-Soviet world. They are currently placing great strain on relations between the supplying and transit countries, especially Russia and Ukraine. On 12 February 2008, Russian President Vladimir Putin and his Ukrainian counterpart Viktor Yushchenko called for speedy resolution of the gas conflict between the two countries, which flared up at the beginning of the year after Ukraine had got into payment arrears.<sup>23</sup> But at the beginning of March Gazprom nonetheless briefly reduced the flow of gas into Ukraine by almost 60 per cent. Only after Ukraine threatened to interrupt supplies to the EU did the two sides agree on a gas price of \$179.50 per thousand cubic metres for 2008. This leaves Ukraine paying considerably more than in 2007 (\$130) but for the moment less than the current European market price (\$315). It was also agreed that energy trading between Russia, Central Asia, and Ukraine would no longer be left to the trading company RosUkrEnergo. Until then RUE, half of which is owned by Gazprom and half by Ukrainian businessmen, had been supplying Ukrainian consumers through its subsidiary UkrGasEnergo, and had given preferential treatment to large industrial customers in the south of the country.

Russia's Gazprom would like to see Ukraine paying world market prices for gas by 2011 at the latest. The negotiated price concept only applies for 2008, because by 2009 the Central Asian states will be demanding considerably higher prices. Turkmenistan has already announced an increase from the current price of \$130–150 per 1,000 m<sup>3</sup> to “at least” \$250–270 from January 2009. In view of its current financial crisis, this price perspective poses great difficulties for the Ukrainian government. As well as considerably higher prices, next year Ukraine will also be faced with new and much tougher negotiations with Gazprom, because Russia will have to start paying ‘European prices’ to the Central Asian states too. Higher prices will force Gazprom to make large investments and open up new gas fields. The era of cheap gas is coming to an end for both Russia and Ukraine. Because there is no reliable system of treaties and contracts,

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<sup>23</sup> Rainer Lindner: Stormy Relations between Kiev and Moscow. Conflict over Energy Policy and External Security, SWP Comment, April 2008  
[www.swp-berlin.org](http://www.swp-berlin.org)

stable energy relations between Russia and Ukraine cannot be expected in the foreseeable future – a state of affairs that will surely impact on the EU energy market by next winter at the latest, possibly with new and longer interruptions to supplies.

The new price-policy arrangements are an indication of Moscow's decision to construct relations to the states in the post-soviet region on non-ideological market principles. The Kremlin's and Russian energy industry's priority is to get access to the network of distribution in all countries which are transporting Russian gas in transit, as well as pure maximisation of profits. That implies a deliberate turn away from the traditional, geo-political carrot-and-stick policy, which in the eyes of Russian policy-makers does not correspond to Russia's interests.

### **Russia as a Regional Power**

A 'strategic partnership' with Russia will only be successful if Europe's image of Russia is corrected and the interests of the EU and Russia are considered. This correction will be necessary not least because of the frozen conflicts in the Black Sea region, which is the future area of competition and borders on both the EU and Russia. It is the Black Sea region rather than the Western CIS that is Russia's most troubling neighbourhood: permanent conflict with Georgia (which will continue after the war in South Ossetia and the recognition of independence), conflict with Ukraine over the Crimea, conflict with Moldova over Transnistria, and the other frozen conflicts – whose frozen state has been questioned by the events of August 2008.<sup>24</sup>

Russia-based 'Eurasian' groups actively support the non-recognised regimes in frozen conflicts regions. The April 2006 cooperation agreement between Southern Ossetia and Abkhazia, and the trilateral Sokhumi declaration in June 2006 including Transnistria indicate a closer relationship between the Southern Ossetian, Abkhazian and Transnistrian pro-Russian elites. Additionally for Russia, Kosovo is to be seen as part of the series of conflicts and is thus comparable with the situation in Georgia (South Ossetia, Abkhazia) and Moldova (Transnistria). Kosovo's independence in early 2008 has strengthened Russia's support for secessionist movements in the southern Caucasus, and was used by President Medvedev to justify recognising the independence of mini-states in late August 2008. In the long run, Russia is interested in resolving the conflict with Georgia by 2014, preventing a Tibet-like situation on the eve of the Olympics in Sochi in the Black Sea area.

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<sup>24</sup> Uwe Halbach: Politik im Kaukasus: Krisen und „doppelte Standards“ (SWP Comment), April 2008.



Each of the frozen conflicts represents a particular accumulation of history, culture, geography and economy; a mix of conflicting interests and constraints: a single solution is highly unlikely. NATO has proposed resolving the stand-off in Transnistria by deploying a multinational peacekeeping force. Russia so far, has rejected the plan. The EU successfully launched the monitoring mission on the Transnistrian (EUBAM) border. If the EU follows an *outside-in* approach like the ‘Barcelona-Process’ or the ‘Stability Pact for South Eastern Europe’ Brussels can influence the frozen conflicts, but it can ‘lose’ the region as a partner because of different interests. On the other hand an inside-out approach like the Northern Dimension (Baltic Sea Cooperation) will not fit either, because it is of a rather non-political nature. Thus, engaging Russia in resolving the frozen conflicts and developing a broader regional security framework, including integration of Black Sea countries in Euro-Atlantic institutions, could be very attractive. Stabilising the South Caucasus and the Black Sea could enhance the prospects for economic ties between Europe, Eurasia and Asia.

Russia, however, is not interested in cooperation on the basis of a neighbourhood concept in the Black Sea region. Moscow sees the sea as its long-term zone of influence and interest. Fyodor Lukyanov argues that the EU “is convinced of the historical superiority of its political model ... In the West, there is the conviction that what is good for Europe and America is good for everybody else, including the wider Black Sea region.... But world affairs did not go the way western cold warriors supposed”.<sup>25</sup> Russia obviously has clear ambitions to realise its own political and resource-led interests in this region, in which especially conflict-laden cultural factors such as religion, history and ethnic-territorial interests are present. The Black Sea is an asymmetric region with asymmetric interests and resources. Geopolitically the littoral states differ not only by size, population and length of their littoral borders, but also by interests.<sup>26</sup>

## Conclusions

Russia will be more strongly involved in the post-Soviet world than in the past. This new involvement is determined by institutional changes following the change of leadership in the Kremlin and by new strategic considerations. Russia is switching to a post-ideological policy of influence strongly oriented on national and commercial interests. Armed conflict in the southern Caucasus, escalating differences with Ukraine over

<sup>25</sup> Fyodor Lukyanov: Black Sea: Bridging Troubled Waters, in: Transitions Online, 07.11.2007 (<http://www.tol.cz>)

<sup>26</sup> See the more operational paper by Fabrizio Tassinari: A Synergy for Black Sea Regional Cooperation: Guidelines for an EU Initiative, CEPS Policy Brief, Nr. 105, June 2006, [www.ceps.be](http://www.ceps.be)

energy and security policy, and an interest-led policy toward Central Asia and above all the Black Sea region will all make the EU's neighbourhood policy toward Russia much more difficult. The decision of the Brussels EU summit to suspend the PCA talks can only be a temporary move. In the medium term, the EU and Russia both need this agreement in order to enjoy legal security in the fields of business, diplomacy, and social relations. Such legal security would also benefit Russia's neighbours in the post-Soviet world. At the same time it is important to find shared security positions that define avoidance of violence as the most important criteria and deal with questions of NATO expansion into the post-Soviet world with moderation. Security *without* Russia cannot be had. Security *from* Russia cannot be a European foreign policy goal in the 21<sup>st</sup> century. Europe can only ensure its political, military, economic, and ecological security with Russia.

**Motives Behind Russian Foreign Policy**  
**By**  
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**Introduction**

Commenting on the August war in Georgia, Liliya Shevtsova (Carnegie Endowment, Moscow Centre), a Russian political expert, concludes: “Pushing ahead for taking revenge outside the country, the Kremlin is, thus, trying to preserve the status quo inside”.<sup>27</sup> This is very true. Moscow’s recent anti-NATO and, generally, anti-western rhetoric is meant not only for stronger consolidation of Russian society around the leading Medvedev-Putin tandem, but also for securing the justification of further enhancing centralised bureaucratic control over the weakening Russian economy and frustrated Russian society. Russia’s aggressive behaviour towards the rest of the world is tied up with economic expansion and profit-seeking. It helps the Kremlin conceal political centralisation and compensates for outweigh failures in economic modernisation.

This article seeks to demonstrate that the Russian-Georgian war in August and the subsequent growing isolation of Russia from the developed world community are logical outcomes of the Kremlin’s course of embedding the system of vertical-type governance at home. Moscow’s ‘asymmetric response’ to Georgia’s intervention in South Ossetia is a natural consequence of the failure to proceed with market reforms and the economic management crisis in Russia.

**Disparity in Value Codes – Key Reason for Russia’s Anti-Western Drift**

The reality of globalisation, and especially the current international financial crisis, is drastically challenging the existing system of world order, let alone the classical priorities of Realpolitik. Although the principles of sovereignty and territorial integrity still continue to be corner stones in shaping international relations, they can no longer provide a nation’s security and independence, even more so its economic security. The contemporary approach to economic security, shared by the EU leadership, offers an

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27 Liliya Shevtsova. Konets epokhi: antitezis Gorbachevy (The End of Epoch: Anti-thesis to Gorbachev) //Vedomosti, #175, 17 Sept., 2008

entirely different value code (see Table). It implies that to compete successfully in the ongoing IT revolution, one should focus domestic policy concerns on the speed of innovation, i.e. on controlling the factor of time, not a national territory as such. Likewise, traditional protectionist ideology is objectively replaced by more market openness; the promotion of flexible networks is replacing traditional verticals of subordination; the win-lose competition-led games are giving way to win-win coordination-oriented strategies; and the principle of creative reconstruction (not merely creative destruction) is gaining the upper hand in achieving sustainability over outdated attempts to preserve a status quo.

Meanwhile, Russian political leaders mostly disregard these fundamental changes and keep prioritising security in its classical, geopolitical sense (a powerful federal centre must provide sovereign control over national territory and be ready to expand its influence upon others). This makes the Russian system of values extremely archaic in terms of contemporary driving forces of economic growth. Almost all economic decisions the Kremlin makes, both in domestic and in foreign policies, are highly politicised from the outset and streamlined with an old-fashioned approach to security, which lays the foundation of Russia's Military doctrine and Foreign policy concept, as adopted in the beginning of 2000s and was recently renewed.. This very approach has formed a leading motivation behind the Kremlin's course towards vertical consolidation of power in Russian society, establishing control of state-owned corporations over key sectors of the economy, aggressive takeovers in foreign markets and retaining Russia's image as a super-power, especially in the CIS.

## Russia and EU: Disparity in General Value Codes

Traditional Security Thinking (Russia)	Contemporary Security Thinking (Europe)
<b>Priority of Internal Policy</b> To gather power for the federal centre, to hold control over the national territory	To control the factor of time, to gather momentum in innovation
<b>Priority of Foreign Policy</b> To protect sovereignty, to expand economic influence upon other territories	To long for more openness, more cooperation and integration across frontiers and borders
<b>Way of Arranging the Economic Space</b> Centralisation of federal control over regions. Building verticals of subordination	Regionalisation. Developing horizontal partnerships and network-type communities
<b>Way of Competitive Edge</b> Gaining monopolistic benefits, playing win-lose games	Developing flexible economic links, seeking coordination and win-win benefits
<b>Principle of Sustainable Development</b> Maintaining status-quo	Creative destruction and reconstruction

Source: Author's compilation

### Traditional Russian Story - Sliding Down Off the Westernised Route

The planned Soviet-type system was a classical mobilisation economy functioning according to orders from above. The present Russian system has been functioning under free market prices (for almost 30 years), but has also faced reinforced centralisation of power. Basically, the Russian historical experience has shown more than once that any step to enforce hierarchical order is inevitably pushing the country down the track of more state control and militarisation. Russia has failed to leap out of this traditional scenario, even now, in the 21<sup>st</sup> century when the world is relying more and more on flexible multilevel cooperation and horizontal partnerships. This time, the tendency to slide down to a mobilisation growth pattern has been generated since 2000 by Vladimir Putin's drive towards a powerful federal centre and a vertical-type system of administration.

When the system of subordinating verticals ('verticals of power') began to be re-established in Russia, the national competitive market space started to shrink, and the subsequent 'vacuum' quickly filled up with powerful bureaucratic networks. In this bureaucratized, profit-oriented, macroeconomic environment, transaction costs are so high that real development cannot take place by definition. Private business deprived of incentives to compete also joins the profit game on a massive scale. And the ruling elite



concentrates on gaining and keeping indivisible control over profits to prevent the redistribution of wealth. It is no surprise that in recent years the Russian economy has been growing rapidly but not developing, with the value of GDP enlarging mostly statistically (thanks to additional income generated by extra high oil export prices).<sup>28</sup>

By 2007, when the Russian budget and reserves had accumulated huge volumes of oil and gas dollars, the Kremlin decided to make the country ready for a breakthrough into the post-industrial world.. To this end, the authorities started to build a very wide range of so-called 'development institutions' – beginning with the Investment Fund and Development Bank (Vneshekonombank) and ending with a network of state-led corporations in various 'strategic' branches where foreigners are not admitted (like Rosatom, Rosnanotekhnologii and others). However, it is clear that these agents are not working for the purpose of modernisation. At best, they operate to re-industrialise the economy (construction of roads and approach lines to deposits of natural resources, other transport infrastructure) but mainly to provide the bureaucracy with new monopoly benefits.<sup>29</sup> The state-owned corporations are enjoying 'soft budget constraints' in terms of financial discipline of the market (similar to Soviet enterprises), no control by the Russian anti-monopoly agency or the RF Account Chamber (thanks to their status as non-commercial institutions) and practically unlimited access to federal budget funds through different federal target programmes. In essence, they constitute a kind of 'economic spetsnaz' to suppress any competitors or exercise any market takeovers<sup>30</sup>, a tool to reproduce corruption and a ready infrastructure for shifting to the mobilisation type of growth..

### **The Narrower the Profit Sources At Home, the More Aggressive the Expansion Abroad**

How long could economic development policies in Russia be shaped by the logic of special operations, and how long could its social and market structures be distorted by the outdated security thinking? The eight-year-long practice of re-centralising the economy and redistributing corporate property proved to be enough to crucially

<sup>28</sup> Russia's formal approximation to western countries in terms of GDP (11th place in the world if calculated at the official rate of exchange of the rouble and 5th place in purchasing power parity in 2007) does not mean much, because it is not accompanied by approximation of qualitative parameters and the technological level of economic growth.

<sup>29</sup> In this regard, Roland Nash, head of analytical department in Renaissance Capital, noted: "The State-owned corporations are the next, potentially dangerous phase in choosing certain strategic industries. The danger is that the ineffective government and bureaucrats will affect the economy which is doing well without this unnecessary interference". // WSJ, 5 Oct, 2007. See also Y. Pappé, E.Drankina. Kak razvivayut Rossiyu (How Russia is Developed)// "Den'gi", # 36, 15 Sept. 2008

<sup>30</sup> This is especially true about "Rosatom" and Rostekhnologii", as according to Yakov Pappé. See Y. Pappé, E.Drankina. Kak razvivayut Rossiyu: gosudarstvo i Ko (How Russia is Developed: the State and Co)// "Den'gi", # 38, 29 Sept. 2008

aggravate Russia's Dutch disease (the over-dependence of an economy on oil export earnings), drastically speed up the process of growing entropy in all fields of societal development, and make the inertia of restoring a state-led, highly monopolised economic system almost irreversible. 'Almost' stands for the fact that unlike the Soviet-type prototype, the present Russian system of administrative verticals lacks a real pivot and is actually fragile. Nevertheless, it's indicative that, since 2007, the government has had no other way to support economic growth except for substituting the lacking private investment by more budget allocations, strictly controlling domestic energy tariffs (instead of their planned liberalisation), and introducing temporary freezing of prices for basic foods.

The inertial movement back to the Soviet-type system could not but lead Russia to a steady decline in labour productivity, a slowdown in GDP growth rates, and skyrocketing inflation<sup>31</sup>. Remarkably, the Kremlin has become a natural hostage of its own political option: it is rapidly losing the levers of control over aggravating economic situations, while able to do nothing against the abnormally high level of corruption and redoubled bureaucratic pressures<sup>32</sup>.

To outweigh the slow down in economic growth and the resulting contraction of the domestic base for rent extraction, the ruling elite has moved to a more aggressive and outright manner of advancing its vested interests over and above the national boundaries. *First*, Moscow enhanced 'carpet' purchases of foreign assets by large-sized companies, in an attempt to transform Gazprom and Rosneft' into global energy transnationals, and Russia as a whole, into a global centre of power.<sup>33</sup> *Secondly*, Russia has launched trade wars against its westernizing post-Soviet neighbours (and in parallel, against the EU as a whole) through a series of economic blockades. In November 2006, Russia largely banned fish imports from the Baltic states, Ukraine and the EU countries,

31 As estimated by Andrey Illarionov, the head of Institute of Economic Analysis, in terms of annual GDP growth, Russia slipped from 8.2% in 1999-2000 on the average (3d place among 15 members of the former USSR) down to 6.8% in 2004-2006 (13th place),(Cato.ru). And as many experts believe, if not devaluation of the ruble in 1998 and not extra high international energy prices, the Russian economy would have run only 3% a year during Putin's rule (Vedomosti, # 181, 25 Sept, 2008). In 2008, Russia is expected to make 7.1% according to IMF, or 7.8% according to the RF Government, which in both cases is relatively less than in 2007. As for CPI, it sharply went up from 9% in 2006 to 12% in 2007, and is expected to fly up to 13.8% in 2008 (the IMF forecast), which is by no means a ceiling (Expert, 4 Apr, 2008; RIA "Novosti", 29 Sept 2008).

32 As revealed by Anatoliy Kulikov, the former head of the Home Affairs Ministry, the corruption is currently eating up a third of Russian federal budget. As estimated by INDEM, the Russian business is totally losing \$33.5 bln a year to bribe the bureaucrats, while for housekeepers the relevant burden of corruption is making up \$3bln (NEWSru.com 30 Sept, 2008).

33 Such an attempt is backed up by an accelerated pace of the Russian business expansion abroad beginning from early 2000-s, which now is much larger in scale than in other BRIC countries and even larger than in China, as estimated by Moscow School of Management 'Skolkovo'. By the end of 2006, the top of 25 largest non-financial corporations in Russia have accumulated totally \$60 bn as foreign assets, with Gazprom and Lukoil making the largest share (\$10 bln). During 2007, the Russian business society acquired foreign assets for the sum of \$24 bln as compared to \$18.2 bln for China and only \$10.9 bln for India. (Vedomosti, # 234, 11 Dec 2007).



depriving them of their traditional transportation routes, and thereby, of their traditional outlets - as it was done earlier with Georgian wine and water, or Polish meat and vegetables.<sup>34</sup> *Thirdly*, to ease its takeovers in European markets, especially for the companies with advanced technologies, Russia puts political pressure on its country-partners from the near and the far abroad by means of export 'gas valve' as skilfully handed by Gazprom (bargaining on gas export prices, on terms of transactions).<sup>35</sup> The same idea to free its hands in 'a big geo-political game' has been largely backed up by Moscow's decision to shift the route of the projected Nord Stream (Baltic gas pipeline) away from the territories of Poland and the Baltic states,

This coercive approach in foreign policy could not make Russia stronger, either in terms of raising its competitiveness against EU members or in terms of its integration attractiveness for CIS members. Meanwhile, the short-term profit seeking nature of Russian state-owned companies and bureaucratic bodies automatically pushed them further along the road of captures, to impose economic control upon extra resources and territories. As vested interests grew, and Russian extraction of oil and gas fell, this demand for expanding the sphere of control became more and more acute, to take finally an extreme attacking form- a direct military aggression of Kremlin against the territory of a former satellite.

### **A Small Victorious War – What Potential Benefits for Russia?**

By mid-2008, the domestic economic situation in Russia has only further worsened. Therefore, a small victorious war against Georgia, a small disobedient neighbour, could be welcomed by Russian governing elites as well timed.

**First**, this war could strengthen Russia's control over the routes of raw exports, weaken and disable the alternative routes bypassing Russia's territory (like Baku–Tbilisi–Jeihan pipeline), and help Russia to retain monopolistic position in defining terms and transit routes of energy deliveries to Europe.

**Second**, such kind of war could generate additional demand for the products of Russian state corporations (both old and new, both from the fuel and energy sector and from the area of nanotechnologies) and basically, push up production activities in Russian industry and construction (thanks to some new government orders connected with both

<sup>34</sup> DELFI, 28 Nov 2006; REGNUM, 30 Nov 2006

<sup>35</sup> Maxim Blant. Novaiya imperiya (The New Empire),// Cato.ru, 16 Jan, 2007

military activities and the restoration of destroyed territories thereafter by way of humanitarian aid).

**Third,** Moscow could formally attribute to the factor of war (and of the particular enemy) the current upsurge of domestic prices, other internal Russian troubles and the expected further enlargement of Russia's military budget (since armaments are an important item of Russian exports).<sup>36</sup>

**Fourth,** Russia could demonstrate to CIS members (and to the whole international community) the decisiveness to firmly hold its former satellites within its sphere of influence and, thus, slow down their present drift towards the West. At the same time, it could achieve a better bargaining position towards the US (and in all probability, has really got it) on sharing the spheres of influence in the Caucasus and Central Asia. Besides, Russia could make an attempt to integrate CIS members under its aegis along the lines of military-technological cooperation, as against the NATO alternative (the prospect now partly approached by Russia, albeit mostly formally, within the framework of the Collective Security Treaty Organisation).

**Fifth,** Russia could use the conflict to reanimate its failed dialogue with NATO, perhaps with a view to future rapprochement. As a matter of fact, the Kremlin has sent Dmitri Rogozin, now President Medvedev's aide, to negotiate this 'narrow' issue (remember that five years ago he was an official negotiator with the EU on the 'narrow' Kaliningrad transit issue). His strategic mission seemingly implied that the CIS countries would not be given the chance to join NATO earlier than Russia itself or without its approval.

**Finally,** a small victorious war (and a conflict as a whole) could to a certain extent boost energy prices (and, logically, the revenues of Russia's fuel and energy complex as well as the budget), while dropping the rouble exchange rate against the dollar in the same natural way, inclusively working as an anti-inflation domestic measure.

### **Russia's Policy-of-Force Ideology - A Threat to Itself**

Whatever top officials and leading TV channels in Russia say about the country's peacekeeping efforts, a mix of cynicism and double standards becomes more and more visible in Moscow's foreign policy. On the one hand, the Kremlin was recently calling to put President Saakashvili on international trial for applying force to provide territorial

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<sup>36</sup> According to Prime Minister V. Putin, in 2007, the Russian military expenses were making up only 2.7% of GDP. This differs much from A. Illarionov's expert estimation as of 3.6% for 2006, which is greater than the total average figure for NATO-members (3.3/%) and much greater than the average NATO level without counting U.S.(1.8%). See the report by A. Illarionov. "Predchuvstvie katastrofy" (The Presentiment of Catastrophe), Cato.ru. 5 June, 2007

integrity, while the same methods had been applied earlier in Chechnya by Russia itself. On the other hand, while condemning Brussels for bombing Yugoslavia, and Washington, for the war in Iraq, Moscow is actually following the lead of using force. By doing this, the Russian leadership clearly reveals its deep inferiority complex towards the so-called ‘pragmatism’ of the US and NATO. Moreover, despite the rising wave of anti-American rhetoric, the Kremlin acts in most cases in a manner of step-by-step reflection of what the present US authorities are doing.

Bombing or simply pressing neighbouring territories may provide additional revenues for some Russian state-led monopolies, however, this cannot make Russia either economically stronger or politically more reliable. By knocking Georgia (or a similar country) out of the game, Russia would inevitably challenge the naturally established balance of global economic and political ties. But such a challenge would never help it to pull the blanket to its side. The renewed system of global interaction may be even more competitive and will automatically weaken Russia’s economic position in world markets.

### **... And No Threat to the West**

The armed conflict in Georgia may be over but the continuing inflow of oil dollars to the federal budget (its actual 2008 profit is expected to be twice that originally planned) still perverts the perception of reality by Russian functionaries, fuelling their policy-of-force ideology. For example, Sergei Shmatko, the new Russian energy minister appointed in May, expressed his intention to take control of world oil prices by closing and opening the valve of export deliveries. “We occupy such a significant place in the global oil community,” he argues, “that our influence must matter more.<sup>37</sup> According to the minister’s vision, Russia should make oil deposits (due to its cold climate); to keep them absolutely ready for use, but to release them only when the international oil price has to be pressured.

Indeed, the Russian Dutch disease (and the federal budget relies for one-third on oil and gas revenues) may objectively move Russia to look forward to governing oil prices in the right direction. The more so, since Russia is extracting ten million barrels/day –the same quantity as Saudi Arabia, OPEC’s leading member, (the 13 OPEC member countries together are extracting 29 billion barrels/day, representing 42% of extracted world oil by volume).<sup>38</sup> In reality, however, the power of the Russian oil and gas lever is rather limited even considering only domestic factors. In particular, the volume extracted from

<sup>37</sup> From the Editor: the Oil Consciousness // Vedomosti, #182, 29 Sept, 2008

<sup>38</sup> Ibid



old oil fields is decreasing and the new ones cannot compensate for this declining trend. Oil analysts still doubt whether there will be sufficient oil to fill the East Siberia-Pacific Ocean pipeline now under construction. According to some estimates, to push up oil prices, Russia will need to totally give up exports for a time.

### Popular Misleading Ideas

The following ideas, both lacking objective grounds, are now gaining popularity among the Russian elite,

The first idea implies that the contemporary globalised world is prioritising the policy of force, even stronger than in the past, and therefore, Russia has benefited politically from demonstrating its 'pragmatic' approach and decisive actions in Georgia.<sup>39</sup> Meanwhile, the course of life shows that it is the exclusion of the policy of force from the arsenal of actions, which constitutes the only pragmatic approach in the era of globalisation. The sharply accelerated speed of change and the sharply increased level of interdependence between actors in globalised markets have forever buried the classical path to victory based on competitive win-lose games. Under conditions of modern hyper-competition, the loss of one of the market players will automatically entail knocking him out of the game, which may crucially modify the general balance of forces and immediately convert yesterday's winners into today's losers. It is this very reason for which countries and companies seek openness and multilateral cooperation for the sake of gaining mutual benefits: nobody is interested in your failure – it is dangerous for the one who loses, only cooperative win-win games are truly successful.

The second belief runs that irrespective of the present political drive away from the West, Russia can enjoy favourable economic prospects in the long run, since it can rely on huge foreign currency reserves (of nearly \$600 bln by August 2008) and on a rich base of raw materials. But, this is also a misconception. According to International Energy Agency (IEA) forecasts, oil extraction in Russia will face a 3 per cent decrease annually and may cease in 2010-2012 under the most favourable scenario.<sup>40</sup> In this case, Russia will face a serious deterioration of its macroeconomic situation, with no support coming from outside.

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<sup>39</sup> See Novoprudskiy, S. Vlechenie k voine (Inclination for a war) // Gazeta.ru, 5 Sept, 2008

<sup>40</sup> From the Editor: the Oil Consciousness // Vedomosti, #182, 29 Sept, 2008.

## Conclusion

Under the growing economic calamities (explosive inflation, regular collapse of quotations on the stock market, banking crisis, capital flight, transition from budget surplus to budget deficit and a negative trade balance), the Kremlin will apply any measures of force to preserve the status quo and keep the existing system of governance alive. However, even under high oil prices the system of vertical subordination and the mobilisation-type economy will not last long. A stiff hierarchical order could be sustained in the 17<sup>th</sup> and even 20<sup>th</sup> centuries, but in the epoch of global competition not a single economy can soundly operate under these principles. In the 21<sup>st</sup> century, the world is rapidly self-polarising into those who have opted for the right institutional algorithm (openness, multilevel cooperation, etc.) and those who have failed to do it and thus stayed at the periphery, lagging behind.

The international financial crisis, now under way, leaves the Russian economy a narrow alternative between either hard or soft 'landing'. The national priority is assumed to consist in shifting from anti-crisis measures towards a reform of the private financial system, with improving investment structures and, on this basis, starting comprehensive economic modernisation.<sup>41</sup> But without removing the dominating policy-of-force approach from Russian domestic and foreign economic activities the desired turn towards post-industrial modernisation is not viable. In contrast to the US and other victims of the current crisis, the critical point for Russia is not a reform of financial markets as such, but rather the question whether the authorities (be it Putin-Medvedev in tandem or separately) will be able to master alternative political thinking and start cultivating horizontal partnerships, instead of administrative verticals.

At the moment, the Russian leadership doesn't consider most developed countries as either friends or even long-standing partners. Anxious to reduce Russia's development gap with them, the Kremlin at the same time is frustrated by the prospect of their growing influence on Russia. Thereby, it fails to make a proper western-oriented option for Russia's future development, simply remaining a hostage of its own political complexes, outdated perceptions and the political order it once introduced.

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41. Grigoriev, Leonid. Krizis: Sovest' nado imet' (Crisis: Have You No Shame? //Vedomosti, # 181, 25 Sept. 2008.

## Towards a World Role? Russian Foreign Policy

By

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### Introduction

Russian foreign policy reflects a combination of confidence and strength, but also weakness and insecurity. It is a foreign policy influenced by domestic concerns – most particularly by Moscow’s apparent anxiety about foreign interference in Russia’s electoral cycle and domestic politics – but also one which has become considerably more active during the last 18 months, both in defending Russia’s ‘national interests’ in international affairs and reaching out to establish relationships with states across the world. Although in some cases this has soured relations with Russia’s partners, Moscow appears to consider its foreign policy to be successful.<sup>42</sup>

Russia’s conceptual approach to international affairs reflects a continuing evolution under President Dmitry Medvedev, even as he seeks to assert his own stamp on policy thinking. He has outlined and confirmed his priorities in a series of speeches and interviews prior to, and following, his election in March 2008. The protection of Russia’s ‘national interests’ remains a key aim and Russia will continue to pursue the increasingly active and assertive role in international affairs that was visible during Vladimir Putin’s second presidential term.<sup>43</sup>

Indeed, this approach has been confirmed during a period of renewed promotion of Russia’s foreign policy priorities in June and July 2008 during which Medvedev gave several high-profile speeches and met a number of international leaders. He advocated Russia’s priorities and outlined proposals for a new European security architecture on 5 June in Berlin and reiterated them in a variety of high-level formats, including to leaders at the G-8 summit, to the OSCE, to several European leaders bilaterally and to Russian ambassadors. They are also formally outlined in Russia’s new foreign policy concept signed by Medvedev on 12 July.<sup>44</sup>

This renewed promotion and assertion of Moscow’s priorities is an important moment given Russia’s renewed strength and activity, and gives cause to reconsider the

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<sup>42</sup> Foreign policy and diplomatic activities of the Russian Federation in 2007. Review by the MFA. Mar. 2008. [www.mid.ru](http://www.mid.ru).

<sup>43</sup> See, for instance, Speech by Dmitry Medvedev to the Civil Forum, 22 Jan. 2008. [www.medvedev2008.ru/performance\\_2008\\_01\\_22.htm](http://www.medvedev2008.ru/performance_2008_01_22.htm); Transcript of Interview with Dmitry Medvedev, Financial Times, 24 Mar. 2008.

<sup>44</sup> Konseptsiya vneshnei politiki Rossiiskoi Federatsii, 12 Jul. 2008. [www.mid.ru](http://www.mid.ru)



conceptual bases of Russia's foreign policy. Building on the basis of the foreign policy concept and proposals for the renewal of the European security architecture, this article first briefly examines Moscow's views of international affairs, before turning to consider Moscow's view of Russia's role within that context. The article then turns to assess the numerous limitations Moscow faces in formulating and implementing foreign policy. It concentrates on the conceptual underpinnings of Russian foreign policy, rather than specific policies or relationships, or other important questions such as decision making processes.

### **Moscow's Views of International Affairs**

Russian perceptions of international affairs are dominated by two main conceptual prisms. First, Moscow considers the unilateralist role of the US to be highly destabilising in global affairs: in imposing its own value system on the world, and particularly its use of force rather than international law and collective decision-making, the US is having a dual negative effect. Foreign Minister Sergei Lavrov argues that this is creating a "deficit of security" in international affairs.<sup>45</sup> Similarly, Russian commentators argue that US intervention both fails to resolve – indeed exacerbates – existing crises and encourages the acquisition of weapons of mass destruction by regional powers. States are arming themselves 'just in case'.<sup>46</sup> There is a feeling in Moscow, therefore, that threats are accumulating and will emerge in the short to medium term. The upcoming decade, Sergei Karaganov, a leading Russian analyst, has argued, is expected to be "turbulent and unpredictable", with "growing chaos" and a "vacuum of governance".<sup>47</sup> Others share such concerns, maintaining that Russia faces the hardest geopolitical situation of the post-Soviet period,<sup>48</sup> one in which Russia's foreign policy context is deteriorating.<sup>49</sup>

Furthermore, the unilateral approach of US-led groups is seen to marginalise those who do not agree with specific politics, especially specific definitions of democracy, resulting in a re-division of international affairs. According to Lavrov, there are efforts to impose the structure of international relations framed in the 'Western Alliance'. Nothing has changed since the Cold War, he argues, and a policy of containment of Russia is being pursued.<sup>50</sup> He stated his alarm that organisations and instruments "inherited from the past – NATO, the OSCE, the CFE Treaty and others – are evolving into a means of

<sup>45</sup> Sergei Lavrov, 'The present and future of global politics', *Russia in Global Affairs*, No.2, Apr.-Jun. 2007.

<sup>46</sup> Sergei Kortunov in Sergei Karaganov (ed.) *The world around Russia: 2017. An outlook for the mid-term future* (Moscow: SVOP, 2007). pp.24-30.

<sup>47</sup> *Ibid*, pp.5-6.

<sup>48</sup> Boris Piadyshev, 'Realpolitik from Munich', *International Affairs*, Moscow, 53:3, p.64.

<sup>49</sup> Viktor Kuvaldin, 'The quest for Russia's foreign policy', *International Affairs*, Moscow, 53:4, 2007. p.64.

<sup>50</sup> Sergei Lavrov, 'Containing Russia: back to the future?', *Russia in Global Affairs*, No.4, Oct-Dec. 2007.

reproducing a bloc policy”. There is a “real danger that this may, without an overall reform of the European security architecture, acquire a life of its own”, thereby “predetermining a real split of Europe for decades to come”.<sup>51</sup> Medvedev has reiterated these views on numerous occasions, particularly his concern about attempts to replace the UN with “exclusive format groups”. “We need to be aware of the consequences of marginalising and isolating countries, creating zones with differentiated levels of security and abandoning the creation of general regional collective security systems,” he noted in June.<sup>52</sup>

The second main factor is that, as a result of the negative role of the US, Moscow sees the decline of ‘Atlanticism’ as the sole historical principle,<sup>53</sup> and the end of western dominance of global affairs. The West is “losing its monopoly on the globalisation process”, according to Lavrov, who sees a reduction in the US role through a loss of influence and allies.<sup>54</sup> This decline is being underscored by economic difficulties and the mistakes and failures of western states and organisations – the US and NATO are bogged down in Iraq and Afghanistan respectively. Moreover, both the US and the EU are considered to be bound up in their own problems. The US will be focused on its own domestic politics in the run up to the presidential elections and their aftermath. Moscow believes that the EU is distracted by both internal crises, particularly disagreement over the Lisbon Treaty, and a number of foreign policy problems. Medvedev has stated that Kosovo is to the EU what Iraq is to the US.<sup>55</sup> Thus, Russian views of the EU are somewhat contradictory. On one hand, Moscow sees it as an important partner, as outlined in the new foreign policy concept and in other official publications and statements. Medvedev has stated that a “strategic partnership between Russia and the EU could act as the so-called cornerstone of a Greater Europe without dividing lines, which would include intensive economic interpenetration on the basis of agreed ‘rules of the game’”.<sup>56</sup> On the other hand, Moscow’s theory is that exclusive European organisations are detrimental to European security and development. The EU clearly belongs to this category.

Concurrently, other centres in the world, particularly China and India are developing and emerging as key actors in international economic and political affairs. Thus, the world is

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<sup>51</sup> Lavrov, ‘Present and Future’.

<sup>52</sup> See, for instance, speech by Dmitry Medvedev at the meeting of German Political, Parliamentary and Civic leaders, 5 June 2008, Berlin. [www.kremlin.ru](http://www.kremlin.ru)

<sup>53</sup> Ibid.

<sup>54</sup> Lavrov, ‘Present and future’.

<sup>55</sup> Speech by Dmitry Medvedev at the meeting with Russian Ambassadors and Permanent Representatives to International Organisations, 15 Jul. 2008, Moscow. [www.kremlin.ru](http://www.kremlin.ru)

<sup>56</sup> Ibid.

now multipolar. This is not multipolarity as Moscow saw it during the 1990s, which was a form of other poles uniting to balance the overwhelming influence of the US. Multipolarity today means that all poles will compete against each other.

### **Russia's role**

In this context of unstable transition, Moscow sees two main roles for Russia. To counter western influence, Moscow believes that Russia must respond by becoming attractive, politically, economically and culturally.<sup>57</sup> In so doing, it proposes that Moscow is a legitimate democratic centre, one that offers 'Sovereign Democracy', a different, 'authoritarian capitalism' model of economic and social development, one that is particularly relevant to states in the former USSR and Asia. Karaganov considers that Russia can show the post-Soviet and other developing societies that they can fruitfully organise their economies in ways other than those based on western models. Russia, he believes, is "restoring albeit very slowly, its ability to attract medium-developed states" and "many neighbouring states... are eager to emulate the sovereign system of Russia which is showing growth and is better governed".<sup>58</sup> This desire to assert Russia as a valid value centre appears to be in active parallel to western democratic organisations. Russia proposes the 'sovereign democratisation' of independent, individual democratic development in response to the West's 'democratic messianism' or 'export model of democracy'.<sup>59</sup>

Second, and linked to this basis, Moscow sees an evolution in its own position and role and seeks to make proposals for the resolution of international questions and problems. Moscow sees Russia's position as being one of a regional power with global horizons and ambitions, though the new foreign policy concept refrains from describing Russia as a 'Great Power'. Medvedev recently underscored this point, noting that "Russia is indeed stronger and able to assume greater responsibility for solving problems on a regional and global scale" – and that it is "clear that the world is not just listening to Russia but looking to us for help with solving problems".<sup>60</sup> Russia's foreign policy elite believes Russia to be a state with the right to sit among other leading powers and have its interests and views considered, even when they differ from those of the US and its allies. Indeed, Moscow considers Russia to be an indispensable global actor and partner for

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57 Interview with Sergei Lavrov, *Izvestiya*, 31 Mar. 2008.

58 Sergei Karaganov, 'The New Epoch of Confrontation', *Russia in Global Affairs*, No.4, Oct.-Dec. 2007.

59 Konstantin Kosachov, 'Russia and the West: where the differences lie', *Russia in Global Affairs*, No.4, Oct.-Dec. 2007.

60 Speech by Medvedev at the meeting with Ambassadors and Permanent Representatives to International Organisations, 15 Jul. 2008, Moscow.

leading states, based on its roles as a key producer and transit state in global energy security and as an ally in the war against terrorism.

Konstantin Kosachov, Chairman of the International Affairs Committee of the State Duma, suggests that this approach was evident in the “proposal of creative ideas aimed at achieving end results”, illustrated by Putin’s proposal to the US to operate jointly the radar station in Gabala, followed up with initiatives made public at the Russia-US summit in Kennebunkport. “It is thus in our power,” Kosachov argues, “to make such proposals to our partners and opponents that will throw them into a dilemma”: either cooperate to achieve a desirable solution to problems or admit that the problem is “rooted in their biased attitude towards Russia”.<sup>61</sup> This dimension is, of course, most clearly illustrated by the proposals to renew the European security architecture.

### **Limitations on Moscow’s Policy**

Russia’s reassertion of its status and increasing diplomatic activity masks a complex variety of problems and continuing weakness in Russian foreign policy tools. Indeed, Russia’s strength remains relative and rather one dimensional.

Foreign policy is in fact not Moscow’s main concern and domestic problems remain the key focus for Medvedev, particularly a range of serious socio-economic issues. These include an economy that is belaboured by high levels of corruption and bureaucracy. It is also beginning to overheat: inflation has risen significantly and is currently some 14-15 per cent, food and energy prices are also rising appreciably. Alongside this, Russia faces energy and labour shortages. In terms of the former, despite Russia’s huge energy reserves, inefficient management and limited infrastructure and development of new projects have generated concern in Moscow that Russia faces combined gas and electricity shortages. These concerns are reflected in the reconsideration of Russia’s energy strategy and efforts to increase the roles played by coal and nuclear energy in the energy mix and the efforts to establish relationships with gas producing states in Central Asia.

The problem of labour shortage is likely to become even more significant since Russia is encountering a demographic problem so serious it is considered to be an issue affecting national security: Russia faces a declining population beset by a low birth rate and life expectancy and rising rates of HIV/AIDS and tuberculosis. In sum, Moscow’s policy agenda will be dominated by the need for the sustained investment of vast sums of money in infrastructure development, health sector reform and economic diversification.

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61. Kosachov, ‘Russia and the West’.

Russia cannot afford, and does not seek, major confrontation with the West or other major regional 'poles'.

Conceptually, while Russia has sought to propose Sovereign Democracy and announced its intentions to protect its national interests, there has been little beyond this, particularly in defining these national interests more specifically or practically. As the Russian commentator Fyodor Lukyanov has noted, concepts suggesting the means of changing the world, or even interpreting it have not been produced in Moscow, and he doubts that Moscow is intellectually ready for that even today.<sup>62</sup> Moreover, the operational capacity of Moscow's elite to formulate and apply the huge range of complex details of such an ambitious proposal as a new European security architecture currently appears to remain too limited. This is in large part the result of a major exodus of high-quality, well-trained and experienced personnel from the Ministry of Foreign Affairs and other important ministries and organs following the collapse of the USSR and throughout the 1990s. If it is true that the exodus has significantly slowed, it also appears to remain true that the attractions of the private sector draw many of the best and brightest candidates away from state service.

These two limitations generate apparent confusion and contradictions in Russian foreign policy, illustrated by the tension between establishing Russia as an attractive international pole and adopting a more assertive policy to protect and project Russia's national interests. Russia has sought to use financial and political carrots and sticks to influence partners, particularly in terms of energy cooperation. But, as Russian actions in Georgia in August revealed, the demonstration and use of force is an increasingly important tool in Russian foreign policy. Together, these shortcomings and contradictions seriously undermine Russia's ability both to act as an attractive international 'pole in its own right, offering a model and also to affect and shape international affairs directly according to its own wishes.

### **Conclusion**

Medvedev's European security proposals are a significant development. They should be taken seriously both in their own right and more broadly as an indication of the basis of Russian foreign policy thinking. In some aspects, these conceptual foundations appear similar to those of the West. Indeed in some cases, Russian discussions draw on, and participate in, a number of prominent western debates. The tone and the language of

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<sup>62</sup> Fyodor Lukyanov, 'O vrede i pol'ze shumovikh effektov', Gazeta.ru, 20 Mar. 2008. [www.gazeta.ru](http://www.gazeta.ru)

Medvedev's proposals seem designed to draw attention to the 'westernising' Soviet Russia of Mikhail Gorbachev (who also used the language of a Europe from Vancouver to Vladivostok) and the Russian Federation of Boris Yeltsin, suggesting that Russia is "like the West", one with which "business can be done".

Yet importantly, these positions and proposals in fact reflect a new outlook from Moscow – indeed a 'new Russia' – one that is very different from these predecessors. The Russia of President Medvedev will adopt an increasingly active role in international affairs, pursuing its own interests with – if Medvedev's speech to his ambassadors on 15 July is an indication – greater vigour and purpose. Moreover, there are a number of important differences and the underlying concepts represent both a different approach to international affairs and a challenge to the current European and transatlantic architecture, most obviously in the shape of the three main international organisations, the EU, OSCE and NATO. Where the transatlantic community sees considerable, if incomplete, transformation in Europe since 1991, Moscow sees a threat to Russian through regional 'inertia' and Russia's increasing isolation. While seeking to avoid a direct confrontation with the West that it cannot afford, Moscow will, therefore, increasingly seek to review, and, where possible, revise the results of the end of the Cold War and the 1990s.

The Russo-Georgian conflict in August will have a significant impact, of course, on how the proposals are received by the western community, which has been vocal in its support of Georgia. This is not simply in terms of how and when they will be rolled out: Russia's ambassador to NATO was due to present the proposals to the alliance in September. But following the conflict and the (mutual) temporary suspension of military cooperation between NATO and Russia in August, it seems that his presentation will be postponed. In any case, even if some support remains among European capitals, the European organisations seem likely to be considerably less open to Moscow's proposals. This poses an important contradiction. If many in the West now believe Moscow's proposals to be irrelevant or unacceptable after the conflict, it seems likely that the conflict will simply sharpen Moscow's belief that they are more necessary than ever: The basis for Moscow's proposals is its belief that none of the current organisations – the OSCE, EU and NATO – is capable of solving Europe's security problems. Moscow may well believe that the point has been proved – and that Russia has shown itself to be an important actor, one which cannot be ignored or excluded.

## EU – Russia Common Neighbourhood

By

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### Introduction

The EU and Russia have different views, policies and practices towards their common neighbourhood. For the purposes of this article, the common neighbourhood (or neighbours) refers to those countries included in the EU's European Neighbourhood Policy (ENP) – Armenia, Azerbaijan, Belarus, Moldova, Ukraine and Georgia – which are also Russia's direct neighbours. The article aims, firstly, to provide an analysis of political and economic developments in the above countries according to international ratings, and compare their positions with Russia and EU member states. Secondly, it analyses the similarities and differences in approach between Russia and the EU towards their common neighbourhood, taking into account recent developments.

### Neighbourhood Countries Compared<sup>63</sup>

An analysis of the performance of the neighbours, according to international ratings from a variety of sources such as the World Bank, the Heritage Foundation and Reporters without Borders, reveals that with a few exceptions they are comparable to each other in terms of economic performance. They are also close or sometimes even more successful than Russia, but are far behind the EU members, especially on GNI per capita or income level indicators. In terms of economic and political freedoms, the neighbours are different. It is important to note that high levels of economic freedom do not necessarily bring political freedom, and vice versa. Thus, Armenia and Georgia, which enjoy the highest economic freedom indices among the neighbours (70.3 and 69.2 respectively, against a 100 maximum), and even exceed the EU average (66.8), are considered only 'partly free' on political freedoms. The opposite example – Ukraine, being the only politically 'free' state among the neighbours – sits in the middle of the economic freedom index (51.1). In terms of economic and political freedom, Azerbaijan and Belarus (both politically 'not free' with 55.3 and 44.7 economic freedom indices) are the closest to Russia, which is regarded as politically 'not free', with a very modest economic freedom ranking of 49.9.

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<sup>63</sup> See detailed information in the tables at the end of this review

According to the Transformation Status index (which ranks countries according to their state of democracy and market economy in Spring 2007) and the Transformation Management Index (which ranks countries according to their business performance) the neighbours are quite divergent. Only Georgia, Armenia and Ukraine with their considerably high indices can be compared to the new EU members who joined in 2004 and 2007. Corruption remains a major problem for all the neighbours. The overwhelming majority have extremely high corruption rates, ranging from 99<sup>th</sup> to 150<sup>th</sup> place (Russia ranks 143<sup>rd</sup>). This is strikingly different from EU members, which occupy 22 of the top 50 places of countries which are clear or almost clear of corruption.

Thus, after almost two decades of transformation policies, all of the neighbours are still relatively poor in terms of economic performance, but some are approaching a reasonable level of economic or political freedom. Due to its strong economic performance and political freedom, the EU is an example for its neighbours, as it was for the former candidate countries which joined in recent enlargements. The high rankings of the new EU member states are a reflection of the positive impact of their integration into the EU. By contrast, Russia is not regarded as an example of successful economic and political transformation, but remains a major power factor for its neighbours.

### **ENP: One Policy for Different Countries**

Stating that “it is in the European interest that countries on our borders are well-governed” and with seeking “to extend the benefits of economic and political cooperation to our neighbours in the East while tackling political problems there”<sup>64</sup> the EU s introduced a single policy – the European Neighbourhood Policy<sup>65</sup> – towards all its neighbours in 2003. The aims of the ENP include the promotion of the EU’s own security, while assisting economic and political transformation in its neighbourhood.

EU membership is not mentioned in the ENP. Countries in the ENP are invited to undertake reforms and align their policies and legislation with the EU with the unspoken assumption that this will help their future membership prospects. The question of EU

64 “A secure Europe in a better world”. European Security Strategy, Brussels, 12 December 2003:

<http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

65 Communication from the Commission “European Neighbourhood Policy”. Strategy Paper. Brussels, 12 May 2004:

[http://ec.europa.eu/world/enp/pdf/strategy/strategy\\_paper\\_en.pdf](http://ec.europa.eu/world/enp/pdf/strategy/strategy_paper_en.pdf)



and NATO membership is a sensitive and rather divisive issue between the neighbour states. This not only affects their relations with the EU, but also their relations with Russia. It affects Russian policy towards those neighbours which wish to join NATO. These neighbours have different views of the ENP and of their final goal in dealing with the EU. Georgia, Moldova and Ukraine envisage EU membership as the ultimate objective in their foreign and internal policies. Armenia and Azerbaijan are interested in gradual integration into European architecture and see the ENP as supporting their domestic reform agenda. However, Belarus has shown no desire to cooperate within the ENP.<sup>66</sup> EU-Ukraine relations have advanced the most within the ENP. All parties have signed visa facilitation and readmission agreements, which have been in force since January 2008. In March 2007, negotiations began on a new enhanced agreement which would follow the existing PCA. In April 2008, official negotiations then commenced on the creation of a free trade area. The EU-Ukraine summit of 9 September 2008 agreed that the future EU-Ukraine agreement would be an association agreement, “which leaves open the way for further progressive developments in EU-Ukraine relations”.<sup>67</sup> Granting association status to the new agreement is indeed a step forward in EU-Ukraine relations, but without the prospect of membership is unlikely to change the substance of today’s relations considerably.

The EU measures progress in all ENP states by monitoring the implementation of action plans which determine the areas and priorities for reform. Through monitoring, the EU can take further decisions regarding the outlook for the neighbours to move closer to the EU. The degree of cooperation and rapprochement of the neighbours to the EU depends, therefore, on their own transformation efforts. But a signal from the EU side that they wish eventually to see their Eastern neighbours join the EU would also be welcome.

The jointly agreed action plans were signed with all EU neighbour states either in 2005 or 2006 for three or five years, except Belarus. In its April 2008 progress report, the European Commission presented results of the 2007 ENP implementation by each of the neighbours.<sup>68</sup> Noting “good progress on judiciary reform, improving state revenues and the fight against corruption” in Georgia, the Commission, nevertheless concluded

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<sup>66</sup> The EU in this regard has introduced a special proposal “What the European Union could bring to Belarus”:

[http://ec.europa.eu/external\\_relations/belarus/intro/non\\_paper\\_1106.pdf](http://ec.europa.eu/external_relations/belarus/intro/non_paper_1106.pdf)

<sup>67</sup> Press release. Council of the European Union “EU-Ukraine Summit. Paris, 9 September 2008”:

<http://www.consilium.europa.eu/ueDocs/newsWord/en/er/102633.doc>

<sup>68</sup> See Reports on Azerbaijan, Armenia, Georgia, Moldova and Ukraine at the ENP official website:

[http://ec.europa.eu/world/enp/documents\\_en.htm#3](http://ec.europa.eu/world/enp/documents_en.htm#3)



that “the independence and impartiality of the judiciary, as well as strengthening the ombudsperson institution remains a crucial objective”. Stating that “the Republic of Moldova made good progress in most areas” the Commission adds that “in spite of progress made, effective implementation of reforms remains a challenge”. Regarding Ukraine, the Commission refers to the continuation of “progress in most areas, although the pace of progress stalled somewhat compared to the previous years, in particular as regards economic and structural reforms, also due to the political instability which characterised most of 2007” and “constitutional reform ... remains a key priority for Ukraine”. “Armenia made progress in several important areas ..., despite delays caused by parliamentary elections in May 2007...”, “good progress was achieved in particular in the areas of judiciary reform, the administration of elections and the ombudsperson institution”. At the same time “the issue of corruption still needs to be addressed”. The Commission noted only “limited tangible progress towards meeting the Action Plan objectives in the area of democratic governance” in Azerbaijan, whose government, according to the Commission, “has not exploited the opportunities offered by the Action Plan to carry out political and economic reforms in the country”.

In parallel to Commission monitoring of civil society, the neighbour states also produced regular assessments of the action plans.<sup>69</sup> Overall, it can be said that all of the neighbours face similar problems in implementing ENP commitments. Among the most common problems are the lack of commitment by national governments, excessive complexity of bureaucratic procedures and lack of coordination, poor results in the use of external assistance (including the EU), a formal approach towards reporting the results of implementation to the EU, lack of assessment of the shortcomings and reasons for poor results, and insufficient involvement of civil society in the process of AP implementation.

The results of the neighbour’s reforms are ambiguous, but generally rather poor. At the same time, the experience of three years of ENP implementation demonstrated its shortcomings. Understanding the key political point that the ENP was a carefully constructed compromise between EU member states which had different agendas and

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<sup>69</sup> See: Report by Azerbaijan National Committee for European Integration:

[http://www.aamik.az/ts\\_gen/download/Report\\_on\\_AP\\_Azerbaijan-2008\\_eng.pdf](http://www.aamik.az/ts_gen/download/Report_on_AP_Azerbaijan-2008_eng.pdf), Report by Association for Participatory Democracy ADEPT and EXPERT-GRUP, Moldova: <http://www.e-democracy.md/files/realizarea-pauem-en.pdf>, Report by Partnership for Open Society, Armenia: <http://www.partnership.am/documents.php?Lang=E&Menu=0>, Report by Razumkov Centre, Ukraine: [http://www.uceps.org/ukr/files/category\\_journal/NSD100\\_ukr.pdf](http://www.uceps.org/ukr/files/category_journal/NSD100_ukr.pdf) and Georgia Civil Society on ENP priorities: [http://enp.ge/data/file\\_db/download/ENP%20recommendations%20-15%20Nov%2007\\_R9tOec2N87.doc](http://enp.ge/data/file_db/download/ENP%20recommendations%20-15%20Nov%2007_R9tOec2N87.doc)

priorities and taking into account the enlargement fatigue that now plays an important role in EU policy-making, one can still argue that in its current form, the ENP lacks real capacity to transform. In addition, internal economic and political processes in the neighbour states run in parallel, but not within the framework of implementing their ENP commitments. Using only existing instruments, the EU cannot effectively ‘encourage’ neighbours to reform, and ‘discourage’ them for not doing so. Such a restricted approach may have given some neighbours the impression that the EU is a rather distant observer as opposed to an active player in the region. The recent Polish-Swedish Eastern Partnership proposal can be welcomed.<sup>70</sup> Although it does not propose a revolutionary breakthrough in the EU’s approach towards its neighbours, it contains some practical ideas for “deepening bilateral cooperation” in order to “go beyond the current ENP”. These include “moving towards a visa-free regime”, “creating a deep FTA”, “adjusting the methodology of the internal reforms” and offering new agreements to neighbours, where Ukraine “could serve as a reference”.

### **Russian Approach to the Common Neighbourhood: Conceptual Background and Practices**

Unlike the EU, Russia does not have a declared common policy approach towards its CIS neighbours. The CIS neighbourhood is not on the periphery, but is at the core of Russian foreign policy. In the Foreign Policy Concept of the Russian Federation of 28 June 2000 “ensuring conformity of multilateral and bilateral cooperation with the member states of the Commonwealth of Independent States to promote national security tasks of the country” was determined as the leading priority for Russian foreign policy.<sup>71</sup> The renewed Foreign Policy Concept of the Russian Federation of 12 July 2008 states that Russia “has now acquired a full-fledged role in global affairs” and emphasised that “the development of bilateral and multilateral cooperation with the CIS Member States constitutes a priority area of Russia’s foreign policy”. The document further proposed that Russia would be ready to form “strategic partnerships and alliances” with those CIS states that “demonstrate their readiness to engage in them”. In this respect, Russia wants to strengthen regional groupings such as the Union of Russia and Belarus, the Eurasian Economic Community (EurAsEC) as a basis for the Customs Union and Common Economic Space, and the Collective Security Treaty Organisation (CSTO). The

<sup>70</sup> Polish-Swedish Proposal “Eastern Partnership”, June 2008: <http://www.msz.gov.pl/Polish-Swedish,Proposal,19911.html>

<sup>71</sup> The Foreign Policy Concept of the Russian Federation, 20 June 2000: <http://www.nationalsecurity.ru/library/00014/index.htm> (in Russian)



intention of “strengthening the integration processes in the CIS via the Eurasian Economic Community and the Collective Security Treaty Organisation” was further recognised by President Medvedev in his speech to ambassadors on 15 July 2008.<sup>72</sup> He said that “within the CIS we must improve our capacities for cooperation in the economic, cultural and educational spheres” and “we see that consistent work in these areas has already borne certain fruits, and it is clear that we have untapped potential for further resource integration” .

The diversity and depth of the proposed integration clearly demonstrate how important the neighbourhood is for Russia. At the same time, the problem for Russia is that none of the neighbour states see their future as part of a Russia-dominated union. With the exception of today’s Belarus, they are all seeking a future based on independence and full national sovereignty.

While EU membership prospects are closed for the neighbours for the present, the possibility of NATO membership is less clear. NATO agreed in Bucharest in April 2008 that Ukraine and Georgia “will become members of NATO”. However, it has postponed a decision on their Membership Action Plan applications until December 2008.<sup>73</sup> This is largely due to strong opposition from Russia, but also a lack of support from NATO members and their poor reform record.

Russian concern about the unacceptability of NATO enlargement to Ukraine and Georgia is underlined in the new Foreign Policy Concept’s statement that “Russia maintains its negative attitude towards the expansion of NATO, notably to the plans of admitting Ukraine and Georgia to the membership in the alliance, as well as to bringing the NATO military infrastructure closer to the Russian border as a whole”. The earlier concept had not included such a strong message.

In practice, given its poor democratic record and modest economic achievements, Russia has not been able to become an example for its neighbours. Nevertheless, it remains an important power in the region and shares a common heritage with them through a shared Soviet past. Moscow has also been willing to use pressure to achieve its political and economic goals using such tools as:

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<sup>72</sup> Speech of president Medvedev at the Meeting with Russian Ambassadors and Permanent Representatives to International Organisations, 15 July 2008: [http://president.kremlin.ru/eng/speeches/2008/07/15/1121\\_type82912type84779\\_204155.shtml](http://president.kremlin.ru/eng/speeches/2008/07/15/1121_type82912type84779_204155.shtml)

<sup>73</sup> NATO Bucharest Summit Declaration, 3 April 2008: <http://www.nato.int/docu/pr/2008/p08-049e.html>

- introducing ‘trade wars’ as a form of political pressure on neighbours, reducing their exports to the Russian market (e.g. Moldovan and Georgian wines, Georgian Borjom mineral water, Ukrainian cheese and metal);
- acquiring domestic companies and businesses in the neighbourhood states;
- increasing gas prices for political leverage. Gas supply schemes are also used as a form of corruption within the governments of the neighbours;
- using territorial claims and conflicts: until recently the ‘frozen conflicts’ in Abkhazia and South Ossetia, the ‘sleeping conflict’ in Transnistria, and ‘potential conflicts’ in the Crimea or other areas in the post-Soviet space;
- manipulating the large Russian diaspora in the neighbours;
- delaying ratification of border treaties with neighbours.

In taking part in its five-day military conflict with Georgia in the beginning of August 2008, Russia opened a new page in its relations with the neighbourhood. Introducing a ‘peace enforcement operation’ in response to Georgia’s bombing of its separatist South Ossetia city Tskhinvali, mean that Russia violated its own new Foreign Policy Concept which states that the Russian Federation “firmly proceeds from the premise that only the UN Security Council has the authority to sanction the use of force for the purpose of coercion to peace” and that Russia “will seek political and diplomatic settlement of regional conflicts on the basis of collective actions of the international community proceeding from the premise that modern conflicts cannot be solved by the use of force”.

Further unilateral recognition of South Ossetia’s and Abkhazia’s independence by Russia<sup>74</sup> was strongly condemned by G7 and EU leaders, who called on other states not to recognise this proclaimed independence.<sup>75</sup> They jointly condemned the “disproportional reaction of Russia” and “excessive use of military force in Georgia and its continued occupation of parts of Georgia”, and called for the full implementation in good faith of the six-point ceasefire agreement of 12 August, this would mean the withdrawal of Russian military forces to the lines held prior to the outbreak of hostilities.

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74 Statement by the President of Russia Dmitry Medvedev, 26 August 2008:

[http://www.kremlin.ru/eng/text/speeches/2008/08/26/1543\\_type82912\\_205752.shtml](http://www.kremlin.ru/eng/text/speeches/2008/08/26/1543_type82912_205752.shtml)

75 See: Statement on Georgia by the G7 Foreign Ministers, 27 August 2008:

[http://www.london.diplo.de/Vertretung/london/en/03/News\\_and\\_features/2008/Georgia/G7\\_Statement\\_seite.html](http://www.london.diplo.de/Vertretung/london/en/03/News_and_features/2008/Georgia/G7_Statement_seite.html);

and Presidency Conclusions of the Extraordinary European Council, Brussels, 1 September 2008:

[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/102545.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/102545.pdf)

None of the neighbours has officially expressed support for Russia's actions towards Georgia and its subsequent recognition of South Ossetia and Abkhazia. At the same time, apart from Ukraine,<sup>76</sup> none has condemned unilateral Russian recognition of these territories. The Ukrainian President was the only head of the neighbouring states, together with some EU member states' leaders who visited Tbilisi on 12 August to provide "Georgia with support in achieving conflict settlement".<sup>77</sup> Ukraine's strong stance can be understood by its concerns, and fears, of the possibility of the Georgian situation being repeated in Ukraine, taking into account the Autonomous Republic of Crimea and removal of the Black Sea Russian Fleet at the Crimea coast.

The Russian-Georgian war had a major impact on the common neighbourhood and the outlook for EU-Russia relations. In terms of the common neighbourhood, the war:

- brought the existing borders recognised after the fall of the Soviet Union into question, not only in respect of the boundaries among post-Soviet states, but also inside those states;
- raised the danger of 'defrosting' the 'frozen' or 'sleeping' conflicts in the neighbourhood in a unilateral and forceful way, in contradiction to the norms of international law and jeopardising the existing international institutional system without proposing an alternative;
- undermined Russia's credibility as a member of the international community in the 'post Soviet area' which respects the norms of international law, the principle of territorial integrity and refrains from the use of force in the settlement of conflicts;
- raised the possibility of further use of force in the settlement of other regional and ethnic conflicts in the common neighbourhood;
- raised tensions in the region.

The EU refrained from applying heavy economic sanctions against Russia. According to the EU's Council decision on 1 September, it has postponed negotiations on a new partnership agreement until "troops have withdrawn to the positions held prior to 7 August". In addition, the war will have a further impact on EU-Russia relations:

- Russia's actions disrupted the EU's confidence in Russia as a reliable partner, and has made it more wary;

<sup>76</sup> Statement of the Ministry of Foreign Affairs of Ukraine about recognition of independence of South Ossetia and Abkhazia by the Russian Federation, 26 August 2008: <http://www.mfa.gov.ua/mfa/en/publication/content/19740.htm>

<sup>77</sup> See the official website of the President of Ukraine, press-releases from 12 August 2008: <http://www.president.gov.ua/en/>

- the EU might reduce economic cooperation and investment in the Russian economy, affecting the country's growth potential;
- Euro-Atlantic relations could be strengthened despite existing disagreements;
- the EU will make more serious and consistent efforts to construct a common energy policy and strengthen its position towards Russia in this area.

### **Conclusions**

The EU is an attractive example of economic performance and political freedom for all its neighbours. But the impact of the ENP has so far been limited without any subsequent membership prospects. The EU is perceived as being less interested in the region than Russia, which claims it is a top foreign policy priority. Russia has been unable to sell itself as an attractive transformation model. Instead, it has used a mixture of threats and pressure to try to increase its influence. The Russian-Georgian war – the first open military conflict between two post-Soviet states – is a defining moment for the common neighbourhood.

Since Russia has not faced major consequences resulting from its military overreaction in Georgia, no one should expect it to retreat from the common neighbourhood. The differing policies – and values – of the EU and Russia mean that the neighbourhood will remain a source of conflict for some time to come. Imposing economic sanctions on Russia is not a realistic response. If applied, they would affect the Russian people above all, not their leaders. The EU, therefore, should direct its strengths, efforts and instruments not to weakening Russia, but to reinforcing its European neighbourhood. Clear membership prospects, even in the long-term, should be given to those committed to a European future, have embarked on the necessary reforms and are committed to common democratic freedoms and values.

## Russia Makes a Move in the Caucasus – and Looks Beyond

By

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### Introduction

The war in South Ossetia was entirely predictable and indeed over-predicted – and still it took every major actor, including Russia, by surprise. The guns of August shattered the status quo that had survived the ‘Rose Revolution’ in Georgia in November 2003, a couple of electoral crises in Armenia and Azerbaijan, and indeed the two Chechen wars. Now the US has to assess the risks of renewing military ties with Georgia. The EU needs to hammer out a strategy of meaningful engagement with the South Caucasus. And Russia is taking stock of the new strengths and weaknesses of its position, perhaps discovering that the spoils that duly go to the victor are mostly damaged goods.

The war has changed many intricate Caucasian interplays, but it has resolved nothing, the status problem of South Ossetia and Abkhazia remains open, and the deep ‘ideological’ conflict between the regimes of Putin/Medvedev and Saakashvili continues to generate tension. This analysis will not go into the impact of the war on Russia’s political evolution, but will concentrate on the shifts in competing energy policies in the Caspian area, on the emerging new role of the power factor in the Caucasus, and on Russia’s changing guidelines for Iran, Turkey and the Middle East.

### Pipelines Are Safe but the Energy Business is Slow

The new Russian Foreign Policy Concept approved in July 2008 says next to nothing about energy. But the main focus of foreign policy efforts in the Caspian area over the last few years has been to increase Russia’s access to hydrocarbon production and control over its transportation. It is remarkable in this context that the clash with Georgia had very little direct impact on the flow of Caspian oil and gas to world markets. Having a perfect opportunity to destroy the Baku-Tbilisi-Ceyhan (BTC) pipeline, which is a symbol of western engagement with the region, Moscow refrained from any sabotage.<sup>78</sup> The signal to the western oil ‘majors’ as well as governments was clear: the energy business is too serious to expose it to the risks of local wars.

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78 On BTC’s geopolitical profile see S. Frederick Starr & Svante E. Cornell, *The Baku-Tbilisi-Ceyhan Pipeline: Oil Window to the West*. Washington: Johns Hopkins University, 2005. During the war, the pipeline was closed because of an explosion in Turkey.



Russia quite possibly has achieved more in the mid-term oil and gas manoeuvring by demonstrating restraint than it would have by temporarily choking the Georgian 'corridor'. Now it can swiftly redouble efforts to open a new oil channel out of the Black Sea – the Burgas-Alexandroupolis pipeline bypassing the Bosphorus – that would take the bulk of the Kashagan production in Kazakhstan. It can also advance the *South Stream* project from Novorossiysk to Varna to deliver new Caspian gas to Europe, including from Azerbaijan, which has received very tempting offers from *Gazprom*. These reliable routes would seriously diminish Georgia's importance (while greatly increasing Bulgaria's profile), particularly since its attractiveness for investment has been seriously compromised.

The problem with this Russian energy policy which connects perfectly with the growing 'energy nationalism' of Caspian petro-states is that the development of hydrocarbon resources is noticeably slowing down. Russia's own oil and gas sectors have reached a plateau, and the delays with drilling in the Northern Caspian fields add to this trend. Kazakhstan is increasing pressure on the western companies developing Tengiz and Kashagan, demanding a greater share of the profits, and Azerbaijan might open the production sharing agreements from the 1990s for renegotiation. Turkmenistan keeps promising plenty of gas to every suitor, but has signed only one contract for developing 'green fields' – with China. The producers share the perception that there is no need to rush extraction since the value of their resources is only going to appreciate. That could create a situation where Russia's transport capacity would exceed the amount produced, so Moscow would be able to bargain down the transit costs – and put pressure on Georgia and Ukraine.

### **Temptation for Russia in Power-Play in the Caucasus**

The war has inevitably brought the power factor to the forefront of political interactions in the Caucasus. That gives Russia a distinct advantage over the US, while European 'soft power' might take years to reassert its relevance.<sup>79</sup> It was back in the early 1990s that Russia was able to establish dominance in conflict management by relying on its military power. Since then the diplomacy of international organisations and activities of various international NGOs, the inflow of western investment and the revival of tourism have transformed and 'softened' the nature of Caucasian politics.

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79 One balanced analysis is S. Neil MacFarlane, 'The Crisis in Georgia', Strategic Datalink, Canadian Informational Council (<http://www.igloo.org/canadianinternational/publicatio~2/strategicd>); an insightful view is Thomas de Waal, 'Caucasus Burning', IWPR Caucasus Reporting Service, 19 August 2008 ([http://www.iwpr.net/?p=crs&s=f&o=346251&apc\\_state=henpcrs](http://www.iwpr.net/?p=crs&s=f&o=346251&apc_state=henpcrs)).



Russia became a status-quo power in no small degree due to the burden of the second Chechen war and the profound destabilisation of the North Caucasus that required a sustained 'counter-terrorist operation'. The situation has started to change since mid-2006 as Ramzan Kadyrov consolidated his control over Chechnya, and during 2007 insurgencies in Dagestan and Kabardino-Balkaria lost their momentum. Moscow in the meanwhile continued to build up military muscle deploying new mountain brigades in the North Caucasus and increasing combat training. For the first time since 1994, Russia had available combat capabilities – sufficient to defeat the poorly led Georgian army.

Russian losses were minimal and no burdensome tasks in securing the de facto independence of Abkhazia and South Ossetia have been added, so Moscow will continue to enjoy the ability to project irresistible power across the Caucasus in the near future. Georgia will remain the most immediate subject for this pressure, and its plans for rebuilding its army with western help involve considerable risks. NATO might feel obliged to grant Georgia the Membership Action Plan (MAP), but the Alliance has to evaluate the possibility that the next clash might involve a 'candidate' country – and in the not too distant future, a member state. The reality of preponderate and hostile Russian power will be acutely felt in Georgia and might stimulate a rise of secessionism, particularly in Ajaria and Armenian-populated Javakheti.

Azerbaijan, which refrained from expressing any support for Georgia in the conflict with Russia, will also have to take into account the reality of Moscow's new readiness to exploit its heavy-impact military instruments. That might discourage Baku from pursuing the intention to 'buy' itself an army capable of winning back the lost territories and perhaps even the Nagorno Karabakh, which is tightly integrated with Armenia.<sup>80</sup> Russia's demonstrated dominance could also discourage Azerbaijan's pro-western orientation, particularly since there is perfect political compatibility between Ilham Aliyev's and Putin-Medvedev's 'enlightened authoritarian' regimes.

Maintaining the position of power in the Caucasus might require more flexible instruments than tanks, and Moscow would probably add a few more vessels to the Caspian fleet, able to show its flag right next to the oil and gas fields disputed by

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<sup>80</sup> See Oleg Vladykin, 'The point of no return is close', *Nezavisimaya gazeta*, 4 July 2008.

Azerbaijan and Turkmenistan and to make sure that a trans-Caspian pipeline never becomes a practical proposition. It might, however, be far more difficult to upgrade the Black Sea fleet, which was quite active during the war with Georgia – and thus possibly sealed its future. Ukraine – whatever turns its domestic politics might take – will insist on withdrawing the Russian naval base from Sevastopol by 2017. Building a new one in Novorossiysk is a hugely complicated task, not least because of the sprawling oil terminals. Usable naval superiority in the Black Sea and occasional Mediterranean tours might become unsustainable.

### **Intrigue or Interest in the Middle East?**

The visits to Moscow of Turkish Prime Minister Recep Tayyip Erdogan and Syrian President Bashar al-Assad in the days when Russian tanks stood just outside Tbilisi demonstrated that the resonance of the war had spread southwards. Moscow is keen to exploit its strengthened positions in the Caucasus in order to boost influence in its immediate neighbourhood – Iran and Turkey – as well as in the Middle East. This influence is based not on Russia's reconstituted military strength, but on the fact that it inflicted a humiliating defeat on a US ally and then brushed off idle threats from Washington.

Turkey is a NATO member and is bound by Atlantic solidarity. Its rift with the US, however, caused by the war in Iraq, goes deep and determines a different approach to relations with Russia. Turkey had provided assistance in reforming the Georgian army prior to the war, but in principle it is more interested in building ties with Turkic-speaking countries, first of all Azerbaijan. Russia showed sensitivity to Ankara's concerns and refrained from any airstrikes or naval operation against Batumi, the Georgian port close to the Turkish border. Economic ties between the two states have evolved from semi-legal 'shuttle trade' to massive mutual investments, but as far as energy is concerned, Moscow now seeks to avoid transit through Turkey, much to Ankara's chagrin. The key security problem for the near term could be, not the lifting of the Turkish blockade of Armenia, but the recognition of Abkhazia's independence, which Ankara might be convinced to consider in exchange for Russia's support on the Cyprus problem and on Turkey's possible moves into Northern Iraq.

Russia's attitude towards Iran has been highly ambivalent as the goals of cultivating 'good-neighbour' ties and of contributing to western efforts aimed at terminating the Iranian nuclear programme have worked at cross purposes. The sharp deterioration of



relations with the US caused by the war with Georgia will quite possibly prompt Russia to curtail cooperation on non-proliferation and thus increase the emphasis on rapprochement with Iran. Moscow would certainly prefer to see the controversial nuclear programme remain strictly civilian, but a nuclear-armed Iran would hardly pose a greater security risk than Pakistan, and the Russian leadership may be prepared to accept such a prospect.<sup>81</sup> The export of conventional arms to Iran might increase, but the key question will be about Gazprom's involvement in developing huge gas fields in Iran, since Tehran is interested in exporting its gas to Europe – and Gazprom could have different ideas.

As for the Middle East, Russia has been cautiously opportunistic seeking to maximise the advantages of its unique impartial role as a party able to talk with both Israel and Iran and even with 'untouchables' like Hamas and Hezbollah. Moscow is showing little of the Soviet 'generosity' even to 'old friends' like Syria and agrees on cancelling bad debts in exchange for strictly commercial terms in new contracts. Its special attention to Algeria and Libya is not quite reciprocated, as both states aim to expand their ties with Europe. Playing with the idea of a 'gas OPEC', Russia is not keen to develop cooperation with the real OPEC, preferring the position of a 'free rider'. Besides arms markets, Russia is very interested in the plans for building nuclear reactors being contemplated by many Arab states – but here its nuclear cooperation with Iran is not necessarily an advantage. Taking a defiant stance against the US, Moscow might have scored a few points with the Arab 'street' but the governments have a good measure of the limits of Russia's engagement.

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81. See Andrei Frolov, 'Iran's Delivery System Capabilities', *Security Index*, Summer/Fall 2007, pp. 31-50.

## Conclusions

In the aftermath of the Caucasian war, the US expressed an intention to 'punish' Russia and NATO declared that there would be 'no business as usual', but the net result of these tough words was a greater failure of western policy towards Russia. In the Caucasus, Moscow now has every reason to believe that there is no effective containment of its power projection capabilities. The states of the region, including the traumatised Georgia, will have to adjust to the new reality of Russia's dominance and find ways to accommodate the obstinate quasi-state actors. As new channels open to transport Caspian energy towards Russia and China, the geopolitical importance of the Caucasus might decline, but for Moscow this region will continue to be of vital importance. Russia now has the ability to supplement its military might with economic strength and to put into play some other elements of 'soft power', so it is only the arrogance of supremacy that might derail its post-imperialist ambitions.

**Russia and Central Asia**  
**From Disinterest to Eager Leadership**

By

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**Introduction**

For Russia, relations with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan are not a new Great Game, along the lines of the mid 19<sup>th</sup> century struggle between the British Empire and Imperial Russia. But nor are they business as usual. The Georgian war in August showed that Russia has a clear direct sphere of influence that is marked by actual borders, those of the Soviet Union, excluding the Baltic States. As a result of Russia's tough stand in Georgia, it is likely that the European Union and the United States will devote increased attention to Eastern Europe and the Southern Caucasus, but also to Central Asia.

After the break-up of the Soviet Union when Russia was struggling to position itself internationally and aiming to integrate into western structures, interest in its southern neighbours was extremely low. Central Asia's newly independent states were regarded as a nuisance that restricted Moscow, which, in turn, felt obliged to show some leadership in the region. In the second half of the 1990s, Yeltsin's foreign policy slowly started to take a greater interest in Central Asia, mainly in reaction to these countries' efforts to look for new partners out of necessity. These new partners – foremost the EU member states, the US and China – reacted slowly or almost not at all in the case of Brussels, to the political and economic vacuum in Central Asia. Only Kazakhstan succeeded partially to develop an independent multi-vector foreign policy and attract foreign interest.

When Putin came to power in 2000, Russia started taking a keener interest in its neighbours. Although a clear foreign policy strategy was never defined for Central Asia, all developments pointed to Moscow making the five republics a priority and not wishing to risk losing them. After all, Central Asia was part of Imperial Russia, later the Soviet Union, while the 1990s were considered as a brief interval of lack of influence. This transitional period – it is not concluded yet – resulted in the need to acknowledge and allow other players in the region. Nonetheless, Russia still has clear geographical,



economic, social and cultural advantages through its legacy in Central Asia. It will need these assets to make sure that the interdependence between Moscow and its southern neighbours remains strong, especially now that other players will be more alert to Russia's actions in its near abroad.

### **Which direction?**

The coming year will show which direction the new President Dmitry Medvedev will take in Central Asia. Will Moscow seek to expand on its current economic ties? Will the Kremlin devote more attention and resources to play an active role in safeguarding stability in the region? Will Moscow increase military cooperation and its presence in Central Asia? By and large, Medvedev is expected to build on Putin's increased policy interest in Central Asia. The new president is likely to construct his policy on two interconnected subject areas that lie at the heart of Russia's near abroad interests. The first is security related and ranges from concerns over Afghanistan to the instability of Central Asian republics. The second is the economy, foremost gas and oil exports from Central Asia.

Both interconnected areas will be influenced by Russia's soft power mechanisms and cultural influence. The ill-defined concept of 'sovereign democracy' has taken firm root in Central Asia. The region's authoritarian leaders appreciate the way Russia rebuffs western criticism over democratic credentials and take it as an example not to give in to western pressure. Russia set a 'good' example by not criticising Central Asia's authoritarian leaders, whereas the Turkmen and Uzbek cases – human rights violations are the norm, not democratic institutions – can hardly be classified as sovereign democracies as seen in Russia which at least obeys some international standards.

Maybe the most powerful mechanism of Russian influence in Central Asia is culture because it reaches beyond the elites; something that EU, American and Chinese cooperation schemes largely lack. Through its cultural influence, Russia can positively forward its economic and security interests. The period in which the nations of Central Asia tried to diminish the use of the Russian language and Cyrillic script in order to emphasise national languages and identities seems to have ended. Russian has made a comeback in recent years, including through youth education. The Russian media are raising their profile in Central Asia by buying up Central Asian companies and starting new Russian language channels. When the assets of non-interference in governance, language and cultural links, and substantial Russian minorities in Kazakhstan and

Kyrgyzstan are added to hardware assets such as road, railway, pipeline and military infrastructure, one can only conclude that Russia has a substantial advantage over any 'new' outside actor in Central Asia for some time to come.

The EU is a new actor with growing interests in Central Asia, but limited possibilities to pursue them. These interests are similar, though not identical to those of Russia. The EU also seeks stability in Central Asia – out of fear of overspill effects from Afghanistan. However, the limit of what is acceptable to achieve this by approving authoritarian rule has been reached. The Andijon massacre stands out as an example. The EU is also interested in Central Asia's energy resources and is looking to deal with these countries in a transparent and equal manner. But arguably Brussels is too late in stepping-up ties with the region. It could have done so a decade ago when Russia's attitude was still one of disinterest; but attention to enlargement and partnership closer to home was more urgent at the time. The EU's 2007 Strategy for Central Asia was late in appearing, but has been welcomed in the region where countries look for alternatives to Russia's economic and security dominance. Although the EU and Russia are less likely to seriously collide over Central Asia – as they do in Eastern Europe and the South Caucasus – there are policy implications for Brussels because its access to Central Asia is geographically and economically blocked by Russia. This is why some EU members feel they have to make a choice between developing relations with Russia and trying to expand ties with Central Asia at the risk of further aggravating Moscow.

### **Stability and security**

Only stability brings security seems to be the Kremlin's view. This stability is obtained by establishing healthy, supportive and non-critical relations with Central Asia's presidential regimes, and through building a variety of regional organisations that overlap in membership and purpose such as the Collective Security Treaty Organisation (CSTO) and the Shanghai Cooperation Organisation (SCO). Central Asian countries have mostly limited or frosty relations between themselves; Uzbekistan and Tajikistan are often outright hostile towards each other. Also a steady shift of the balance of power from populous but ill-led Uzbekistan to economically booming Kazakhstan which has acquired more recognition in the region and beyond is creating some tension.

The stability of Central Asian states, which functions as a buffer for Russia, is one major security concern. Afghanistan is the other. If NATO is unable to control the situation in Afghanistan, this could have negative consequences for Russia's security.



Before the summer, Moscow signalled a greater interest in discussing Afghanistan in the NATO-Russia Council (NRC) framework and might have moved from words to more practical action in support of NATO and US efforts in stabilising Afghanistan. This changed last August when Russia invaded NATO partner Georgia and as a result the NRC cooperation format was suspended. NATO and Russia are unlikely to cooperate anytime soon and are more likely to compete for influence in Central Asian countries; Russia because it sees the states as its sphere of influence, while NATO needs them for access to Afghanistan. For Moscow, the combination of the fighting in Afghanistan and the relative weakness of the Central Asian states results in several direct security dilemmas: terrorism, drug trafficking and international crime in general. Further initiatives for joint Russian-Central Asia border controls is in this sense key to countering most of these threats.

“Kazakhstan is Russia’s key strategic partner and ally in the Central Asian region.”<sup>82</sup> Whereas energy is the basis of Russia’s relationship with Kazakhstan, the political and security aspects are also considerable. Russia considers Astana as a regional powerhouse that could help build regional security and cooperation. Kazakhstan took an active stand in the Commonwealth of Independent States (CIS), is a key state of the SCO and will take on the chairmanship of the Organisation for Security and Cooperation in Europe (OSCE) in 2010. In the latter case, Russia lobbied hard for Kazakhstan to obtain this sensitive post that could bring further international recognition for President Nazarbaev. It would also be a way for Russia and its partners to change the OSCE, which is seen as a trouble maker in (eastern) member states by interfering in internal affairs while ignoring acute security concerns. Both countries have numerous bilateral military cooperation agreements that go as far as joint planning for the deployment of military force. Russia still rents seven military facilities on Kazakh territory, mostly consisting of test ranges and radar installations.<sup>83</sup> Another facility it rents is the Baikonur cosmodrome. This Kazakh asset, inherited from the Soviet Union, is also an opportunity for Kazakhstan’s own research and development ambitions.

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<sup>82</sup> A Survey of Russian Federation Foreign Policy, MFA of the Russian Federation (March 2007), [http://www.mid.ru/Brp\\_4.nsf/arh/89A30B3A6B65B4F2C32572D700292F74?OpenDocument](http://www.mid.ru/Brp_4.nsf/arh/89A30B3A6B65B4F2C32572D700292F74?OpenDocument), 27.

<sup>83</sup> Vladimir Paramonov and Aleksey Stokov, ‘Russia and Central Asia: Bilateral Cooperation in the Defence Sector’, Central Asia Series, Conflict Studies Research Centre (May 2008), 2-3.



Russia has good relations with Kyrgyzstan and Tajikistan. Of these two poor mountainous Central Asian republics, relations have been stronger with Tajikistan which is often characterised as a Russian outpost on the border with Afghanistan and China. Russians played a crucial role in fostering a peaceful settlement of the 1992-96 Tajik civil war. Currently, Russia is strengthening its military base in Tajikistan to increase its political visibility and to be able to render emergency support for border guards on the Afghan border.<sup>84</sup> Meanwhile, Russia is also planning to strengthen its military airbase in Kant, Kyrgyzstan with an increase in the number of aeroplanes. Although alarm bells went off in the Kremlin when Kyrgyzstan underwent a 'tulip revolution' in 2005, there have been no signs of Bishkek wanting to limit links with Russia. Bilateral military cooperation, joint border controls and sharing intelligence to counter terrorist threats are central to this relationship.

The security arrangements and links with Turkmenistan and Uzbekistan show a somewhat different picture. The case of Turkmenistan is special since it does not take part in the web of regional security organisations. Russia has to rely on bilateral relations that are guaranteed by Turkmenistan's need to export gas to Russia. Whereas Russia's influence on Turkmenistan – especially through military and border control cooperation – was in a state of decline during Niyazov's isolationist rule. Today, President Berdymuhhammadov is increasing bilateral cooperation and considering joining the SCO. Whereas progress in bilateral security operation with Ashgabat still needs to materialise, Russia-Uzbekistan contacts have shown a steep rise over the last three years. Earlier relations had become frosty due to President Karimov's multi-vector foreign policy and the US military presence in Uzbekistan. After the Andijon massacre in 2005 when the EU and US turned away from Karimov who was sanctioned while he ended the US military base agreement, the Russians stepped back in without asking compromising questions. Karimov needed a security patron to safeguard his position and Russia was ready to fulfil that role. Uzbekistan returned to the CSTO, but relations are not as warm as with Kazakhstan, Kyrgyzstan and Tajikistan. This leaves an opening for the US and EU member states to temporarily ignore the appalling character of Uzbekistan's regime and increase their military presence there. Meanwhile, Russia, the EU and US all remain worried about Uzbekistan's instability. It is unlikely that a change of power (through a coup or illness or the death of Karimov) will be as swift and peaceful as in neighbouring Turkmenistan.

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<sup>84</sup> Roger McDermott, 'Russia "boosts" military presence in Central Asia', Jamestown Eurasia Daily Monitor, vol. 5, nr. 111 (11 June 2008).

## Regional organisations

Bilateral agreements are the foundation of Russia's Central Asia policy – in both the security and economic domains. Multilateral regional initiatives give Moscow the opportunity to further strengthen influence in the region and even use these as tools in a divide and rule policy. The CIS, CSTO and SCO are all (partly) security-oriented organisations, although with differences in membership and orientation. They also overlap in both aspects. The CIS, which was already declining in importance over the last decade, will now lose all relevance as a result of Georgia's withdrawal and Ukraine's plans to follow suit. Russia has never invested sufficiently in the CIS to go beyond dividing and settling Soviet heritage issues in an orderly way. Currently the CIS still plays a role in security through an Antiterrorist Centre in Bishkek and the management of unified air defence, although the former is also being established under the SCO and the latter under the CSTO.<sup>85</sup>

Whereas the CIS and SCO incorporate economic and cultural aspects, the CSTO is security driven and meant to be the counterpart of NATO. With the exception of Turkmenistan, the other four states participate as well as the CIS members that are most loyal and dependent on Russia: Armenia and Belarus. The CSTO is likely to further expand its military activities and cooperation. Meanwhile, the SCO is gaining a reputation as a regional security player through joint military exercises where China and Russia combine efforts. The SCO's core business is, however, the economy and trade, according to leading member China which hosts the secretariat.<sup>86</sup> Russian proposals to extend existing military cooperation have not found much enthusiasm in China or among Central Asian members. Russia itself has probably also lost interest in boosting the SCO's security tasks since the August war with Georgia. Sharing a primacy in security matters with China in Russia's near abroad will not be in Moscow's interest. Moreover, neither China nor a single Central Asian member was willing to give full support to Russia's Caucasus policy and recognition of the independence of Abkhazia and South Ossetia during the SCO Summit in Dushanbe last August. Whereas it is unclear in what capacity and which direction the SCO will develop, it seems opportune for Beijing and Moscow to keep the US out of the initiative in order to show that things can be done without Washington being on board. While the SCO is talking with US allies such as the

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<sup>85</sup> Ivan Safranchuk, 'The Competition for Security Roles in Central Asia', *Russia in Global Affairs*, No. 1 (January-March 2008), <http://eng.globalaffairs.ru/printver/1183.html>, 4.

<sup>86</sup> Vladimir Paramonov and Oleg Stolpovski, 'Russia and Central Asia: Multilateral Security Cooperation', *Central Asia Series, Conflict Studies Research Centre* (March 2008), 9.

EU and Turkey, it will need to find a balance of interests in Central Asia between China and Russia without turning into an anti-American organisation. Regardless of the outcome, Russia is well-positioned towards any geo-political actor in the security field. Moscow will certainly try to strengthen the role of the CSTO in Central Asia while deepening bilateral security arrangements.

### **Russia as an Energy Transit Country**

In the economic sphere, Russia is well positioned to remain the leading player in Central Asia for years to come. This is especially true for the energy sector. The major share of the oil and gas pipeline system from Kazakhstan, Turkmenistan and Uzbekistan is directed towards Russia.

In the oil business, Russia faces acute competition from other buyers. Kazakhstan and to a lesser degree Turkmenistan are the two main oil exporters in Central Asia. The latter mostly exports its oil to Russia, but also to Iran with which it has active trading relations. Some 85 per cent of Kazakhstan's oil exports pass through Russian territory, but a large share of this goes through the non-state owned Caspian Pipeline Consortium (CPC) directly to consumers.<sup>87</sup> Some other export options exist such as the limited sales to China which started in 2006. However, Russia's main competitor is the Baku-Tbilisi-Ceyan (BTC) pipeline that exports Azerbaijan's oil to Turkey and from there to Europe and beyond. Kazakh oil can be transported by ship to Azerbaijan where it enters the BTC line until a long awaited, but still uncertain, trans-Caspian oil pipeline bypassing Russia and connecting with the BTC is constructed. The Russian supported CPC and EU/US supported BTC routes are likely to compete for the future bulk of Kazakh oil.

Gas is the key economic interest for Russia in Central Asia. Gazprom sells mostly Central Asian gas to Europe, using Russian gas for domestic consumption. Kazakhstan, Turkmenistan and, to a somewhat lesser extent, Uzbekistan have substantial gas deposits. More than 90 per cent of current Central Asian gas exports go to Russia, only Turkmenistan exports some gas to Iran, while Kazakhstan and Uzbekistan provide Kyrgyzstan and Tajikistan with gas.<sup>88</sup> Gazprom has almost full control over the purchase of Central Asian gas and plans to build new pipelines from Turkmenistan and Kazakhstan to Russia along the Caspian coast, but there might be serious competition on the horizon. The most urgent threat to Gazprom's power is China, which is planning a

<sup>87</sup> 'Central Asia's Energy Risks', International Crisis Group, Asia Report, No. 133 (24 May 2007), 9.

<sup>88</sup> Ibidem, 18.

gas pipeline from Turkmenistan across Kazakh territory. Another longer-term threat would be a trans-Caspian gas option connecting with the Baku-Tbilisi-Erzurum (BTE) line, which follows roughly the same route as the BTC oil pipeline terminating in Turkey. Although Russia is expected to increase gas exports from Central Asia up to 2020, it is these future alternatives that are important for Central Asian gas producers when pressing Gazprom to pay higher prices.<sup>89</sup>

The Central Asian *have-nots* in energy are the *haves* when it comes to scarce water resources. There is a sensitive and somewhat unstable trade-off between water deliveries from Kyrgyzstan and Tajikistan and energy exports, mainly from Kazakhstan and Uzbekistan. Some voices in Moscow have aired ideas of starting to compete with Kyrgyz and Tajik water suppliers. An old Soviet plan to build a canal of over 2,000 kilometres from the Ob River to Uzbekistan is currently being advocated by Moscow's maverick major Luzhkov.<sup>90</sup> Kazakhstan and Uzbekistan, with its cotton industry, have reacted enthusiastically, but it is unlikely the plan is worth the huge investment or can silence environmental concerns.

Russia would do better by expanding other economic activities with Central Asia in order to counter the dependence of these economies on energy and to avoid giving China easy opportunities to position itself advantageously. Trade levels with Central Asia, excluding hydrocarbon commodities, have risen marginally since 2003 and account for only four per cent of Russia's foreign trade.<sup>91</sup> As long as Russia considers Central Asia as a place that solely offers cheap oil and gas, its central position will be at stake. Central Asian countries need more investments to diversify their economies and avoid 'Dutch disease' symptoms. The energy-rich states will be looking for other opportunities, while their one-sided economies offer no long-term stability. Kyrgyzstan and Tajikistan have less to offer. One of their major forms of income is the export of labour to Russia's markets and construction sites.

Medvedev will have a chance to extend Russia's stake in the economy by increasing investment and by further building the Eurasian Economic Community (EurAsEC) in which the Central Asian states are members, excluding Turkmenistan. The EurAsEC still

<sup>89</sup> Vladimir Paramonov, 'The Future Supply of Gas From Central Asia to Russia: An Expert Assessment', Central Asian Series, Conflict Studies Research Centre (February 2008), 12.

<sup>90</sup> John C.K. Daly, 'Central Asia water and Russia', Jamestown Eurasia Daily Monitor, vol. 5, nr. 113 (13 June 2008)

<sup>91</sup> Vladimir Paramonov and Aleksey Stokov, 'The Evolution of Russia's Central Asia Policy', Central Asia Series, Conflict Studies Research Centre (June 2008), 15.

has to prove its worth, but could grow to become a Central Asia focused economic integration organisation, including a customs union. Such Russian-led initiatives will be increasingly important in countering China's economic power and the EU's attraction.

### **Conclusion**

President Medvedev has made an energetic start in further boosting Russia-Central Asian relations. His first foreign trip in May brought him to Kazakhstan and he returned in early July for the celebration of Astana's tenth anniversary as capital of Kazakhstan. Turkmenistan was next on the list. Berdymuhammedov and Medvedev spoke about economic cooperation, but also agreed to open Russian schools in Turkmenistan. It is no coincidence that Kazakhstan and Turkmenistan are first on the list. Kazakhstan is becoming a power in its own right, while it is Russia's key partner in the region. Turkmenistan will remain a land of opportunity for Russia and other players that have had no access before. Relations with Uzbekistan were strengthened after Andijon in 2005 and Kremlin ties with Kyrgyzstan and Tajikistan have been stable.

Russia has made a jump from reluctantly giving some direction to its southern neighbours in the 1990s to becoming an eager leader in the region. Competition with China, the EU, US and other players such as India, Iran, Japan and Turkey will increase over the coming decade, especially after Moscow's show of strength and determination in the Caucasus. Russia will want to increase its engagement in Central Asia and not lose too much influence to other parties. It can do so in various ways.

- In the security field, Russia will maintain a careful balance between using bilateral (military) relations as a base and blending these with different regional and multilateral organisations, certainly through the CSTO from a defence perspective and maybe through the SCO pending Chinese-Russian relations. Russia will need to be persuasive to assure Central Asian countries it has good intentions and respects their sovereignty and territorial integrity without any exception.
- Russian worries over Afghanistan are unlikely to recede, since the possibility of a pragmatic approach in looking at ways to support NATO and US forces in Afghanistan has been lost. Russia will seek to further strengthen its military presence and cooperation with Central Asia in order to avoid spill-over effects and to counter NATO influence in the region.
- Russia could do better economically in Central Asia. When gas and oil are excluded, trade figures remain low. If Russia has a long-term interest in Central Asia it will need to bind these countries to its own economy.



- Energy interdependence is still strong, but may not last. Only if Russia invests substantially in transport infrastructure might it be able to stay ahead of other buyers. With Russia's domestic gas output showing no growth, it remains important to buy Central Asian gas which could be sold to Europe.
- Further investment in the cultural field should take place by supporting Russian language education, opening schools and establishing university exchange programmes – and through media outlets or cultural festivals that emphasise a shared heritage (and future).

Stability and cheap energy imports are the two key interests Russia has in Central Asia. Moscow will have less and less influence on both aspects as Central Asian countries become better able to attract the attention of others and these outside actors take an increasingly serious interest in the region. This argument gained strength over the summer. Most Central Asian countries have built relations with other parties and are not completely in Russia's grip. While Central Asian leaders have become nervous over Moscow's military campaign, they are unlikely to be blackmailed into rubberstamping everything that Russia says or does. Russia will need to allow other power brokers into the region, but will resist NATO and also, most likely, the EU. Working with China through the SCO is now the only acceptable outside cooperation option. On the economic front, Russian energy companies will need to raise the prices paid for oil and gas at such a pace that other buyers become of secondary importance to these countries. Gazprom is already paying more every year. Russia has done well in Central Asia over the last five years, but will only continue to do so if the region receives its undivided attention for decades to come.

## Russian Military Power and the Arctic\*

By

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### Introduction

During Vladimir Putin's second presidential term, the Russian approach towards military power evolved substantially. Russia's resurgence as a great military power was a clearly defined goal for Russian authorities. Ambitious objectives, such as the navy's revival, were given a high priority in official rhetoric. A dramatic improvement in state finances made new military projects possible, which could gradually lead to increased Russian strike power in its neighbourhood, including the Arctic region. It seems certain that this approach will be continued by President Medvedev.<sup>92</sup>

### Importance of the Arctic

Relations between Russia and the other states bordering the Arctic have changed fundamentally since the end of the Cold War, as has the military presence of major actors in the region. This is not the case with basic Russian perceptions of the military strategic qualities of the area. These were largely defined during the Cold War, survived the turbulent 1990s, and are now resurfacing with renewed strength. The Kola Peninsula and adjacent waters were, and still are, considered a military area of special importance to Russia's security. Several conditions, such as direct access to the Atlantic Ocean and the Arctic, in relatively close proximity to potential targets, and an array of important elements of defence industry and infrastructure, make the area well suited for strategic naval operations. The importance of the north western strategic directive is above all connected to sea-based nuclear forces deployed in the region. The nuclear deterrent remains not only a key element of Russian security policy and its military strategy, but serves also as a symbol and guarantee of Russia's great power status. Maintaining nuclear capabilities has, therefore, been given the highest priority in modernising Russian defence.<sup>93</sup>

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\* This article is based on my research project: *The Barents Region in Russian Security Policy Discourse (2007/2008)*. The project focuses on the central level of power in Russia during Putin's second term as president.

<sup>92</sup> The European Arctic is defined in this article as the Barents Sea and adjacent waters and land territories, first and foremost the maritime zones outside the Russian military bases on the Kola Peninsula.

<sup>93</sup> For more about Russian military reforms see for example Carolina Vendi Pallin, *Russian Military Reform. A Failed Exercise in Defence Decision Making*, Routledge, 2009; Irina Isakova, *Russian Defence Reform: Current Trends*, The Strategic Studies Institute of the US Army



Russian attitudes towards international relations in the region have been dominated by what can be characterised as a Russian variation on classical realist thinking. Contrary to what has been stated in official security concepts, the perception of the United States and NATO as the main threats to Russia's security is still alive in large parts of the Russian political, military and academic establishment.<sup>94</sup> Military and other activities by the United States and NATO in the High North are routinely perceived as being of an 'offensive character'.<sup>95</sup> A range of well-known Russian concerns has stimulated anti-western attitudes and added to the sense of insecurity. To name just a few: increased US and NATO military-technological supremacy, creation of new weapons systems, American plans to deploy elements of the Anti-ballistic missile defence (AMD) in Central Europe, NATO's debate on further eastward enlargement, and western countries' political role in the post-Soviet space.

One example of the sense of insecurity and mistrust prevailing in Russian attitudes can be found in a report completed in 2004 by the Russian State Council's working group on national security interests in the North. The report revealed a highly suspicious approach towards other actors in the region. The report was concerned especially with the United States and NATO, which were suspected of having hidden agendas. Their presence in the region was perceived as being directed against an alleged threat from Russia, and so as being of a fundamentally anti-Russian character.<sup>96</sup>

### **Military Assessment**

Representatives of the Russian Northern Fleet, military experts, the State Council, and other central Russian actors, repeatedly point to allegedly increasing political and military pressure from the US and NATO in the High North. They argue that Norway and

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War College, December 12, 2006; Zoltan Barany, *Democratic Breakdown and the Decline of the Russian Military*, Princeton University Press, New Jersey, 2007.

94 Lawrence T. Caldwell, 'Russian Concepts of National Security', in: Robert Legvold (ed.), *Russian Foreign Policy in the 21st Century & The Shadow of the Past*, Columbia University Press, 2007; Dmitri Trenin, 'Russia's Threat Perception and Strategic Posture', in: R. Craig Nation, Dmitri Trenin, *Russian Security Strategy under Vladimir Putin: Russian and American Perspectives*, The Strategic Studies Institute of the US Army War College, December 05, 2007, s. 38-39; Jurii Kotenok, 'Voennuiu reformu szhiraet korruptsiia', *Utro.ru*, 20 August 2007.

95 *Voprosy obespecheniia natsionalnoi bezopasnosti v raionakh Severa. Rabochaia Gruppy Gosudarstvennogo Soveta Rossiiskoi Federatsii po voprosam politiki v otnoshenii severnykh territorii Rossiiskoi Federatsii*, 2004, *Arktika Segodnia*, <http://arctictoday.ru>. See also documents concerning a discussion on the new Russian military doctrine, and the Russian northern policy: 0 razrabotke proekta novoi redaktsii Voennoi doktriny Rossiiskoi Federatsii, The Security Council of the Russian Federation, 5 March 2007, [www.scrf.gov.ru](http://www.scrf.gov.ru); G. D. Oleinik, *Prisutstvie Rossiiskoi Federatsii na arhipelage Shpitsbergen: politiko-pravovye, ekonomicheskie i gumanitarnye aspekty*, The Council of the Federation Committee on Northern Territories and Indigenous Minorities Issues, Moskva, 19 June 2007, [www.severcom.ru](http://www.severcom.ru).

96 *Voprosy obespecheniia natsionalnoi bezopasnosti v raionakh Severa*.

its allies and partners want to undermine Russia's position and reduce its presence in the region by actively penetrating the Arctic.<sup>97</sup> They remind their audience that Russian strategic forces in the North are still facing NATO just across the border. NATO's military exercises in the immediate proximity of Russian borders, however small in scale, are observed and commented on with profound suspicion.<sup>98</sup> This fundamental mistrust towards western activity also includes non-military areas, such as science and research centres which have the Arctic on their agenda.<sup>99</sup> The State Council's working group pointed out that the western military presence should be a point of reference when planning Russia's military tasks in the High North.<sup>100</sup> These are attitudes and arguments well known to any student of Soviet High North policy and rhetoric.

Russian rhetoric emphasises the important role of the Svalbard archipelago (Norwegian territory) in the military strategic landscape of the High North. The archipelago is described as being of strategic importance to Russia. According to Gennadii Oleinik, chairman of a committee of the Council of the Federation with responsibility for northern issues, a continued Russian presence at Spitsbergen<sup>101</sup> is perceived as necessary to secure the country's economic and military interests in this 'most promising part of the world'.<sup>102</sup>

There is a widespread conviction in Russian political and military circles that Norway's Svalbard policy, perceived as 'unfair' and 'doubtful' from a legal perspective, is aimed at 'driving Russia away' from the archipelago and adjacent waters.<sup>103</sup> The Deputy Chairman of the State Duma's Committee on Foreign Affairs and former Russian Ambassador to Norway, Yulii Kvitsinskii, has pointed out that one should not forget that Norway is a member of NATO, and that the strategic military question is an important issue to be closely observed by the Russian embassy in Oslo.<sup>104</sup> Oleinik maintained that behind the Norwegian management of Svalbard and the rhetoric about the protection of the environment are hidden long-term plans for NATO exploitation of the

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97 Ibidem; G. D. Oleinik, op. cit.; Elena Simonova, 'Blagie namereniia norvezhtsev', Na strazhe Zapolaria, 31 March 2004; V. Gundarov, 'Vremia i flot. Rossiiskie pozitsii v Arktike', Morskoi sbornik, April 2002.

98 Ibidem; G. D. Oleinik, op. cit.; Elena Simonova, op. cit.; V. Gundarov, op.cit.

99 Voprosy obespecheniia natsionalnoi bezopasnosti v raionakh Severa.

100 Ibidem.

101 Spitsbergen is the name of the largest island in the archipelago, but is often used in English and Russian as a name for the archipelago itself.

102 G. D. Oleinik, op. cit.

103 See for instance V strategicheskikh interesakh Rossii, The Council of Federation of the Federal Assembly of the Russian Federation, No. 12(49) July 2007; Nadezhda Sorokina, 'Mir i Rossiia. Moskva nie oslabit pozitsii na Shpitsbergene', Rossiiskaia gazeta, 23 March 2006.

104 'Norvezhtsy nazyvali menia zhestkim poslom', an interview with Y. A. Kvitsinskii, Sovetskaia Rossiia, April 29, 2004.

archipelago to try and control the Arctic. Russians have repeatedly pointed to a number of ‘dual purpose’ installations on Svalbard, mainly monitoring and surveillance systems, which could allegedly be used by the US and NATO for military purposes.<sup>105</sup> According to Nikolai Spasskii, former Deputy Secretary in the Russian Security Council, reducing Russia’s presence at Svalbard would weaken Russia’s position in the Arctic in general.<sup>106</sup> The long-term objective is, thus, to maintain and strengthen Russia’s presence in the archipelago by developing a more coherent policy and diversifying activities.

### **Economic Interests**

One additional ingredient is increasingly referred to: the economic importance of the Barents Sea and the possibility that Russian armed forces – more precisely the Northern Fleet – could be used to defend Russia’s economic interests.

The move towards Russian remilitarisation and intensification of military activity in the High North has coincided with increased regional and international attention on existing and potential energy resources in the region. Already today, we can observe the interdependence between the development of the Russian oil industry and Russian military power in the High North. In the future, securing the petroleum infrastructure will be an important task for Russian military forces and other security structures, such as the Federal Security Service or the Interior Forces.<sup>107</sup> The Minister for Natural Resources, Yuri Trutnev, had already stated in October 2005 at a meeting of the Marine Collegiate that once Russia decided to extend petroleum activity to the continental shelf, the country had to ensure the necessary means to protect it.<sup>108</sup>

Russia and other major actors in the Arctic assess the potential for military confrontation on a large scale in the North to be low. None, however, has excluded limited conflicts, based primarily on access to, and control of, natural resources, first and foremost energy. From Russia’s perspective, the growing importance of the region as a strategic base for resources has made it more likely that Russia’s ‘Arctic opponents’ – the United States, Norway, Canada, Denmark, and NATO – could challenge Russian

<sup>105</sup> See G. D. Oleinik, op. cit.; A. Smolovskii, ‘Voенно–strategicheskaiа obstanovka v Arktike. Istochniki ugroz interesam Rossii v Arktike i osnovnye napravleniia prilozheniia usidlii v etom regione dla VMF i drugih vidov VS RF’, Morskoi sbornik, nr 11, 12 November, December 2006; Elena Simonova, op. cit.; Aleksandr Pronikov, ‘Retrospektiva. Severnye sosedi’, Na strazhe Rodiny, 6 March 2005.

<sup>106</sup> Nadezhda Sorokina, op. cit.

<sup>107</sup> Kristin Ven Bruusgaard, Protecting the Energy Weapon – New Tasks for the Russian Armed Forces? FFI-report, Kjeller, 2007.

<sup>108</sup> Alena Kornysheva, ‘Mikhail Fradkov zaglianul v shliuzu’, Kommersant, 31 October 2005.

security.<sup>109</sup> The international attention devoted to the region, signs of emerging competition and a range of unresolved maritime delimitation disputes, have been driving forces increasing Russia's military presence. Lieutenant General Vladimir Shamanov, in charge of military training in the Russian Ministry of Defence (MoD), said in June 2008 that the military must train in the Arctic to uphold the country's claims in the region. He pointed to the Ministry of Defence's plan to establish an Arctic spetsnaz (special forces unit) to support Russia's northern policy and defend the country's continental shelf. According to Shamanov, the idea arose after several countries disputed Russia's Arctic claims. Typically for Russian security thinking, he interpreted the American military exercise in Alaska one month earlier as a show of force directed at Russia over international rivalry in the Arctic.<sup>110</sup>

Russia's national ambitions in the region have been summarised by Artur Chilingarov, an Arctic explorer and the State Duma's vice-spokesman, who concluded during a meeting with Putin in 2004 that "Russia must bite into the North".<sup>111</sup> At the same meeting, Putin described the Arctic as a "disputed territory, rich in natural resources", where "a serious fight of interests between rivals' is taking place".<sup>112</sup> Major Russian actors have emphasised the need to immediately strengthen the country's influence and position in the region.<sup>113</sup>

There is no place here for a broader discussion of the modernisation efforts in the Russian defence sector, but Russia's ambitions to restore global power projection are worth mentioning. The Commander-in-Chief of the Russian Navy, Admiral Vladimir Vysotskii, announced at a press conference in Severomorsk in February 2008, that Russia would do whatever possible to strengthen its presence in areas where the country has strategic interests.<sup>114</sup> Russian authorities have repeatedly confirmed their intention to make the Russian Navy the second most powerful in the world, after the US, in 20-30 years. These highly ambitious plans include the recreation of a 'blue-water navy' emulating, or even in some areas surpassing, Soviet naval power of the 1970s and 1980s: building five to six aircraft carrier squadrons for the Northern and Pacific Fleets,

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109 A. Smolovskii, op. cit.

110 Konstantin Rashchepkin, Andrei Lunev, an interview with Lieutenant General Vladimir Shamanov: 'Podgotovka i oblik armii budut meniatsia', *Krasnaia zvezda*, 24 June 2008.

111 'Arktika – bogataia spornaia territoria, za kotoruiu vedetsia borba, zaiavil Putin', *Izvestia*, 27 September 2004.

112 Ibidem.

113 'Vladimir Putin predlozhit sozdat natsionalnyi arkticheskii sovet', *Regnum.ru*, 3 May 2007; 'V natsionalnyi arkticheskii sovet dolzhny voiti predstaviteli MID, Minobrony i pogranichniki', *RIA Novosti*, 4 May 2007.

114 'Korabli Severnogo Flota vernulis v Severomorsk', *Murman.ru*, 4 February 2008.



constructing a fourth-generation class of Ballistic Missile Submarine (Borei), and modernising the older sea-based nuclear deterrent (Delta IV).<sup>115</sup> Russian military ambitions have been highlighted by high profile naval exercises, aimed at “ensuring Russia’s naval presence in key operational areas of the world’s oceans”.<sup>116</sup> The exercises that took place in the Northern Atlantic and Mediterranean in 2007/2008 were intended to demonstrate that Russia is able to conduct major military operations, and has the means to defend its national interests. The increase in Russian military activity has reinforced the message to the US that Russia remains a formidable military power, able to hold in check what is seen as any American geopolitical offensive. It has also emphasised the heightened attention Russia devotes to further development of military capabilities that are increasingly being seen as an important or even decisive tool in pursuing a forceful foreign policy worthy of a global power.

### Conclusions

Russia’s military ambitions in the European Arctic are still high, and – contrary to the 1990s – the political willingness and money to increase defence spending now exist. Currently, Russian political, military and economic interests in the region seem to be pulling in the same direction. The increase in military activity in the Arctic and Russian assertiveness and confrontational rhetoric in foreign policy are most probably only the beginning of a more visible Russian presence in the region. Russia has important military strategic interests in the High North. These have not lost their relevance with the end of the Cold War. This continuity can clearly be seen in Russia’s perceptions of both threats and the region’s strategic military qualities. What is particularly important is that any aspect of western military activity, and many aspects of non-military activity, are seen as having an ‘anti-Russian’ character. A new emphasis is placed on securing and defending Russian claims to energy resources and the Russian petroleum extraction industry, thus generating new tasks for the Northern Fleet, and other security structures. Although Russian military ambitions are still more rhetoric than reality, steps have been taken to modernise and strengthen the defence sector. Given continued favourable economic development, albeit slow, today’s plans and ambitions may in the years and decades to come result in a significant strengthening of Russia’s military posture in the High North. So far, both the political will and the economic means exist to move forward. Although Russia poses no existential threat today, there is the potential, both in regional

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<sup>115</sup> Mikhail Barabanov, “Kuda idët rossiiskii flot”, *Kommersant-Vlast*, 25 February 2008.

<sup>116</sup> Statement by Commander of the Northern Fleet, Vice Admiral Nikolai Maksimov, ‘Russian Bear Bombers Join Final Drills in N. Atlantic’, RIA Novosti, 29 January 2008.

and global dimensions, for the situation in the European Arctic and Russia's relations with the United States and other western actors to deteriorate. Hence, developments in the region ought to be seen from a long-term view, with an assumption that the military situation may develop in different directions, and perhaps not all of them that pleasant for neighbouring states.

## Russo-Chinese Relations

By

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### Introduction

President Medvedev's decision to make his first official visit outside the 'near abroad' to China in May this year was intended to remind the rest of the world, and especially the West, that Russia can play an independent role in global affairs. The difference from 2000 was striking. Then President Putin's first official visit abroad was to London. The first three years of his presidency were marked by serious friction with China over Russia's failure to live up to agreements to supply oil. Since 2003, however, Russia's relations with the West have gradually deteriorated, while the Russian and Chinese leaderships have made strenuous efforts to strengthen relations. In 2006/7 they organised the Year of Russia in China and the Year of China in Russia. President Medvedev was also reciprocating President Hu Jintao's first official visit abroad – to Moscow in 2003. There is no doubt that the political leaderships in both countries now feel more comfortable in dealing with each other.

### Convergence

In addition to the growing number of personal contacts between top Russian and Chinese leaders, there are signs of convergence in their responses to globalisation. It has been described as a kind of 'politicised capitalism'.<sup>117</sup> Though both their economies have gone through serious restructuring on market principles, they have both retained serious roles for state enterprises. State-owned enterprises in Russia now account for around 34 per cent of GDP, while in China the figure was similarly around 34 per cent in 2003.<sup>118</sup> Over the past year, both Russia and China have published lists of industries which are to be immune from foreign takeovers. State protection for, and promotion of, national economic assets remains a key feature of the economic policies of both governments.

There are also similarities in terms of political system, now that democracy in Russia is in retreat. A survey by the Russian Levada Centre in January 2008 showed that the

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<sup>117</sup> Victor Nee and Sonja Opper, 'On politicized capitalism', ([www.isnie.org/ISNIE06/Papers06/06.3/opper.pdf](http://www.isnie.org/ISNIE06/Papers06/06.3/opper.pdf)) (accessed 30 May 2008)

<sup>118</sup> OECD Economic Survey, Russian Federation 2006 (Paris: OECD, 2006), p.38; Ross Garnaut, Ligang Song, Stoyan Tenev and Yang Yao, China's Ownership Transformation: Process, Outcomes, Prospects (Washington, DC: International Finance Corporation, 2005), p.5.



proportion of respondents who believed in a separate and distinct path for Russia's development had increased from 18 per cent in 1997 to 39 per cent, while the proportion who believed it would be analogous to western democracy and market economy had decreased from 47 per cent to 32 per cent.<sup>119</sup> The Chinese government published a White Paper on democratisation in 2005 that emphasised the need for China to follow its own path to democracy, just as Putin and United Russia argue that Russia should do the same.<sup>120</sup> The Chinese Communist Party is turning itself into a 'party of power' aiming at continued, long-term rule.<sup>121</sup> United Russia is attempting the same. The two parties held two conferences to share experiences in autumn 2007. Both states support each other over all the means they use to suppress terrorism.

This close relationship between some parts of their elites does not mean that there is an equally close one at the popular level. The two years of high-profile economic and cultural exchanges were intended to solidify what was perceived to be a rather fragile relationship in society at large. Public opinion polls in Russia consistently show that Germany is the country that most Russians admire, while China comes lower down the list. There are popular fears in Russia about the implications of large-scale Chinese migration into Russia, especially in the far eastern parts of the country, even though the Russian population there is relatively small and declining and Russia would benefit from more Chinese contract labour.

Nor does it mean that the interests of the two states are harmonised. New important divergences have emerged over the last decade. Russia is now much more heavily dependent on exports of primary commodities, while China has transformed itself into a manufacturing state, with an ever increasing thirst for commodities. So as the prices of the latter rise, Russia benefits, while China is squeezed.

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<sup>119</sup> <http://www.levada.ru/press/2008012903.html> (accessed 30 May 2008)

<sup>120</sup> 'White paper on political democracy' ([http://en.bcnq.com/english/doc/2005-10/19/content\\_486206.htm](http://en.bcnq.com/english/doc/2005-10/19/content_486206.htm)) (accessed 30 May 2008)

<sup>121</sup> 'For more details. see David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley: Univ. of California Press, 2008)

## What Does Russia Want from the Relationship?

### 1. Status and respect

Now that Russia has finally restored roughly the same level of economic development as it had achieved by 1991, and Russian foreign exchange reserves had reached \$507 billion at the end of March 2008 – the third highest in the world after China and Japan – the government feels greater self-confidence. Above all, its leaders want to recover the international prestige that surrounded the USSR when it was the other superpower. As Orlov put it in the introduction to a collection of essays intended to clarify United Russia's doctrine of 'sovereign democracy': "For Russia today no world order is acceptable in which she cannot affect strategic decision-making, where she is not on the 'board of directors'."<sup>122</sup> Its leaders want international respect, especially from the West. Closer relations with China are not only important in their own right. They also enable greater diplomatic pressure on the West since they give both Russia and China greater freedom of manoeuvre.

### 2. Security

The second thing that Russia wants from its relations with China is security in Eurasia. As long as there remained disputes over the frontier, there remained the fear of renewed clashes across Russia's longest frontier. Eurasia in the early 1970s was under the shadow of nuclear war. Gradually over a period of more than 20 years, Russia and China have agreed all the details of their border – the final document being signed a few weeks ago. Although doubts in Russia persist whether this will really be the final settlement and whether a more powerful China will reassert its claims to the Russian Far East at some point in the future, this is no longer a serious immediate concern.

The settlement will also enhance cooperation in the Shanghai Cooperation Organisation (SCO), which links Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Commentators in Moscow sometimes tout this as Russia's answer to NATO, but this is considerably to exaggerate its current significance. It establishes a framework for security cooperation between its members and they now hold annual joint military training exercises, but it does not commit any of them automatically to come to the aid of any of its members if attacked. It is not an alliance. Nevertheless, it is important for stability in Central Asia and China at least would like to turn into a framework for enhanced economic cooperation too.

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<sup>122</sup> Suverennaia demokratiia: ot idei k doktrine (Moscow: Evropa, 2006), p.6

The SCO also has an important role in coordinating its members' policies towards the conflict in Afghanistan. None of them want to see a repeat of the late 1990s when Islamic fundamentalists tried to spread their cause from there to Central Asia, Xinjiang and Chechnya. As long as NATO takes the lead in fighting the Taliban, the SCO only has to watch. But if NATO ever felt that its current objectives were beyond it, the SCO would be under pressure from its member governments to do more. It has created a Regional Anti-Terrorism Centre that could be expanded if need be.

### 3. Trade

The third benefit that Russia expects to achieve from closer relations with China is increased trade. This was more important at the beginning of the decade when the Russian economy was weaker than it is now. And there remains great concern in Russia about the danger of cheap Chinese manufactured goods flooding the Russian market. Nevertheless, China is becoming a more important trading destination for Russia. In 2007, China became Russia's third largest trading partner, with 7.3 per cent of Russia's total foreign trade, after Germany and the Netherlands. For the first time, China enjoyed a trade surplus with Russia. These figures represented a significant increase from 6.5 per cent in 2006 and six per cent in 2002.

In earlier years, sales to China of military equipment accounted for up to 40 per cent of total Russian exports and made a vital contribution to keeping Russian armaments factories in work when orders fell sharply after 1991. The bulk of the purchases were warships and aircraft. However, most of those Chinese orders have now been completed, and no new ones were signed in 2007. There are some unresolved disputes over the prices for IL 76 transport and refuelling aircraft, where China is insisting on the original contract price while Russia is demanding a renegotiation. In addition, China can probably now manufacture its own military equivalents, e.g. J11B fighters instead of SU 27s. Russia has remained reluctant to supply China with its most advanced fighters, avionics, missiles and tanks for fear of China's long-term ambitions, although Russia has supplied the same equipment to India. Nevertheless, there are renewed debates in Moscow over the supply of Russia's most advanced military technology to China. Now that Russia itself can afford to spend more on defence and R&D, Russian military leaders may be less nervous about upgrading their supplies to China. In addition, Russian space technology will be an important factor in China's own space programme for years to come.

The current decline in arms sales heightens the importance of energy supplies to China. China has been extremely keen to import oil and gas from Russia as its own needs have escalated rapidly since the 1990s. Russia promised an oil pipeline from western Siberia in 2002, but final agreement on the route has been repeatedly delayed, to the great frustration of the Chinese. As the price of oil and gas has risen, China has tried to bargain Russia down over supply contracts, but the Russian government has been reluctant to make concessions. Here Russia uses gas price agreements with Europe to put pressure on China. Medvedev's visit did not lead to any announcement of a settlement. Nevertheless, energy and other raw materials will continue to occupy the bulk of Russia's exports to China and his visit was marked by an agreement to enhance cooperation over nuclear energy. Russia agreed to supply two nuclear power stations, a gas centrifuge uranium enrichment plant and a fast-breeder reactor at an estimated cost of \$1.5 billion.

It is important to see Russia's trade relations with China in a wider context. Even though China is now Russia's third largest trading partner, and the proportion is more than double Russia's trade with the US (3.2 per cent in 2007), over half of Russia's total foreign trade is with the EU 27 (51.4 per cent in 2007). So for Russia, trade with China is increasingly important, but nowhere near as important as trade with Europe. And the relationship with China is asymmetrical. Russia may be important to China as a supplier of energy, raw materials and weapons technology, but overall trade with Russia represented only 2.2 per cent of China's total foreign trade. Actually China did almost twice as much trade with Germany, and nearly seven times as much (13.9 per cent) with the US. Overall, the EU collectively is China's largest foreign trade partner, as it is for Russia, though at 16.4 per cent it is still a much smaller proportion. So Russia is less important economically to China than vice versa.

### **What Does China Want from the relationship?**

#### **1. Stability and Security, Including Weapons**

There is obviously a significant overlap with Russia's priorities. China needs stability and security around its borders, which is a prerequisite for economic development. According to the World Bank, its per capita Gross National Income is still under half that of Russia. The need for a stable neighbourhood will remain acute for years to come. Cooperation with Russia is a crucial dimension.

## 2. Access to Natural Resources

China needs access to the raw materials that will support its industrialisation drive. It is convenient that Russia is a neighbour and so well endowed with energy and minerals. This dependence on Russia can only increase. But this also explains why China has become a major trading partner of, for example, Angola and Chile. China has already turned to agreements with Kazakhstan when negotiations with Russia stalled.

## 3. Diplomatic Cooperation

Chinese leaders are concerned to manage their country's 'peaceful rise' so that it is not regarded as a threat to existing international relations. They fear confrontation with the US. They look for diplomatic allies, e.g. through the 'strategic partnership' with Russia, as another member of the UN Security Council. According to a Russian international relations expert, Chinese counterparts implied in meetings that they would like Russia to take the lead in standing up to the US.<sup>123</sup> There is in any case a significant substratum of similar views on international issues. Voting records in the UN General Assembly show that for decades, Russia and China have voted the same way on roughly 70 per cent of the times when issues have been put to the vote. Since 2000, that figure has risen to 76 per cent. Only very occasionally do they now vote in opposite ways. By contrast, Russia and the US have voted in opposite ways roughly half the time since 2000, while China and the US have voted differently some two-thirds of the time.<sup>124</sup> The increasingly strident criticism of the West by President Putin towards the end of his period in office might have been expected to please Chinese leaders. In fact, they were somewhat worried by the confrontational tone and one commentary remarked that Russo-American relations were inherently volatile<sup>125</sup>. Nevertheless, the idea of Russia and China pursuing together a different set of principles in international affairs underlay joint declarations by the two countries' presidents in 1997 and again in 2005 on the need for a new world order.<sup>126</sup> This would be based upon enhanced roles for the UN and the developing world.

<sup>123</sup> Iu.M. Galenovich, *Rossia-Kitai-Amerika* (Moscow: Russkaia Panorama, 2006), p.270.

<sup>124</sup> For more details, see Peter Ferdinand, 'Sunset, sunrise: China and Russia construct a new relationship', *International Affairs*, vol.83, no.5, Sept. 2007, pp.858-9.

<sup>125</sup> Yu Sui, 'Lun e mei guanxi shi duobian', *Guoji wenti yanjiu* 2007, 1, pp.30-5.

<sup>126</sup> For details, see <http://fas.org/news/russia/1997/a52-153en.htm> and <http://www.politicalaffairs.net/article/view/1455/1/108> (accessed 30 May 2008)

**Conclusion: Towards Multipolarity**

This article has argued that the strategic partnership between Russia and China has become an increasing vector of convergence in the diplomacy of both countries. The head of the First Asian Department of the Russian Foreign Ministry has argued that Russo-Chinese relations are at the highest point in their entire history<sup>127</sup>. Yet there remain serious tensions in the relationship, and it is certainly far from amounting to an alliance. Rather the term 'strategic partnership' seems to connote a willingness to use persuasion, argument and goodwill to resolve those tensions – 'good neighbourly cooperation'. Both countries put their national interests first and they are prepared to come to agreements with other states if this serves their interests better. That is what 'sovereign democracy' implies. The relationship is as much based upon pragmatism as upon principle.

Yet at the same time, this warming bilateral relationship also exemplifies a more fundamental change in world affairs – the rise of groupings of new powers, not just China. Already in 1998 the then Russian Prime Minister Primakov proposed in Delhi a Russo-Chinese-Indian triangle to counteract pressure from the West. At the time it seemed hopelessly unrealistic. But in 2005, the leaders of these three states held their first summit, and this has been followed by annual meetings of their foreign ministers. Then, too, Goldman Sachs' spotlight on the BRIC states (Brazil, Russia, India and China) as rapidly emerging markets and rising powers has over time created a distinct group identity for these states too – and in July 2008 the presidents of these four states held their first summit on the sidelines of the G8 summit in Japan, to which they had all been invited as interlocutors. So Russo-Chinese relations are not just important in their own right. They are also beginning to constitute a new pole of diplomatic convergence in relations between the developing and the developed world. However quixotic their stated objective of a new world order may seem, it has become another important factor to which the diplomacy of the EU will need to respond.

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<sup>127</sup> Konstantin Vnukov, 'Russians, Chinese-brothers forever?', *International Affairs (Moscow)*, 2006, 2, p.129

## Medvedev and the Future of Sino-Russian Relations

By

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### Introduction

Perhaps more than anything else, Russian President Dmitry Medvedev's state visit to China on 23-24 May underscored the three "Ss" for the two nations: strategic partnership, stability and sustainability. It also means that Moscow and Beijing have managed to achieve policy stability and continuity through three leadership transitions: Yeltsin, Putin and Medvedev for Russia; Deng, Jiang and Hu for China.

What are the prospects for Russia's China policy under Medvedev? What are the areas of bilateral relations where cooperation is more than competition and vice versa? How does this relationship adapt to the ever changing domestic and international environment? One may also need to ask how 'strategic' the current 'strategic partnership' relations are. At the operational level, how will Moscow and Beijing continue and improve this 'best ever' relationship?

### How Strategic are Sino-Russian relations?

There has been a proliferation of the so-called 'strategic' relationship among nation states these days. China and Russia, for example, apply it to inter-state relations vital for their national interests.<sup>128</sup> The West, particularly the United States, has been far more cautious in granting a 'strategic relationship', which is essentially a title reserved for intra-ally relations.<sup>129</sup> While the Russian-Chinese definition of strategic relations is somewhat loose, it is largely a pragmatic approach to interact with one another on the basis of equality and with considerable freedom of action. According to a Chinese analyst recently, Beijing and Moscow conduct "strategic coordination without alliance and close relationship without excessive dependence".<sup>130</sup> What is essential is the absence of ideological factors and border disputes that constantly besieged the two

<sup>128</sup> Other nations, such as India and Pakistan, also adopt a similar definition. The European Union (EU), which is a non-military group, also elevated its relations with China as one of strategic partnership in 2005, see "Joint Statement" for the EU-China Summit, September 5, 2005, [http://ec.europa.eu/external\\_relations/china/summit\\_0905/index.htm](http://ec.europa.eu/external_relations/china/summit_0905/index.htm).

<sup>129</sup> Washington, for example, has so far been very unwilling to define US-China relations as strategic. Instead, it used 'Senior Dialogue' to engage in strategic dialogue with China.

<sup>130</sup> Cao Xin, "Russia into Post-Putin Era" [E luosi jinru hou pujan shiqi], Nafang Zhoumo [South China Weekend] October 10, 2007, <http://www.infzm.com/content/5695>.



nations up to the early 1990s. Moreover, there is a willingness to develop the more cooperative aspects of their relationship, while managing those of disagreement and competition.

In contrast, the western version of a strategic relationship is usually confined within the alliance parameter, within which junior members of the alliance are expected to come to a consensus with the leading state (the US). Deviation from Washington is possible, but not encouraged. A typical case of this is the US fury over the French and German opposition to its 2003 Iraq invasion, hence the famous Rumsfeld dichotomy of the 'Old' versus 'New' Europe.<sup>131</sup>

Regardless of the 'best ever' official pronouncement or more cautious 'marriage-of-convenience' depiction, the Sino-Russian strategic partnership since 1996 is essentially a normal and stable relationship. This is substantially different from their highly volatile relations of 'honeymoon' (1949-60) and hostility (1960-89). There was very little between the two, in which problems and disagreements were either ignored or allowed to explode.

By no means should the Sino-Russian strategic partnership relationship be idealised. At the operational level, it is a complex interactive process with elements of both cooperation and competition across all levels of bilateral relations. Because of the huge differences in their political, cultural, religious, and socio-economic development, their different perceptions of the same issue are actually natural if not desirable.

The complexities of their strategic relationship also mean Moscow and Beijing are inter-related through a multi-dimensional (political, diplomatic, economic, security and society) and multi-levelled (top leaders, governmental agencies and ordinary people) interface thanks to the broadening, deepening, and institutionalisation of bilateral contacts since the 1989 normalisation of relations. Within this interactive web, policy making and implementation may or may not lead to desirable outcomes. High-level trust and strategic cooperation, for example, may not preclude economic competition. Growing economic transactions frequently lead to more friction. Meanwhile, ordinary citizens do not know, let alone like, each other. It is within this context of their strategic

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<sup>131</sup> BBC, "Outrage at 'old Europe' remarks", January 23, 2003, <http://news.bbc.co.uk/2/hi/europe/2687403.stm>.

partnership relations—pragmatism, normalcy, and complexity—that the post-Putin Sino-Russian relations are examined below.

### **Ordinariness and Extraordinariness of Medvedev’s Visit**

No matter how presidential Medvedev’s appearance in Beijing was, his summit with his Chinese counterpart was widely discounted in the West as routine, insubstantial<sup>132</sup> and, of course, under Putin’s ubiquitous shadow.<sup>133</sup> This parallels a new trend in the West’s Russia bashing, which has moved from mystifying Putin’s ‘soul’<sup>134</sup> to minimising and even mocking his successor. The ‘growing’ conflict of interests between Russia and China – real or perceived – over various issues such as trade, energy and military sales is also said to be eroding the strategic partnership between the two Eurasian giants.<sup>135</sup>

Yet these assessments, among others, may touch on some technicalities of the Moscow-Beijing ties. They nonetheless miss some important aspects of the evolving, deepening, and broadening relations between the two largest nations on the Eurasian continent.

Perhaps more than anything else, Medvedev’s two-day visit to China was to reaffirm continuity and stability of Russia’s China policy under the new president, with or without Putin’s influence. In the past eight years, China gained considerable experience in working with Putin when Medvedev served as head of Putin’s 2000 presidential election campaign headquarters, as presidential chief of staff (2003-05), and deputy prime minister (2005-08). This time, the Chinese side would take a closer look at Medvedev as Russian president and how he and Putin coordinate policies toward Beijing. In the longer run, Medvedev would have to develop his own trademark and certain policy adjustments may be unavoidable. Before that happens, China does not want to be surprised.<sup>136</sup> This was why China took the initiative to invite Medvedev as soon as he was officially elected president in March.

132 The visit may have contributed to the western assessment: no surprise, no breakthroughs, still no new large military contract, and no new paperwork for the long-talked Russian oil pipeline to China.

133 Steven Erlanger, “Putin in Paris, not President but Presidential”, New York Times, May 31, 2008, [http://www.nytimes.com/2008/05/31/world/europe/31france.html?\\_r=1&ref=world&oref=slogin](http://www.nytimes.com/2008/05/31/world/europe/31france.html?_r=1&ref=world&oref=slogin).

134 Adi Ignatius, “A Tsar Is Born”, Person of the Year 2007, Time, Person of the Year, 4 December 2007, [www.time.com/time/specials/2007/personoftheyear/article/0,28804,1690753\\_1690757\\_1690766,00.html](http://www.time.com/time/specials/2007/personoftheyear/article/0,28804,1690753_1690757_1690766,00.html).

135 Jonathan Marcus, “Russian-Chinese message to US”, BBC, May 23, 2008, <http://news.bbc.co.uk/2/hi/asia-pacific/7417400.stm>; VOA (Chinese language program), “Fumian quandou buti: zhonguo meiti dui e zongtong fanghua baixibubaoyou [Chinese media reports only good things about Russian president’s visit],” May 29, 2008, [www.6park.com/news/messages/83390.html](http://www.6park.com/news/messages/83390.html).

136 China was quite surprised by Putin’s succession arrangement.



China was Medvedev's first foreign visit outside the Commonwealth of Independent States (CIS). He was the first foreign head of state to visit quake-ridden China. Russian military mounted the largest international relief effort in its history.<sup>137</sup> A Russian rescue team was among the first to arrive in the quake area, and was the only foreign search team to find any survivors. Once in China, Medvedev authorised additional assistance (eight cargo planes for 250 tonnes of goods) to be sent there.<sup>138</sup> Before leaving, Medvedev also suggested that Russia would host summer camps for dozens of Chinese children who had suffered from the devastating earthquake.<sup>139</sup> The actual number of Chinese children going to Russia, however, quickly snowballed to over 1,000 as various Russian resort campuses competed to host Chinese children.<sup>140</sup> The 'ordinariness' of Medvedev's first official visit to China as Russian president assumed some degree of 'extraordinariness'.

### **Facing the World: Policy Convergence and Divergence**

Medvedev's visit occurred at a time when Moscow and Beijing are faced with growing challenges from the West: a new round of NATO expansion and missile defence for Russia and mounting protectionism in the West and surging energy prices for China, not to mention Tibet and the Olympics. This led to the 'Joint Statement of the PRC and the Russian Federation on Major International Issues' signed by the two heads of state. The 11-point declaration stresses common perceptions and preferences between Moscow and Beijing ranging from the crucial role of the UN for peace, development, security, and anti-terror; the need for a more equal, fair and multipolar world; concerns for missile defence and space weaponisation; cooperation on environmental protection and energy; and negotiations and dialogue for regional issues such as the Korean nuclear crisis, Iran and Sudan.<sup>141</sup>

At the policy level, Beijing and Moscow have worked closely in soft landing regional crises such as Korea and Iran; co-sponsored a proposal for an international treaty to ban

137 Yu Hongjian, Zhang Guangzheng and Zhang Xiaodong, "Weinan jian zhenqing: eluosi yuanzhu zhongguo kangzhen jiuzai [Crisis led to genuine friendship: Russia disaster relief assistance to China]", People's Daily (Internet edition), <http://world.people.com.cn/GB/14549/7285875.html>.

138 Yu Hongjian, "He zhongguo renmin zhanzai yiqi [Standing by the Chinese people]", May 28, 2008, People's Daily (Internet edition); Itar-Tass, "Medvedev Orders More Humanitarian Aid To Quake-stricken China," May 24, 2008, cited from Foreign Broadcasting Information Service (FBIS hereafter).

139 Itar-Tass, "Summer Camps In Sverdlovsk Region To Receive Chinese Children", May 29, 2008, FBIS; Itar-Tass, "China Children From Quake-hit Sichuan To Rehabilitate In Kemerovo", June 7, 2008, FBIS.

140 Xinhua, "Russian President's Representative Visits Students From China's quake-Hit Sichuan Province", July 26, 2008, FBIS.

141 "Full Text of Joint Statement of the PRC and the Russian Federation on Major International Issues", May 23, 2008, People's Daily, <http://politics.people.com.cn/GB/1026/7290647.html>.

weapon deployment in outer space in Geneva in February 2008; extended their eighth round of foreign ministerial meetings with India to a four-party dialogue including Brazil in May 2008; and vetoed a British-sponsored UNSC bill to apply sanctions against Zimbabwe in July 2008.<sup>142</sup>

Not everything was synchronised between Moscow and Beijing. By the end of Putin's presidency, Russia's reaction to NATO expansion and missile defence in Europe had led to a series of confrontational responses from Russia, including the resumption of Russia's strategic bombers' routine patrols and military posturing in several near abroad areas. Beijing shares Russia's concerns, but may not want to see further deepening of the Russia-West breach to the point that it has to take sides.<sup>143</sup> For the same reason, Beijing seems happy to see that the Shanghai Cooperation Organisation (SCO) remains as it is, i.e. a community of nations working for regional stability and economic development rather than an explicit counterforce to NATO or the US. Such a view also seems to be the consensus of most other members and observers of the SCO. Short of a steep deterioration in regional security, SCO members need working relations with Washington, and the West, as much as they need each other. This may explain how and why the SCO annual foreign ministerial meeting on 25 July in Dushanbe (Tajikistan) continued to uphold a moratorium on Iran's full SCO membership.<sup>144</sup>

### **Medvedev's Westpolitik through Beijing**

Medvedev's choice of China for his first foreign visit was significant in itself, as discussed earlier. In contrast, Putin chose Britain for his first foreign tour despite the Kremlin's announcement shortly after Yeltsin's resignation that Beijing would be the first trip abroad for Putin and despite China's repeated invitations from as early as 2000. Over time, however, Putin became increasingly aware of the 'Euro-Asian dimension'.<sup>145</sup> This was quite different from the first few months of his presidency when he toyed with the 'hypothetical' idea of Russia joining NATO and when he 'confessed' to the visiting US

142 Jiefang net, "zhong e foujue anlihui zhicai jinbabuwei caoan, yingmei biaooshi bu lijie [China and Russia vetoed UNSC draft to sanction Zimbabwe, U.S. and UK expressed disbelief]", cited from [www.6park.com/news/messages/87718.html](http://www.6park.com/news/messages/87718.html), July 12, 2008.

143 Xu Hongfeng, "mei de wei jie fu shangtai hou jiangyao miandui de emei guanxi si da kunjing [Four dilemmas in Russian-US relations Medvedev will face after his inauguration as Russian president]", People's Daily [Internet edition], May 12, 2008, <http://world.people.com.cn/GB/57507/7226820.html>.

144 "Shanghai ministerial session ends in Tajikistan", Asia-Plus (Internet Version), July 25, 2008.

145 Lubos Palata, "Russian Europe; Divided Europe Is Not an Equal Partner for Russia, To Our Own and Russia's Detriment" Lidovky.cz, June 30, 2008, FBIS.

Secretary of State of his “European essence” and his Asian superficiality (practising judo and eating Chinese food).<sup>146</sup>

Medvedev’s explicit Ostpolitik at the onset of his presidency was also the opposite of Yeltsin, who was obsessed with western style political democratisation and economic ‘shock therapy’. Prior to his sudden exit from the Kremlin at the end of 1999, Yeltsin chose Beijing to remind the West of Russia’s huge nuclear arsenal, in a manner more like “a recidivist Soviet premier”.<sup>147</sup> In between, the father of the Russian Federation became progressively more disillusioned with the West.

It appears that the more Russia wants to be identified with the West, the less likely it will be. Both Yeltsin and Putin tried to plant Russia fully inside western civilisation, only to be dismayed by the persistent western policies ranging from NATO expansion, Kosovo, and missile defence, to ‘colour revolutions’. At the end of their presidencies, both resorted to some high-profile strategic posturing, albeit Yeltsin’s nuke roar was somewhat hollow.

Medvedev’s China trip is, and perhaps should be, understood in the light of Russia’s unrequited affection for the West. Indeed, ten days after his China visit, Medvedev unleashed in Berlin his grand blueprint for a Euro-Atlantic community from Vancouver to Vladivostok. Within this, Russia and Europe were said to share common roots, history, values and thinking.<sup>148</sup> A month later, the Russian president again tossed around the same ‘Medvedev doctrine’ at the G8 summit in Japan. On the same day, however, US Secretary of State Rice and the Czech Republic signed the missile defence agreement, to Moscow’s dismay.<sup>149</sup>

Medvedev’s China detour has yet to promote his Westpolitik.

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<sup>146</sup> Yu Bin, “New Century, New Face, and China’s ‘Putin Puzzle,’” Comparative Connection, 1st Quarter 2000.

<sup>147</sup> Michael Wines, “Yeltsin Waves Saber at West; His Premier Speaks Softly,” New York Times, December 11, 1999, <http://query.nytimes.com/gst/fullpage.html?res=9507E6DE1231F932A25751C1A96F958260>.

<sup>148</sup> Dmitry Medvedev, “Statements on Major Issues,” Speech at Meeting with German Political, Parliamentary and Civic Leaders, Berlin, June 5, 2008, Berlin, [http://www.kremlin.ru/eng/speeches/2008/06/05/2203\\_type82912type82914type84779\\_202153.shtm](http://www.kremlin.ru/eng/speeches/2008/06/05/2203_type82912type82914type84779_202153.shtm).

<sup>149</sup> Anne Gearan, “US, Czech Republic sign defense agreement,” AP, July 8, 2008, <http://ap.google.com/article/ALeqM5gL5oQoIDzcGtENsih2jr24j6DDMwD91Q1SIG1>.

### The Future: China's 'Old Friend' and New Challenges

Russia's enduring identity as a Eurasian power is its strength as well as its burden. Such a dichotomy may cast limits on its relationship, either as friend or foe, with both the West and East. After nearly 60 years of relations with the former Soviet Union and its successor the Russia Federation, Chinese analysts seem to understand this well.<sup>150</sup>

Within the realm of feasibility, however, China has lost no time in stretching Medvedev's Orientalist temptation. Indeed, the new and young Russian president is perhaps quite unusual in that he became popular in China long before his Beijing summit in May 2008, thanks to his co-chairmanship of China's Russia Year (2006) and Russia's China Year (2007). He is described as China's 'old friend' despite his relatively young age and youthful face. As part of the China Year activities, Medvedev, then deputy prime minister, even spent an hour and half with Chinese *netizens* (internet surfers) from Moscow in February 2007. No top Chinese leader has ever done that for either the Chinese or the Russians. In the eyes of many Chinese, the young Russian president is indeed quite different from his predecessor in his 'taste' for Chinese culture. On many occasions, including his talk at Beijing University, Medvedev has demonstrated his knowledge and appreciation of Chinese culture and philosophy.<sup>151</sup> Putin, in comparison, is more interested in Chinese Kung Fu.<sup>152</sup>

Partly because of the two 'national years', mutual understanding between ordinary Chinese and Russians has improved. A national survey by the Russian Public Opinion Study Centre in April 2008 – a month before China's earthquake – showed that ordinary Russians believe that China is the country with which Russia had the best relations.<sup>153</sup> Separately, a poll in several major Chinese cities conducted by the Chinese Public Opinion Study Institute in Beijing for the same period indicated that more than 80% of Chinese believe relations between Russia and China are very good.<sup>154</sup>

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150 Xu Hongfeng, "Four dilemmas in Russian-US relations," op.cit., May 12, 2008; Wang Haiyun, "xi shiqi eluosi duihua zhengce de zouxiang ji shenhua liangguo guanxi de sikao [Current trends in Russia's China policy and how to deepen bilateral relations]," May 12, 2008, People's Daily [Internet edition], <http://world.people.com.cn/GB/42032/7226448.html>.

151 Itar-Tass, "Medvedev Meets Chinese Students, Says He Loves Chinese Philosophy, Culture," May 24, 2008, FBIS.

152 People's Daily Online: "I've seen genuine Shaolin Kong Fu," Putin," March 24, 2006.

153 The poll showed that 23% of the respondents named China as the country with which Russia had the best relations. This was followed by 17% for Germany; 14% for Belarus; 6-9% for Kazakhstan, the U.S., India and France; 4% for the European Union; and 3% for Bulgaria and Japan. Interfax, "China Is Russia's Best Friend: Opinion Poll," May 8, 2008, FBIS.

154 Itar-Tass, "Over 80 Per Cent of Chinese Believe Relations With Russia Very Good," May 16, 2008, FBIS.



## Conclusions

The more positive mutual perceptions are occurring at a time when Russia and China are faced with several major bottlenecks in their bilateral relations. Under President Putin, frequent high-level interactions did not lead to more tangible economic gains. In 1994, former President Yeltsin tossed around the idea of building an oil pipeline to China. To date, the world's emerging manufacturing giant (China) and energy superpower (Russia) are still talking. Meanwhile, Russia is perhaps one of the few western nations that benefits from current high energy prices. Ironically, Russia's declining manufacturing capability and reluctance to become China's raw material supplier have led to its first trade deficit with China (\$8 billion in 2007) since the collapse of the Soviet Union.

Even the once thriving Russian military sales to China have come to a standstill. Perhaps the time has passed for China to purchase large quantities of Russian air and naval armaments, largely based on Soviet R&D, unless Moscow is willing to elevate China to the level of India in military sales and technology transfer.<sup>155</sup> Without large-scale military sales to China, the structural trade problem – meaning Russia as a raw material supplier to China – may not be easily resolved given the growing structural difference between China's manufacturing capability and Russia's raw-material based recovery.

These issues or bottlenecks, among others, are far from desirable for Russia and China, although none of them has spilled over to other issues or become politicised thanks to the thickening of the web of connections and institutionalisation of various governmental contacts. However, their existence and extent are not in the interests of Russia and China. Working on them with China requires patience, perceptiveness, and pragmatism. Medvedev's presidency seems to provide an opportunity.

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<sup>155</sup> Wang Haiyun, "Current trends," op.cit.

## Russia and the US: The Kabuki Dancing Over?

By

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### Introduction - Putin's Legacy

In spring 2008, while preparing to pass over the presidential duties to his designated successor Dmitry Medvedev, Vladimir Putin was expected to make his choices on the future direction of Russian policy towards the US and NATO. One choice was to continue the tough rhetoric and further pursue the Russian demands put forward most boldly on 10 February 2007 in his statement at the Munich international security conference.<sup>156</sup> This revealed Moscow's anger at a number of developments in US policy.

First and foremost, Moscow made clear that it was not to be expected to tolerate or accept possible further NATO expansion into post-Soviet space. The particular issue at stake was the preparation to grant the NATO Membership Action Plan (MAP) to either Ukraine, Georgia, or both. Second, Moscow voiced its opposition to the US plans to deploy components of its global ballistic defence in the Czech Republic and Poland. It insisted that any ballistic defence in Europe should either be developed as a joint venture with Russia, or not at all. Third, Moscow moved on to withdraw from the European arms control regime established by the 1990 Treaty on Conventional Forces in Europe (CFE) by threatening to suspend its implementation unless the US and NATO ratified the amended version of the Treaty and ensured that the new members of the Alliance not yet party to the CFE (the three Baltic States, Slovenia, and later Croatia and Albania) acceded to it. Pointing to US plans to deploy forces in Bulgaria and Romania, and to deploy ballistic defence systems in Europe, Moscow insisted that even the amended CFE Treaty no longer reflected realities on the ground and was subject to renegotiation.

The Russian government came back to its desiderata from the mid 1990s when the CFE Treaty change was negotiated. It sought to re-establish straitjacketing collective limits on allied forces in Europe no matter how large they might grow. At the same time, it tried to remove any restrictions on the deployment of Russian heavy weapons

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<sup>156</sup> <http://www.president.kremlin.ru/text/appears/2007/02/118109.shtml>



renegotiated and increased twice in the 1990s. Moscow sought to abolish altogether CFE restrictions on its deployments, particularly in the Caucasus.

Besides the three issues at the forefront – NATO enlargement, European ballistic defence and the CFE – Russia-US relations were continuously complicated by the dispute about the fate of the earlier arms control arrangements, particularly that of the START-1 agreement expiring in 2009. If it was not replaced by a similar regime, the end of bilateral nuclear arms control would also mean a dramatic cut in mutual transparency of the nuclear postures of both the US and the Russian Federation. This is particularly true since the 2002 US-Russian Treaty further reducing offensive nuclear arms does not provide for any transparency or verification measures.

In Munich and its aftermath, Putin did not shy away from raising the prospect of a new arms race should the US ignore the concerns raised by Moscow. The Russian military, as well as the defence and security community, publicly discussed the policy option of targeting the deployment sites of the US missile defences in Poland and the Czech Republic. Putin admitted that even Ukraine might become a target for Russian missiles once it joined NATO. A discussion was triggered in Russia on what other arms control instruments Russia would be ready to withdraw from. Apart from the CFE and START-1, the INF (the 1980s agreement banning Russian and American medium and shorter range nuclear missiles) and the Open Skies regimes appeared to have been put forward for debate.

The new old arms control versus arms race agenda seemed to increasingly overwhelm the US-Russia agenda overshadowing areas of relative concord and cooperation, such as dealing with the Iranian and North Korean nuclear dossiers, or addressing the new security challenges, such as transnational terrorist activities. Afghanistan seemed to remain one of the few places with an obvious coincidence of Russian and American interests but, apparently, it was not important enough to put aside the mounting controversies over other business.

Putin's other choice was to scale down the rhetoric of his last year in presidential office and seek a compromise to make it easier for Medvedev to repair the Russian-US relationship without risking being accused of abandoning continuity in the pursuit of Russian foreign policy. This choice implied scaling down the rhetoric over NATO enlargement, seeking a cooperative compromise on the issue of ballistic defence in



Europe, and returning to the CFE while picking up the discussion over the issues raised by Moscow, as suggested by the NATO countries in autumn 2007.

Spring 2008 offered Putin an opportunity to make his last choices on Russia-US relations. For the first time, except for the 2002 Russia-NATO summit in Italy which launched the new Russia-NATO Council, he decided to accept the invitation to go to Bucharest early in April on the occasion of the North Atlantic Council meeting at the level of the heads of states and government and to attend the Russia-NATO Council summit. This trip was followed by a bilateral meeting between Putin and the outgoing US President George W. Bush in the former's southern residence near Sochi on 6 April 2008.

It is not clear whether Putin believed he could bind the American president with a last minute accord. It was, however, the very last opportunity to improve the bilateral dialogue before an inevitable interval arrived with the political transition in Russia and the elections in the US. However, if Putin had expected to extract concessions, developments proved he was wrong.

The Bucharest NATO Council meeting demonstrated the solidarity of the alliance which, a year earlier, had seemed increasingly split over the issues raised by Moscow. The decisions taken in Bucharest and prior to the meeting could only be seen in Moscow as heralding the failure of Putin's Munich strategy to play hard ball with the US and NATO. Although Moscow was able to claim a tactical victory over the US after NATO failed to grant MAP to Ukraine and Georgia, the alliance unequivocally committed itself to an open door policy towards both countries while explicitly offering them membership in the future. The NATO summit endorsed the US ballistic defence posture in Europe,<sup>157</sup> thus putting an end to Moscow's hope of being able to stop deployment in the Czech Republic and Poland due to a split within the alliance. Last but not least, on 28 March the NATO countries issued their consensual response offering Russia a cooperative

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157 "Ballistic missile proliferation poses an increasing threat to Allies' forces, territory and populations. Missile defence forms part of a broader response to counter this threat. We therefore recognise the substantial contribution to the protection of Allies from long range ballistic missiles to be provided by the planned deployment of European based United States missile defence assets. We are exploring ways to link this capability with current NATO missile defence efforts as a way to ensure that it would be an integral part of any future NATO wide missile defence architecture. Bearing in mind the principle of the indivisibility of Allied security as well as NATO solidarity, we task the Council in Permanent Session to develop options for a comprehensive missile defence architecture to extend coverage to all Allied territory and populations not otherwise covered by the United States system for review at our 2009 Summit, to inform any future political decision." See: Figure 37 of the Bucharest Summit Declaration of April 3, 2008 available at: <http://www.nato.int/docu/pr/2008/p08-049e.html>.

approach to resolve the dispute over the CFE, provided Moscow returned to the regime after suspending it in December 2007.

George W. Bush went to Sochi to see Putin and president elect Medvedev with the backing of his allies. For that reason, not much progress was expected from the meeting unless Putin had decided to scale down the Cold War rhetoric and embark on the road of compromise. At the end of the Sochi meeting, Putin had obviously not decided whether to change his approach or not and to pass the ball to Medvedev. Putin and Bush agreed to disagree on all issues of controversy and to intensify dialogue in the following months. The few issues of progress included the readiness of Moscow to drop its demand that the US abandon plans to deploy ballistic defence assets in Europe pending an agreement to make the new deployments transparent for Russia.

Bush and Putin also launched moves allowing the US and Russia to cooperate in the nuclear field. Both had initialled the agreement in June 2007 and, apparently, the Bush administration sought to please Moscow with the progress it believed was important for Russia's nuclear industry. In May 2008, Bush finally passed the agreement to Congress for ratification.

Otherwise, Putin and Bush only managed to table an approximately seven-page long inventory of the issues on the agenda of Russia-US relations. These range from arms control and non-proliferation to nuclear safety and trade. There was little expectation, however, of significant progress on any of these any time soon. The US administration was not eager to commit Bush's successor, nor did Moscow seek to put pressure on Bush. Thus, the last official Putin-Bush meeting in Sochi, produced no breakthrough and opened a lengthy interval in Russian-US relations that will last at least to mid 2009 to allow the new American president to complete his policy review process. Putin's reluctance to make choices left little room for Medvedev to seek to identify his US policy before the new president takes office. The bilateral relationship, however, reached a fragile state from which it could either improve, or further deteriorate.

### **End of Kabuki dancing**

After Putin and Bush had failed to define a common approach on the major issues in dispute, Medvedev had little room for manoeuvre and was obviously doomed to follow the path of making no final choices. Admittedly, it is debatable whether he was at all inclined to take a different course. Right after the Sochi meeting, it was obvious that no

major shift in bilateral relations was to be expected until the end of Bush's term in office. It remained open whether, and when, a more constructive dialogue could be resumed under a new US president. But the Moscow political class became increasingly concerned with the criticism of Russia voiced by both major contestants in the American presidential race.

Being designated to become president by Putin's power group (and himself part of this group), Medvedev lacked any distinct domestic constituencies which could provide him with a power base. Once in office, he sought to compensate for this disadvantage. He did so, first and foremost, by seeking to engage the business community in Russia and has so far abstained from departing from continuity, especially on foreign and security policy, in order not to risk ruining the political consensus which made his election possible.

After the inertia of Sochi, Russian diplomacy under Medvedev continued seeking to formalise the promise to make the ballistic defence deployments in Europe transparent for Moscow. The task, however, proved difficult since both Prague and Warsaw were reluctant to admit any permanent presence of Russian inspectors at the deployment sites on their soil. They also sought reciprocal inspection arrangements. Poland, in particular, appeared eager to obtain the right to inspect Russian military facilities in the Kaliningrad region – an area of special concern to Poland after the suspension of the CFE by Moscow.

All in all, during Medvedev's first months in office, both sides proved extremely reluctant to make the first move towards a compromise on any issue. This produced a moment in the bilateral relations which some observers called "Kabuki dancing". Both sides would present their views on the issues at stake, but would not take a step towards the other while playing a game of nerves and waiting for the other to make the first move. Since Washington was not expected to take a quick initiative, Medvedev contented himself with purely protocol meetings with Bush, such as at the G8 Summit in Japan in July 2008. Sticking to continuity in foreign policy, he showed that Moscow was ready to wait as long as it took the US to move on the issues important to Russia. While doing so, he did not hesitate to warn the US that it would have a price to pay for pressing ahead with any controversial project, such as offering NATO membership to Georgia or Ukraine, or finalising ballistic defence deployment agreements with Poland without having satisfied Moscow's demands.



Since May 2008 when Medvedev became president, the escalating conflict with Georgia became a growing issue on the Russian-US agenda. This trend became clear particularly after Moscow had lifted all sanctions on the breakaway republic of Abkhazia and proceeded with a *de facto* recognition of the South Ossetian and Abkhazian authorities in April 2006. Reportedly, the mounting crisis in the South Caucasus became the subject of the first official phone conversation between Medvedev and Bush when the latter called the new Russian president to congratulate him on his inauguration.

Becoming increasingly concerned with the mounting anti-Russian rhetoric voiced by the leading candidates for the US presidency, McCain and Obama, in the summer of 2008, anonymous senior government officials in Moscow threatened to put on hold further dialogue between Russia and the US should Washington not explicitly refrain from seeking to “interfere with domestic Russian developments”. They maintained Moscow could afford such a freeze since the Russian Federation was allegedly becoming less and less interdependent with the US on both trade and security issues. Within the expert community, concerns over the status of Russia-US relations went so far as to suggest that any Polish-American agreement on ballistic defence deployment could trigger a stronger response from Moscow leading to further cuts in arms control arrangements and/or to withdrawal of Moscow’s cooperation on the Iranian nuclear dossier.

Moscow’s assertiveness grew over summer 2008 after the sub-prime crisis and expected recession of the US economy. Both were largely interpreted within Russian political discourse as a sign of the beginning of US decline. In some statements, Medvedev stopped just short of stating that western civilisation in general was in decline.

The fragile state of the Russian-US relationship could either gradually improve or quickly deteriorate. It took the second route in August 2008 with Russia’s intervention in the Georgian-South Ossetian hostilities. After Moscow had not only repelled the Georgian offensive into Ossetia, but had expanded the intervention into Abkhazia and Georgia proper and recognised the independence of both Georgian break away entities, Russian-US relations openly deteriorated and reached their lowest point in the past two decades.

The fall out of the August 2008 crisis has so far been limited to some symbolic gestures not immediately touching on the core of the bilateral security relationship. Voices in the

US calling for Russia's exclusion from the G8 have grown stronger. The Senate made it clear that the 1974 Jackson-Vanick amendment imposing restrictions on US-Russian trade can hardly be expected to be abolished any time soon – again indefinitely postponing the accession of Russia to the WTO. The US, along with several other NATO and non-NATO countries, suspended all programmes with military-to-military contacts and common exercises with Russia. It also became clear that the Senate was no longer ready to ratify the bilateral agreement on civilian nuclear cooperation signed by Putin and Bush in April 2008. This persuaded Bush to withdraw the agreement from Congress. The US not only pledged to help Georgia to restore its civilian and military infrastructure, but designated combat ships to deliver humanitarian aid.

However, Russia and the US have stopped short of direct confrontation over Georgia. The downscaling of practical cooperation on a number of avenues has not yet touched the core of Russian-American security cooperation, including combating non-proliferation of weapons of mass destruction and international terrorism. However, at least in the short run, it has obviously made business as usual impossible, thus removing the prospect of reaching agreement on the most controversial issues to a more distant future.

#### **Impact of the 2008 Crisis in the Caucasus**

Many commentaries on the most recent South Caucasus crisis, particularly in Russia but also further afield, suggest that Russia's powerful intervention into the hostilities in South Ossetia heralded the advent of a new world order. This order is supposed to be not only multi-polar but, also, to imply a revived central role for the Russian Federation. From this perspective, many commentaries imply that the crisis in the South Caucasus has changed the world no less than the 9/11 terrorist attack on the US.

However, the international developments related to the 2008 Russia-Georgia war allow doubts to be raised on this far reaching judgment. At the same time, the crisis is unlikely to remain without impact on relations between Russia and the United States.

In the two decades after the end of the Cold War, Russia-US relations have ceased to be central to international politics. US policy, in particular, has started concentrating on other regions and issues apart from Russia, while the obsession with Washington's possible reaction to any unconventional move by Russia has remained one of the central issues of Russian politics over all recent years.

The readiness to accept the political costs of the war with Georgia clearly indicates that Moscow is now prepared to be more assertive in testing the ground when advancing its interests, especially close to its borders. This is no surprise given contemporary energy prices and the fact that American resources are bound to other regions and operations. Thus, the military intervention in Georgia is better explained, not by recognition of the allegedly new strength and centrality of Russia in world politics but, rather the opposite: an understanding that neither Russia, nor Georgia is at the heart of the contemporary preoccupation of world-wide American foreign and security policies. This is the single reason why Moscow did not expect the US to overreact to the crisis. Indeed, the very fact that at the time of writing, Moscow has been remarkably lonely after recognising Abkhazia and South Ossetia – only Nicaragua has followed suit – is a clear manifestation that the conflict with Georgia has not elevated Moscow to a global power.

The relatively moderate response by the US, strong in public rhetoric, but avoiding direct confrontation with Moscow, is another demonstration that the US-Russia relationship was not central to Washington during the crisis. It remains to be seen whether and, if so, to what extent the conflict will affect core issues in US-Russian cooperation, such as Iran, Afghanistan or nuclear safety. So far the measures chosen to demonstrate Washington's disapproval of Russia's intervention have touched on only peripheral issues.

### **Conclusions**

The conflict, however, is unlikely to remain entirely without impact on Russia-US relations. The previous readiness of the US to accommodate Russian interests on most controversial issues can no longer be taken for granted – at least, not until the crisis in the South Caucasus has been settled. America will now be even more inclined to pursue its goals in Europe and Eurasia regardless of any opposition from Moscow. The prospect of finding a solution to recent controversies, such as NATO enlargement, ballistic defence, or the CFE, is becoming weaker.

Furthermore, Russia's intervention in Georgia is likely to accelerate a rethink of the role of the European theatre in American posture. It gives military planners in the Pentagon further food for thought when considering different contingencies they might confront in the future European environment.

Whether this results in any significant changes in the American and NATO stance towards Europe, the development makes a possible improvement in Russian-US

relations extremely unlikely in the near future. As a result, Medvedev and the new US president will find it even more difficult to repair their bilateral relations. This scenario should move the issue of saving the CFE regime into the limelight of European security policy, since it is the one single instrument setting specific limits to the parties' unilateral or multilateral defence policies. This makes it unique in providing full transparency for any changes in the defence policies of the signatories and in preventing any new arms race – even if only of peripheral importance – in Europe.

## The Role of the Military in Russian Foreign Policy<sup>158</sup>

By

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### Introduction

Following the Georgian conflict, it is tempting to assume that the Russian military is a towering force in the formulation and implementation of Russian foreign policy. The Soviet military legacy, the crucial role that specific units of the armed forces played in political showdowns in Moscow in the August Coup in 1991 and in October 1993, together with the analyses of Russia as a 'militocracy'<sup>159</sup> would seem to prove the point. However, if by 'the military' we mean the officers corps of the armed forces, especially its high ranking officers, it is rather the absence of political clout and their lack of bureaucratic sway that is striking. Instead of becoming a political force, the officers of the armed forces have accepted continued infringements on their prerogative to decide alone on military affairs.

### Defining the Military

The number of radically different conclusions on the political influence of the military stems from different definitions of what constitutes the Russian military. The armed forces are often lumped together with the security and intelligence services as a political force referred to as 'power ministries'. In fact, there is ample reason not to include military officers and *siloviki* as members of a militocracy. The power ministries are a number of distinct bureaucracies – often with fundamentally different policy goals and modes of operation – and they are locked in bureaucratic battles for influence between each other, much as bureaucracies tend to be everywhere. This is perhaps more pronounced in Russia since the Kremlin's main method of controlling these ministries, services and agencies has been to play them off against each other. The armed forces stand out as one of the least successful players in this game. This is evident from studies of resources allocated to the armed forces compared to other security spending. The increasing defence budget has been much commented on in the western press, but in fact it remains at approximately the same percentage of GNP. It also pales in

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<sup>158</sup> The author is grateful to Dmitri Trenin and Fredrik Westerlund for comments on an early draft of this article.

<sup>159</sup> Olga Kryshтанovskaya and Stephen White (2003) 'Putin's Militocracy', *Post-Soviet Affairs*, Vol. 19, No. 4, pp. 289-306. In his recent study on civil-military relations, Zoltan Barany identifies increased political activism among the military, Barany (2007) *Democratic Breakdown and the Decline of the Russian Military*, Princeton: Princeton University Press, p. 104ff.



comparison with the way the budgets and personnel numbers of the security services have soared.<sup>160</sup>

While there are numerous examples of former intelligence and security service officers, or *siloviki*, in influential posts inside the presidential administration and government, there are relatively few military officers. Those that are in those posts, deal with military affairs rather than foreign policy.<sup>161</sup> For example, there is usually at least one military advisor (*sovetnik*) in the presidential administration, but this post carries considerably less weight than the presidential aides (*pomoshchniki*). A number of these have an intelligence or security service background – none has come from the armed forces. Moreover, there are numerous examples of the Russian Ministry of Foreign Affairs employing people from the intelligence and security services, not least from the Foreign Intelligence Service, the SVR, whereas military officers are conspicuously absent.

### Diminishing Influence

Contrary to the conclusion that the military plays a dominant role in foreign policy or politics in general, there is evidence that suggests its influence has diminished. In spite of Vladimir Putin's fondness for appearing in military uniform at exercises and flying fighter airplanes, the armed forces have not gained more control over security policy or even military affairs.<sup>162</sup> Instead, the military officer corps has had to stand by and watch as new force reductions were decreed and officers from the SVR and the Federal Security Service (FSB) and, from 2007, people who worked closely with the current Defence Minister Anatoli Serdiukov, assumed top positions within the Ministry of Defence (MoD).<sup>163</sup> All in all, the military is almost as absent in influential posts outside the MoD as the *siloviki* have been present in top positions inside the MoD.<sup>164</sup>

Admittedly, the military seems to have been left more or less to its own devices when penning the two military doctrines that have appeared since the fall of the Soviet Union.

<sup>160</sup> Julian Cooper (2007) 'The Funding of the Power Agencies of the Russian State', The Journal of Power Institutions in Post-Soviet Societies (Pipss.org), No. 6/7, [www.pipss.org/document562.html](http://www.pipss.org/document562.html)

<sup>161</sup> For a re-evaluation of the widespread view that 'a militocracy' has taken over political life, see Sharon Werning Rivera and David W. Rivera (2006) 'The Russian Elite under Putin: Militocratic or Bourgeois?', Post-Soviet Affairs, Vol. 22, No. 2, pp. 125-44.

<sup>162</sup> Undoubtedly, however, Vladimir Putin was more popular among Russian military officers than Boris Yeltsin, Dale Herspring (2006) The Kremlin and the High Command: Presidential Impact on the Russian Military from Gorbachev to Putin, Kansas; Lawrence: University Press of Kansas, p. 155ff.

<sup>163</sup> Carolina Vendil Pallin (2008) Russian Military Reform: A Failed Exercise in Defence Decision Making, London: Routledge.

<sup>164</sup> Nor do the *siloviki* constitute a homogenous group inside the Russian political system. As mentioned above there is a considerable degree of rivalry between different services and agencies, but also between different networks or 'clans' that unite people from different power ministries in complicated patron-client relationships.

But this has been a Pyrrhic victory at best. The Kremlin has usually closed its eyes to the fact that the national security concept and foreign policy doctrine were difficult to merge with military doctrine. In practice, military doctrine has had little influence on foreign policy formulation or implementation. Indeed, it would be interesting to know how many officials inside the Ministry of Foreign Affairs, the SVR or the Presidential Administration's Foreign Policy Directorate have taken the trouble to read the document at all.

Nevertheless, there are a number of instances where military officers played a role in foreign policy. This is the case when there is a need for military force, a display of military presence or military expertise. But overall, military know-how is still very much concentrated inside the walls of the General Staff. In fact, the impression is that when foreign policy touches upon military affairs, the Ministry of Defence or, to be more precise, the General Staff, more or less takes over. The military has so far been successful in resisting many of the reform initiatives from the government and Kremlin, often by using bureaucratic inertia strategically and paying only lip service to the official policy line. For example, numerous policy initiatives and administrative measures to gain control over how the defence budget is spent appear to have yielded unsatisfactory results. The fact that new financial control measures are constantly introduced is indicative of this.<sup>165</sup> It remains to be seen whether Defence Minister Serdiukov (who came to the ministry directly from the Federal Tax Service) will be more successful. The failure or success of the political leadership to impose its policy on the military does have consequences, albeit in a roundabout way, for the Kremlin's ability to use the military instrument efficiently when devising its foreign policy and, indeed, its grand strategy for Russia.

### **Nuclear Arsenal**

On an institutional level, there is one directorate inside the General Staff that wields a degree of influence over foreign policy analysis, the Main Intelligence Directorate (GRU). In spite of frequent rumours under Putin's reign that the SVR was about to take over the GRU, this directorate appears to be of more use to the Kremlin as a source of information that is independent from the SVR. Given the predilection of the Kremlin to pitch different power ministries against each other in order to exercise political control,

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<sup>165</sup> See, for example, the recent interview with Deputy Minister of Defence, Liubov Kudelina, in *Nezavisimoe voennoe obozrenie*, No. 19 (6-12 June 2008).

the GRU will probably continue to reside within the General Staff and independent of the SVR.

The military also controls one of Russia's main claims to great power status: the nuclear arsenal. Russian foreign policy revolves around multipolarity and Russia's role as a great power which balances the influence of the United States. A fundamental building block in this rhetoric is Russia's role as the only other power that can compete with the US in the nuclear race. It is one of the reasons that Washington grants Russia special status and will sit down with its political leaders to discuss strategic arms reductions and non-proliferation.<sup>166</sup> Display of military presence to boost Russia's claim as a great power is another area where the armed forces have a foreign policy role. The deployment of the aircraft carrier, Admiral Kuznetsov, to the Mediterranean in early 2008 was a political demonstration more than anything else. The same is true of Russia resuming patrol flights with its strategic bombers over the Arctic, as well as over the Pacific and Atlantic Oceans.

In addition, the military as a whole is a symbol of national unity. Military parades and the Soviet victory in World War II are essential elements of patriotic symbolism, which the Kremlin relies heavily upon. Although military parades are perhaps mainly for domestic consumption, they also send a message abroad and thus influence foreign policy. Perhaps more ominously, however, using the military legacy and past victories as a rhetorical device domestically can come to frame political thinking and the overall decision-making environment.<sup>167</sup>

### Regional Issues

Whereas Russia's conventional armed forces are no match for the US, they do play a role in the Commonwealth of Independent States (CIS) and, not least, in the so called frozen conflicts in Moldova and Georgia.<sup>168</sup> There is considerable Russian military presence in the separatist republic of Transnistria in Moldova and in the joint peace-keeping force that operated in South Ossetia until the war in August 2008. In Abkhazia,

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<sup>166</sup> The role of nuclear arms in Russian foreign policy is more complex than simply as a claim to great power status. For a detailed analysis, see Rose Gottemoeller (2004) 'Nuclear arms in current Russian policy', in Steven E. Miller and Dmitri Trenin (eds.), *The Russian Military: Power and Policy*, Cambridge, Mass.: MIT Press, pp. 183-215.

<sup>167</sup> See Aleksandr Golts (2007) 'Russian Power Structures and their Impact on Russian Politics Regarding the Upcoming Elections', in Jan Leijonhielm and Fredrik Westerlund (eds.) *Russian Power Structures: Present and Future Roles in Russian Politics*, Conference Report, Stockholm: FOI, FOI-R.2437—SE (available at <http://www2.foi.se/rapp/foir2437.pdf>), pp. 19-20.

<sup>168</sup> This has been the case ever since the fall of the Soviet Union. See also, Roy Allison (1996) 'Military Factors in Foreign Policy', in Neil Malcolm et al., *Internal Factors in Russian Foreign Policy*, Oxford: Oxford University Press, pp. 230-85.

the units that participated in the CIS peace keeping force were drawn from the Russian armed forces, especially the 15<sup>th</sup> motorised rifle brigade in Samara (sometimes referred to as Russia's 'peace keeping brigade'). The decision to increase Russia's military presence in Abkhazia in the wake of recognition of Kosovo as a sovereign entity by the US and a number of European states was not dictated by military security concerns. It was a foreign policy response which used military means and intended to be interpreted as such, despite empty remonstrance to the contrary. In Georgia in August 2008, the military was deployed and used in a military conflict outside Russia on a larger scale for the first time since the collapse of the USSR. Although Moscow insisted that it was not a military invasion,<sup>169</sup> the degree of military force that was employed, as well as the number of troops and, later, casualties, certainly makes it pertinent to talk of a small scale war – not to mention the fact that it was a conflict between two sovereign states. Several officers were decorated even before Russian troops had withdrawn from Georgia, but it remains to be seen whether this will translate into political capital for the military.

Russia also maintains a military presence in Central Asia and has done its best to solidify the Collective Security Treaty Organisation (CSTO), which unifies a number of CIS states in military cooperation. As part of Russia's quest for recognition as a great power and the world as multipolar, Moscow has tried to obtain recognition for the CSTO as a regional security organisation according to chapter eight of the UN Charter. It has also made several attempts to get NATO to cooperate with the CSTO as an equal organisation – so far with little or no success. Inside the CIS, the CSTO still plays a rather ambivalent role. It is hardly the integration tool that Moscow would ideally want it to be. Although seven CIS states have joined the CSTO (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan) the level of engagement varies greatly.<sup>170</sup> The CSTO has staged a large counter-terrorism exercise (*Rubezh*) each year since 2004, but Russia's clear dominance inside the organisation poses a problem to many of the members.

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169 Sergei Mironov, the chairman of the upper house of parliament, even stated that the Federation Council did not need to convene to approve the deployment of troops abroad – something that is stipulated by article 102 of the Russian constitution – since Russia had only 'strengthened its peace keeping contingent' in South Ossetia. *Kommersant Vlast*, No. 32, 2008, Internet address:

<http://www.kommersant.ru/doc.aspx?DocsID=1011911>, last accessed 21 August 2008.

170 Karin Anderman, Eva Hagström-Frisell and Carolina Vendil Pallin (2007) *Russia-EU External Security Relations: Russian Policy and Perceptions*, FOI User Report, FOI-R-2243-SE - available at <http://www2.foi.se/rapp/foir2243.pdf>

The military plays a role in foreign policy through Russia's membership of or engagement with international organisations that have a significant military role. When the NATO-Russia Council (NRC) was formed in 2002, Russia attached great importance to the fact that the NRC accorded Russia a special status and the format, compared to that of the Joint Permanent Council, allowed it to sit around the meeting table with NATO states as an equal. To a certain degree, this made Russia more prone to deeper military cooperation with NATO, although little or no work has so far been done in order to make NATO and Russian forces interoperable for future joint peace keeping operations. The joint exercises that Russia performs within the framework of international cooperation with, for example, NATO and the Shanghai Cooperation Organisation are also examples of how the military is an important tool in international relations.

Russia's attitude towards the European Security and Defence Policy (ESDP) has varied. Initially, it seemed to the Kremlin that the ESDP could evolve into a counterweight to NATO and one that Russia could have greater influence over. However, such hopes were most probably founded upon a rather poor understanding of how the EU works in general and the ESDP specifically. Among the military in Moscow the attitude towards the ESDP is probably best described as politely unimpressed. The EU is far from possessing something that Russia would regard as military 'muscle'<sup>171</sup> and what is usually considered the EU's strength in crisis management – the ability to combine military and civilian instruments – has so far failed to impress Moscow. Russia has also become critically aware that Brussels would not invite it to participate in crisis management missions either on an equal footing or in the planning process. According to the so-called Seville arrangements, which also affect Canada and Ukraine, the EU modus operandi is to agree internally first and only then invite a third party, like Russia, to participate.<sup>172</sup> Nor is it likely that an EU commander would be overjoyed by the prospect of sharing command with a Russian general, whether through joint headquarters or with division of different zones of responsibility – something that would be a Russian demand, not least because of a lingering disappointment with the role and lack of influence accorded it in previous missions in the Balkans. Quite apart from these problems that have to do with control over the mission specifically, there would be a

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<sup>171</sup> Interview with official at the Russian MFA, Moscow, 12 October 2006.

<sup>172</sup> Council of the European Union (2002) Presidency Report on European Security and Defence Policy (10160/2/02), COSDP 188, 22 June 2002, last accessed 28 November 2006, Internet address:

[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressdata/en/misc/71189.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/misc/71189.pdf)

wide range of practical issues based on a fundamental lack of interoperability between Russian and EU troops.

The Treaty on Conventional Forces in Europe (CFE) is a policy area largely handled by the Ministry of Defence in Russia rather than the MFA. The CFE Treaty exists under the auspices of the Organisation for Security and Cooperation in Europe (OSCE) and is one of its main building blocks, apart from election monitoring. However, Russia's decision to suspend the CFE Treaty in December 2007 was dictated by political considerations and taken in the Kremlin rather than by military officers. In these international organisations, the military does play a foreign policy role, but the armed forces are a facilitator of measures decided by the Kremlin, rather than a source of foreign policy initiatives.

### **Conclusion**

Russia's armed forces play a role by virtue of their prerogative to use force, as a symbol of national unity and Russia's 'great powerness', as well as through their almost exclusive monopoly on military expertise. But they do so only when military matters come to the fore in Russian foreign policy. Overall, despite the Soviet legacy, their nuclear role and the growing emphasis of the Kremlin on Russia as a military power, the rather low degree of influence the armed forces have on foreign policy is striking. The Russian military has been in retreat ever since the late 1980s and shows few signs of being able to mount a political offensive in order to recover its lost influence over security and foreign policy formulation. Its attempts to lobby, for example trying to have its officers elected to parliament in the mid-1990s, testified to a poor understanding of how to work the political system at a time when other power ministries were learning to do so with great efficiency. The military consequently lost political influence while many siloviki managed to make significant inroads into the very heart of the Russian political system.

Moreover, as with Russia's newfound economic muscle, its military might is poorly diversified and thus a blunt instrument in foreign policy. Whereas Russia's economy relies in the main on energy revenues, its role as one of the world's military powers revolves largely around its nuclear arsenal. Moscow became acutely aware of how difficult it is to use the possession of nuclear arms as a foreign policy tool when NATO bombed Serbia despite Russian warnings. Although Russia has tried to moderate its nuclear threat to fit foreign policy aims, for example by introducing the option of using tactical nuclear arms as an asymmetrical response to cyber attacks, it remains a blunt

tool – not least in the absence of any conventional capability to deploy and sustain a military operation outside the CIS. Nevertheless, the fact that the Kremlin has proven itself ready to use its military against Georgia is worrying enough from an EU perspective and will pose a series of new challenges to Brussels as it struggles to find common ground on how to deal with Russia.

## Russia and International Law

By

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### Introduction

This article focuses on the present condition and likely future trajectory of the international legal relations between Russia and the European Union (EU), rather than those between Russia and the US. This is not because the latter is less important, but because Russia's complex inter-relationship with Europe will be a decisive factor in its desire to become an alternative pole of influence to the US in World affairs. Thus, it is still unlikely that Russia will, despite continuing tensions and the recent conflict with Georgia, leave the Council of Europe (CoE), in which it is firmly embedded.<sup>173</sup> The CoE, with 47 member states and a combined population of over 850 million has become a firm frame of reference for Russian policy.

Relations with the EU are perhaps of even greater importance. Although Russia will not in the foreseeable future become a member, the EU is its most significant trading partner, matched in importance only by China and India. An offsetting factor is the influence of the philosophy of 'Eurasianism', which can be seen as pulling away from Western Europe.<sup>174</sup> But it is a truism that Russian politics have always emerged from the conflict between the 'Westernisers' and the 'Slavophiles', between modernisation and messianism.

Less attention is paid in this article to NATO and the OSCE, although both are important European institutions. While the issue of Ukrainian or Georgian membership of NATO is a constant irritant and sometimes seen as a serious provocation, Russia can, for the most part, safely ignore this largely anachronistic organisation. Russia's participation in

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<sup>173</sup> See my two EU-Russia Centre articles: "Tensions Multiply between Russia and Council of Europe: Could the Malaise be Terminal?" (April 2008) Issue 6 The EU-Russia Review pp.4-12; at

[www.eu-russiacentre.org/assets/files/Review\\_FINAL16March\\_08.pdf](http://www.eu-russiacentre.org/assets/files/Review_FINAL16March_08.pdf)

"Russia's Relations with the Council of Europe Under Increasing Strain" at

<http://www.eu-russiacentre.org/assets/files/15%20Feb%20Bowring%20article%20EU-RC.pdf>

<sup>174</sup> See Victor Yasmann "Law And Property, Kremlin-Style", RFE/RL August 6, 2008: "It must be noted that, despite all the clan differences and economic conflicts of interest, all the siloviki, with their roots in the Soviet security organs, have a common and very specific attitude toward the law and property. The source of this attitude is the ideology of Eurasianism, which was quite popular at the end of the 1980s among the siloviki who now control the commanding heights of the Russian economy."

the OSCE is undergoing redefinition and this author is sympathetic to its insistence that the OSCE return to its original purpose of conflict reduction and prevention. The United Nations is perhaps beyond the scope of this article. But the present review would be incomplete without reference to Kosovo, with which it concludes.

At the time of writing, the first armed conflict between Council of Europe member states since the Council's inception in 1949 – between Russia and Georgia over the tiny break-away Georgian region of South Ossetia – has not been fully resolved. The Council has expressed the deepest concern and President Sarkozy of France, as President of the EU, played the leading role in brokering a cease-fire.

The autumn session of the Parliamentary Assembly (PACE) from 29 September to 3 October 2008 saw an urgent debate on the consequences of the war between Georgia and Russia.<sup>175</sup> On 12 September 2008, a group of 24 members of PACE – none from France, Germany, Italy, Spain or UK, but rather from countries such as Estonia, Latvia and Poland<sup>176</sup> – submitted a request for the reconsideration of the previously ratified credentials of the Russian delegation to PACE “on substantive grounds” – on the grounds of serious violations of the basic principles of the Council of Europe.<sup>177</sup> The Russian delegation reacted sharply. Konstantin Kosachev, leader of the Russian delegation to PACE, declared that if PACE voted to withdraw the credentials of his delegation, he would recommend to the Russian government that Russia leave the CoE. He added that he considered such an eventuality to be highly unlikely. In the event PACE did not vote to expel Russia.<sup>178</sup>

### **The Council of Europe**

Russia continues to be the only CoE member out of 47 to have failed to ratify Protocol 14 to the ECHR, thus preventing the protocol, which reforms and streamlines the Court's procedures, from coming into force.<sup>179</sup> Despite a number of high level meetings in Strasbourg and Moscow and the election of President Medvedev, there is no sign of change yet. On 14 April 2008, a renewed Russian parliamentary delegation joined the opening of the latest session of the Parliamentary Assembly of the Council of Europe.

<sup>175</sup> <http://assembly.coe.int/ASP/Press/StopPressView.asp?ID=2081>

<sup>176</sup> The list is attached to the request, at <http://assembly.coe.int/Main.asp?link=/Documents/WorkingDocs/Doc08/EDOC11703.htm>

<sup>177</sup> [http://assembly.coe.int/ASP/NewsManager/EMB\\_NewsManagerView.asp?ID=4047&L=2](http://assembly.coe.int/ASP/NewsManager/EMB_NewsManagerView.asp?ID=4047&L=2)

<sup>178</sup> “Russia may leave the Council of Europe, if the Russian delegation to PACE loses the right to vote” at <http://www.newsru.com/arch/russia/15sep2008/pase.html>

<sup>179</sup> In my previous contributions to the EU-Russia Centre I focused on the issues of Russia's cooperation with the European Court of Human Rights (the Strasbourg Court), and compliance with the large number of judgments now rendered by the Court against it.

But according to the daily *Kommersant*, there was practically no hope that Protocol 14 would be ratified because “In Russia the European Court is often treated as an anti-Russian organisation, whose verdicts are directed against the state”.<sup>180</sup> Unlike Vladimir Putin, who decided to abstain from visiting Strasbourg in spring 2008, Germany’s Chancellor Angela Merkel and Ukraine’s Prime Minister Yuliya Timoshenko agreed to come to the April PACE session. The Ukrainian delegation intended to promote a special resolution characterising the Ukrainian famine (Holodomor) as an act of genocide against the Ukrainian people – by Russia. This was inevitably regarded as an unfriendly act by Moscow.

On 15 April 2008, PACE published an introductory memorandum by Dick Marty, its rapporteur on the situation in the North Caucasus. He highlighted ongoing human rights violations by security forces, including enforced disappearances, torture, and extrajudicial executions, and noted impunity for these violations of international law. The memorandum, entitled “Legal Remedies for Human Rights Violations in the North Caucasus”, characterised the human rights situation in the region as “by far the most alarming” in all 47 Council of Europe member states.<sup>181</sup>

Furthermore, on 26 May 2008, PACE published the latest in a series of important reports by the Cypriot parliamentarian Christos Pourgourides, a member of the European Peoples’ Party/Christian Democrat group. The report, “Implementation of Judgments of the European Court Of Human Rights”<sup>182</sup>, was prepared for the Committee on Legal Affairs and Human Rights. Pourgourides regretted that the non-execution of the Strasbourg Court’s case law remains a (major) problem with respect to 11 States Parties<sup>183</sup> to the ECHR.

The following issues were highlighted with respect to Russia. First, he raised deficient judicial review over pre-trial detention, resulting in its excessive length and overcrowding of detention facilities. Here, Russia was seen to be taking determined steps following the *Kalashnikov* judgment (15 July 2002).<sup>184</sup> Second, Pourgourides turned to the problem of chronic non-enforcement of domestic judicial decisions delivered against the

<sup>180</sup> See Mikhail Zygar “In Parliamentary Tone: Russia’s Renewed Delegation to the PACE will stick to the same policy”, *Kommersant* 14 April 2008, in English at [http://www.kommersant.com/p882037/r\\_1/The\\_current\\_PACE\\_session\\_in\\_the\\_light\\_of\\_disputes\\_with\\_Russia/](http://www.kommersant.com/p882037/r_1/The_current_PACE_session_in_the_light_of_disputes_with_Russia/)

<sup>181</sup> Human Rights Watch “Council of Europe Failing on Russia. Urgent Need for Vigorous Monitoring in the North Caucasus.” At <http://www.hrw.org/english/docs/2008/04/15/russia18548.htm> and see

[http://assembly.coe.int/Main.asp?link=http://assembly.coe.int/CommitteeDocs/2008/20080411\\_ajdoc21\\_2008.pdf](http://assembly.coe.int/Main.asp?link=http://assembly.coe.int/CommitteeDocs/2008/20080411_ajdoc21_2008.pdf)

<sup>182</sup> AS/Jur (2008) 24, declassified on 2 June 2008

<sup>183</sup> Bulgaria, Germany, Greece, Italy, Moldova, Poland, Romania, Russian Federation, Turkey, Ukraine, United Kingdom

<sup>184</sup> The author can confirm this. He acted as lead expert for the CoE in a seminar in June 2008 in Pskov, with leaders of the Russian penitentiary service (FSIN).

state. Again, he was able to report a series of relevant measures, taken in close cooperation with the CoE. Third, violations of the ECHR in the Chechen Republic continue to cause concern, with the Russian authorities maintaining their refusal to allow access to investigation files.<sup>185</sup> As Pourgourides noted, questions on the functioning and interaction of compensation schemes remain open. New provisions appeared to totally exclude from compensation individuals taking part in a terrorist act, even where the harm or injury suffered had been unlawfully inflicted.

Finally, as to the Strasbourg Court's judgment in *Ilascu and others v. Moldova and the Russian Federation* (judgment of 8 July 2004) – cited by then President Putin as a reason for refusal to ratify Protocol 14 – the CoE's executive body, the Committee of Ministers, had adopted a fifth Interim Resolution on 12 July 2007, renewing its profound regret that despite the earlier interim resolutions and the support of the European Union and numerous states, the authorities of the Russian Federation had not actively pursued all effective avenues to comply with the Court's judgment.<sup>186</sup> A – highly unusual – further application against Moldova and Russia by the two original applicants who continue to be detained despite the 2004 judgment, is pending before the Court.

A number of the continuing contacts between the CoE and Russia are worthy of note. In April 2008, two representatives of PACE, Luc Van den Brande and Teodoros Pangalos, carried out a two day fact-finding visit to Russia. This included discussions with law enforcement officials and human rights activists to gauge whether Russia is meeting its obligations as a member of the CoE.<sup>187</sup> They met members of the Public Chamber, an official body created in 2005, whose core membership was hand-picked by then President Putin. They questioned the Chamber's independence and its ability to tackle issues on their own merit. Van den Brande said: "There is great concern in the NGO world about the credibility of the Public Chamber. We were very surprised to hear that the Chamber has not addressed the issue of abolishing the death penalty." In meetings with NGO representatives, they heard about the NGOs' struggle to re-register under legislative amendments from 2006, which required every NGO to provide detailed plans for its year

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<sup>185</sup> See the judgments of the Court in the cases of *Bazorkina* (No. 69481/01), 27.07.2006 and *Imakayeva v. Russia* (No.7615/02), 09.11.2006, and the Committee of Ministers' Memorandum CM/Inf/DH(2006)32 revised 2, § 15. See also PACE Resolution 1571 (2007) and Recommendation 1809 (2007) on member states' duty to cooperate with the European Court of Human Rights, Doc 11183 and Addendum, referred to in my EU-Russia article of 9 Feb 2007.

<sup>186</sup> Interim Resolution CM/ResDH(2007)106, at <https://wcd.coe.int/ViewDoc.jsp?id=1164247&BackColorInternet=9999CC&BackColorIntranet=FFBB55&BackColorLogged=FFAC75>

<sup>187</sup> "Council of Europe delegation urges Russia to promote human rights" Associated Press April 23, 2008, at <http://www.iht.com/articles/ap/2008/04/23/europe/EU-GEN-Russia-Council-of-Europe.php>

ahead, and forced thousands to close because they could not cope with the paperwork or meet other requirements. The delegation said that Russia needed to adopt legislation to allow independent rights groups to work effectively. A draft report will be published in October 2008.

This visit and the above-mentioned reports are evidence both of continuing vexatious problems with Russia, but at the same time of serious Russian engagement in the CoE's enforcement of the Court's judgments.

### **The European Union**

The Slovenian Presidency, on behalf of the EU, congratulated President Dmitry Medvedev on his election on 2 March 2008. It noted that the elections took place in a generally calm and peaceful manner, but regretted that the OSCE/ODIHR had to conclude that a meaningful election observation mission was not feasible – see below. In an unusually strong statement, it also regretted that the electoral process did not allow for truly competitive elections. The lack of equal media access for the opposition candidates was of particular concern.<sup>188</sup>

Nevertheless, at the June 2008 summit in Khantii-Mansiisk, the EU and Russia agreed to open negotiations for a new strategic agreement. In the run up to the summit some member states and human rights organisations, including Human Rights Watch (HRW), urged the EU to use the meeting to press Moscow to end impunity for abuses in Chechnya and cease harassment of civil society in Russia.<sup>189</sup> According to HRW, Russian authorities issued warnings in the first four months of 2007 to 6,000 NGOs for various alleged violations of registration procedures, and more than 2,300 groups have been shut down by court orders since 2006.

The summit, the first attended by President Medvedev in his new function, was friendly although commentators noted that there was no change from Putin's policy approach.<sup>190</sup> Progress had been made on a number of issues, including approximation of the legal framework governing trade (the EU is Russia's largest trading partner and investor), frontier controls, visas, illegal immigration, organised crime, prevention of terrorism, human rights (including the rights of Russian citizens in EU member countries,

<sup>188</sup> Declaration by the Presidency on behalf of the European Union on the Presidential Elections in Russian Federation on 2 March 2008; at [http://www.eu2008.si/en/News\\_and\\_Documents/CFSP\\_Statements/March/0304MZZ\\_Ruska\\_federacija\\_volitve.html](http://www.eu2008.si/en/News_and_Documents/CFSP_Statements/March/0304MZZ_Ruska_federacija_volitve.html)

<sup>189</sup> Human Rights Watch "Press for Rights Reform at Russia Summit. First Medvedev Meeting Key Opportunity for Relationship" at <http://www.hrw.org/english/docs/2008/06/23/russia19182.htm>

<sup>190</sup> See Timothy Bancroft-Hinchey "E.U. Summit – Agreement to negotiate" 28 June 2008 at <http://english.pravda.ru/russia/politics/105621-russiaeusummit>

principally the Baltic States), international cooperation, non-proliferation, crisis management, civil protection, research and development, investigation, exchange of students, and equivalence of academic degrees. That is a lengthy list, again indicating serious engagement. It should be noted that for many items the Council of Europe provides the legal instruments and mechanisms.

However, on the issue of Abkhazia, where Georgia accuses Russia of covert annexation, Medvedev said: “Russia and the EU share a common approach in questions of security. We base our approach on respect for international law, the solution of conflicts by political means, without resorting to force.” On the missile defence shield, Medvedev said “the doorway to negotiations remains open”, while making it clear that Russia’s position on this issue and NATO enlargement is unchanged. Medvedev also noted “an alarming trend for the use of European solidarity to promote the individual interests of some (member) states” – he meant Poland and Lithuania in particular.

Peter Schrank, writing in *The Economist* before the summit<sup>191</sup>, commented:

“In practice a new PCA is unlikely to make much difference. Despite the obsolescence of the old one, trade between Russia and the EU has more than tripled since 2000. In negotiating a new one, Russia would, on past form, use its bilateral ties with big countries to get its way in what ought to be multilateral negotiations. And it is not clear that any new agreement will stick. Russia has explicitly said that it will not ratify the energy charter it signed in 1994, which would have required it to give third parties access to its gas pipelines.”

In the present author’s view, this is an accurate analysis. It should be recalled that the PCA,<sup>192</sup> which came into force in December 1997 for an initial period of ten years, “established the institutional framework for bilateral relations, set the principal common objectives, and called for activities and dialogue in a number of policy areas”. It provided the framework for the EU’s technical assistance programme, TACIS. Thus, by 2007 more than €2.6 billion had been allocated to Russia under TACIS since its start in 1991, to promote the transition to a market economy and to reinforce democracy and the rule of law.

However, the PCA contained no legally binding commitments on human rights and democracy. Its Title II simply expressed a wish for “political dialogue on international issues of mutual concern and on cooperation relating to observance of the principles of democracy and human rights”. The cynical view is that TACIS has provided significantly

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<sup>191</sup> Peter Schrank “Divide, rule or waffle. The European Union cannot agree over how to deal with Russia. That suits the Kremlin just fine.”

The Economist May 1st 2008, at [http://www.economist.com/world/europe/displaystory.cfm?story\\_id=11293629](http://www.economist.com/world/europe/displaystory.cfm?story_id=11293629)

<sup>192</sup> [http://europa.eu.int/comm/external\\_relations/ceeca/pca/pca\\_russia.pdf](http://europa.eu.int/comm/external_relations/ceeca/pca/pca_russia.pdf)

greater benefits for western European consultants than for Russian partners. It will shortly come to an end.

Russian foreign policy has proved to be highly successful in ignoring the EU while engaging directly with its important trading partners in bilateral relations. The PCA as a framework has proved largely irrelevant.

## OSCE

Since as early as 2004, Russian Foreign Ministry officials have criticised the OSCE for paying too little attention to political, military, and economic issues – the original focus of the Helsinki Final Act of 1975, and of the CSCE conferences – and instead highlighting the much more sensitive issues of human rights and democratic elections, focusing almost exclusively on former Soviet Union states. In late 2005, Russian Foreign Minister Sergei Lavrov complained that the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) had become too independent. He argued that it required more specific directions to guide its work. It had failed to apply “equal treatment” to its election monitoring activities. Russia has urged the OSCE to apply its ‘original comprehensive approach’ to the ‘new’ transnational security challenges of international terrorism and the illicit manufacture and trafficking of weapons. It has also sought the allocation of a greater share of resources to economic development programmes in countries located “East of Vienna”.<sup>193</sup>

On 26 December 2007, just days before the OSCE's annual change of chairmanship, now held by Finland, the Russian Deputy Foreign Minister, Aleksandr Grushko, announced Russia's intention to reduce payments – currently only 6% of the total.<sup>194</sup> During 2007, Russia withdrew from the adapted Conventional Forces in Europe (CFE) Treaty, which limits the deployment of heavy weaponry between the Atlantic Ocean and the Ural Mountains. The OSCE's annual ministerial council in November, held in Madrid, also ended without a final declaration after Moscow blocked agreement on a number of issues. Russia was of course angry at the decision of ODIHR not to observe the parliamentary and presidential elections in Russia.

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<sup>193</sup> See Richard Weitz “Russia and the United States wrestle for control of the OSCE agenda”, Eurasia Insight 1 August 2007, at <http://www.eurasianet.org/departments/insight/articles/eav010807a.shtml>

<sup>194</sup> See Claire Bigg “Russia: Moscow Bares Its Teeth, Signaling Tough Time For OSCE” RFE/RL January 4, 2008, republished at JRL 2008-4

It is not, therefore, surprising that on 25 July 2008 the daily *Kommersant* published an article entitled “Russia to withdraw money from OSCE”.<sup>195</sup> The previous day Igor Borisov of the Central Electoral Commission of the Russian Federation announced at a press conference that “if the OSCE will not take further steps on the road to democracy, then Moscow may refuse to pay its annual subscription to ODIHR.” The amount paid by Russia has fallen by half in the past five years, and is now \$6 million a year. At the same time, Borisov declared that the CEC had in its possession facts according to which the members of the OSCE’s monitoring missions included officers of western intelligence services. “We had thought that the OSCE would be the central pillar of European security, but it has fallen into the hands of countries which use it in their own interests,” a senior Russian diplomat told *Kommersant*.

At the time of writing, Russia has refused to allow OSCE monitors into South Ossetia – there are presently 28 observers in Georgia. On 18 September 2008, Antti Turunen of Finland, which holds the OSCE chairmanship said: “We don’t see the point of continuing negotiations in Vienna at this stage. They have been put on hold. The area of responsibility for monitors is the main sticking point.” Anvar Azimov, Russia’s representative in the OSCE, said Moscow was “ready to continue the dialogue”, but added that additional monitors should be deployed in territory “from which the aggression came”, in a reference to Georgia.<sup>196</sup>

### **Russia and Kosovo**

The issue of Kosovan independence is perhaps the most visible source of conflict between Russia and the EU (and NATO) – at least up to the present armed conflict with Georgia over South Ossetia. On 17 February 2008, Kosovo’s parliament declared Kosovo’s independence from Serbia. Following that declaration, the US and several European states officially recognised Kosovan independence. An examination of Security Council Resolution 1244, which set forth the international oversight of Kosovo following the 1999 NATO intervention, and the international law of self-determination, secession, and recognition demonstrates that while Kosovo’s declaration of independence and its recognition by various states can be justified under existing international law, it is not a

<sup>195</sup> Vladimir Solovyov and Irina Nagornikh “Rossiya otzyvaet sredstva iz OBSE” *Kommersant* No. 129(3946) of 25 July 2008, at <http://www.kommersant.ru/doc.aspx?DocsID=915660>

shortened English version at [http://www.kommersant.com/p915660/OSCE\\_ODIHR\\_funding/](http://www.kommersant.com/p915660/OSCE_ODIHR_funding/)

<sup>196</sup> “Georgia OSCE monitor talks stall” 18 September 2008, at <http://news.bbc.co.uk/2/hi/europe/7623421.stm>

clear case.<sup>197</sup> Russia has consistently insisted that it is the UN Security Council and the Security Council alone which should determine the future of Kosovo. Indeed, Russia stated on 20 February 2008, that sending an EU mission to Kosovo would be a breach of international law, and called the plan symbolic of the West's double standards in recognising Kosovo's independence from Serbia.<sup>198</sup> On 16 April 2008, the Russian Ambassador to the EU, Vladimir Chizhov said that Russia sees as unacceptable any involvement in the EU's efforts in Kosovo, since the mission per se is illegitimate, while the objectives it pursues run counter to international legal standards.<sup>199</sup>

By 13 June 2008, 42 states had recognised independent Kosovo, among them eight members (out of 15) of the UN Security Council and 20 of the EU's 27 members. However, legal and technical issues had delayed the setting up of the EU's Rule of Law (EULEX) mission<sup>200</sup>. By that date, only 300 members of an anticipated 2,000 strong EU justice and police mission were in place. The US announced that it plans to be a part of EULEX.<sup>201</sup>

On 17 June 2008, Lavrov announced that Russia would support Serbia's application to the International Court of Justice, complaining of the illegality of recognition of independent Kosovo.<sup>202</sup> He reiterated the Russian position that a future compromise for Kosovo could only be reached following an agreement acceptable to both sides, warning that unilateral moves could cause additional problems. Lavrov and his Serbian counterpart, Mr Jeremic, backed the idea that the solution for the status of Kosovo should be reached within the framework of the UN Security Council and in accordance with international law, especially UNSC Resolution 1244 of June 1999, as the only legally valid document which determines the status of Kosovo. Jeremic declared that "Serbia finds unacceptable any solution which is not in accordance with Resolution 1244", and added that Moscow and Belgrade stand united behind the stance that the international presence in Kosovo could not be changed without the consent of the Security Council.

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197 Christopher J. Borgen "Kosovo's Declaration of Independence: Self-Determination, Secession and Recognition" 29 February 2008 at <http://www.asil.org/insights/2008/02/insights080229.html>

198 Deutsche Welle "Russia Calls the EU's Planned Mission to Kosovo Illegal" at <http://www.dw-world.de/dw/article/0,2144,3138922,00.html>

199 <http://www.ruvr.ru/main.php?lng=eng&q=25752&cid=67&p=16.04.2008>

200 The EU established the EULEX mission on 4 February 2008

201 <http://www.securitycouncilreport.org/site/c.gIKWLeMTIsG/b.4201481/>

202 See "Russia backs Serbia's Case at World Court", at <http://www.balkaninsight.com/en/main/news/11879/>

## Conclusion

The events of the first half of 2008 indicate continuing tension and, on occasion, conflict between Russia and its European neighbours. And of course, there was the August war between Russia and Georgia. It is the preliminary view of this author that both sides have behaved illegally and stupidly, and that both committed war crimes during the conflict. Russia's precipitate recognition of Abkhazia and South Ossetia may have unpredictable consequences within the Russian Federation itself and has already given ammunition to Tatar and Bashkir separatists.<sup>203</sup>

The election of President Medvedev does not so far presage any significant change in the policy carved out by Putin. It is of course encouraging that disagreements are openly debated within the two European organisations, the CoE and OSCE, in which Russia is engaged as a fully participating member. Furthermore, Russia is bound to continue close dialogue with the EU simply by virtue of trade ties, which grow stronger each day. Nonetheless, the issues identified here arouse strong emotions in Russia and are not easily resolved.

Russia, like its legal predecessor the USSR, takes international law very seriously indeed. Its commitment in terms of diplomatic and financial resources to the United Nations and European regional organisations is substantial. Russia always wishes to demonstrate that it complies meticulously with its obligations. Indeed, in 2007 the European Court of Human Rights heard 192 complaints against Russia. Russia won just 6, and in 11 there was a friendly settlement. Russia paid in full the orders for compensation in every case it lost millions of Euros.<sup>204</sup> It should be recalled that the EU, despite considerable pressure from Strasbourg, and despite its prominent commitment to human rights, has not yet ratified the European Convention on Human Rights.

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<sup>203</sup> See Paul Goble "Invoking Both Kosovo and Abkhazia, Tatar Independence Movement Steps Up Its Campaign" 16 September 2008, at <http://windowoneurasia.blogspot.com/2008/09/window-on-eurasia-invoking-both-kosovo.html>

<sup>204</sup> See Anastasiya Kornya "In the European Court they understand the words "SIZO" and "Kresty" without translation" Vedomosti 22 February 2008, at <http://www.vedomosti.ru/newspaper/article.shtml?2008/02/22/142259>

## APPENDICES

**Table 1. Positions in international ratings (*Index list*)**

Indicator	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine	Russia	EU Members
GDP growth (2006 annual %) <sup>1</sup>	13.3	34.5	9.9	9.4	4.0	7.1	6.7	2.7
Inflation, GDP deflator (2006 annual %) <sup>2</sup>	4.6	5.3	10.8	8.4	12.6	13.7	16.1	2.3
GNI per capita, PPP (2006, current international \$) <sup>3</sup>	4.950	5.430	9.700	3.880	2.660	6.110	12.740	31.181
World Development Indicators/The World by Income <sup>4</sup>	Lower middle income	Lower middle income	Upper middle income	Lower middle income	Lower middle income	Lower middle income	Upper middle income	23 - high income; 4 - upper middle income
Index of Economic Freedom (0 to 100 scale, 100 - max freedom) <sup>5</sup>	70.3	55.3	44.7	69.2	58.4	51.1	49.9	66.8
Corruption Perception Index (10 to 0 scale, 10 - very clean, 0 - highly corrupt) <sup>6</sup>	3	2.1	2.1	3.4	2.8	2.7	2.3	between 9.4 - 3.7
Freedom in the world index (1 to 7 scale, 1 - highest freedom degree, 7 - lowest freedoms) <sup>7</sup>	4.5 (partly free)	5.5 (not free)	6.5 (not free)	4.0 (partly free)	3.5 (partly free)	2.5 (free)	5.5 (not free)	1.0 - 2.0 (free)
Worldwide Press Freedom Index 2007 (0 - absence of violations) <sup>8</sup>	23.63	55.40	63.63	20.83	24.75	26.75	56.90	between 1 - 18.58

1 The World Bank – 2007 World Development Indicators database, April 2008:

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20535285~menuPK:1192694~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>

2 Ibid.

3 Ibid.

4 World Development Indicators database - World Bank list of economies, July 2008. The economies are classified at low income (\$935 or less GNI per capita), lower middle income (\$936-3,705), upper middle income (\$3,706-11,455), and high income (11,456 or more): <http://siteresources.worldbank.org/DATASTATISTICS/Resources/CLASS.XLS>

5 The Heritage Foundation – 2008 Index of Economic Freedom: <http://www.heritage.org/research/features/index/downloads.cfm>

6 Transparency International – 2007 Corruption Perceptions Index: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007](http://www.transparency.org/policy_research/surveys_indices/cpi/2007)

7 Freedom House – The Freedom in the World 2008 survey. According to the ratings of the survey the countries are classified as Free (1.0 - 2.5 points), Partly Free (3.0 - 5.0 points), or Not Free (5.5 - 7.0 points):

<http://www.freedomhouse.org/template.cfm?page=363&year=2008>

8 Reporters Without Borders – 2007 World press freedom ranking: [http://www.rsf.org/IMG/pdf/index\\_2007\\_en.pdf](http://www.rsf.org/IMG/pdf/index_2007_en.pdf)

**Table 2. Positions in international ratings (Rank list)**

Indicator	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine	Russia	EU members
Human Development Index (of 177 states) <sup>1</sup>	83 (med.)	98 (med.)	64 (high)	96 (med.)	111 (med.)	76 (med.)	67 (high)	between 1 – 60 (high)
Global Competitiveness Index (of 131 states) <sup>2</sup>	93	66	-	90	97	73	58	between 1 - 79 (20 – in top 50)
Transformation Status Index (of 125 states) <sup>3</sup>	41	87	89	38	60	35	59	10 <sup>4</sup> out 27 members: between 1 - 17
Transformation Management Index (of 125 states) <sup>5</sup>	56	99	110	23	87	55	98	10 <sup>6</sup> out 27 members: between 2 - 53
Corruption Perception Index (of 179 states) <sup>7</sup>	99	150	150	79	111	118	143	between 1 - 69 (22 – in top 50)
Index of Economic Freedom (of 165 states) <sup>8</sup>	28	107	150	32	89	133	134	between 3 – 83 (20 – in top 50)
Worldwide Press Freedom Index (of 169 states) <sup>9</sup>	77	139	151	66	81	93	144	between 1 – 57 (24 – in top 50)

1 UNDP - 2007/2008 Human Development Index Rankings: <http://hdr.undp.org/en/statistics/>

2 World Economic Forum - The Global Competitiveness Index 2007-2008: <http://www.gcr.weforum.org/>

3 Bertelsmann Stiftung, BTI 2008. Gütersloh: Bertelsmann Stiftung, 2007: [http://www.bertelsmann-transformation-index.de/fileadmin/pdf/Anlagen\\_BTI\\_2008/BTI\\_2008\\_Ranking\\_EN.pdf](http://www.bertelsmann-transformation-index.de/fileadmin/pdf/Anlagen_BTI_2008/BTI_2008_Ranking_EN.pdf)

4 Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

5 Bertelsmann Stiftung, BTI 2008. Gütersloh: Bertelsmann Stiftung, 2007: [http://www.bertelsmann-transformation-index.de/fileadmin/pdf/Anlagen\\_BTI\\_2008/BTI\\_2008\\_Ranking\\_EN.pdf](http://www.bertelsmann-transformation-index.de/fileadmin/pdf/Anlagen_BTI_2008/BTI_2008_Ranking_EN.pdf)

6 Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

7 Transparency International – 2007 Corruption Perceptions Index: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007](http://www.transparency.org/policy_research/surveys_indices/cpi/2007)

8 The Heritage Foundation – 2008 Index of Economic Freedom: <http://www.heritage.org/research/features/index/downloads.cfm>

9 Reporters Without Borders – World press freedom ranking 2007: [http://www.rsf.org/IMG/pdf/index\\_2007\\_en.pdf](http://www.rsf.org/IMG/pdf/index_2007_en.pdf)

