

Georgian Lessons

Conflicting Russian and Western Interests in the Wider Europe

A Report of the CSIS New European Democracies Project and the
Lavrentis Lavrentiadis Chair in Southeast European Studies

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Cover photo: iStockphoto/Stephane Hachey

Library of Congress Cataloging-in-Publication Data

Bugajski, Janusz, 1954–

Georgian lessons : conflicting Russian and Western interests in the wider Europe / Janusz Bugajski.

p. cm.

Includes bibliographical references.

ISBN 978-0-89206-606-3 (pbk. : alk. paper)

1. Russia (Federation)—Foreign relations. 2. Russia (Federation)—Politics and government—1991– 3. Russia (Federation)—Foreign relations—Former Soviet republics. 4. Former Soviet republics—Foreign relations—Russia (Federation) I. Title.

DK510.764.B85 2010

327.47—dc22

2010042541

Center for Strategic and International Studies

1800 K Street, N.W., Washington, D.C. 20006

Tel: (202) 775-3119

Fax: (202) 775-3199

Web: www.csis.org



CONTENTS

Acknowledgments	iv
1. Introduction and Summary	1
2. Russia's State Ambitions	9
3. Russia's Vulnerabilities	25
4. Lessons for Former Empire	44
5. U.S.-Russia: Limits of Normalization	65
6. NATO-Russia: Cooperative Adversaries	82
7. EU-Russia: Tentative Partners	99
8. Developing Western Strategies	114
About the Author	119



ACKNOWLEDGMENTS

I owe special thanks to the entire team in the Lavrentis Lavrentiadis Chair and the New European Democracies Project at CSIS for making this monograph possible. In particular, my profound gratitude to Program Deputy Ilona Teleki, Program Coordinator and Research Associate Besian Bocka, and all our research interns: Stacey Brethauer, Jonathan Gomez, Akos Hofstadter, Mikel Kotonika, Rilind Latifi, Gresa Matoshi, Chelsea Michta, Kathleen Murtaugh, Maria Smith, Anna Socha, Yana Stainova, Loic Poulain, Marton Ugrosdy, and Stuart Weaver.

1

INTRODUCTION AND SUMMARY

Russia's invasion, occupation, and partition of Georgia in August 2008 initially sent shock waves throughout Europe and the North Atlantic Treaty Organization (NATO) and appeared to signal a new confrontational phase in Moscow's relations with the West. However, within weeks of the war, connections between Russia and the major Western powers and institutions were largely restored, and Moscow was not subject to any meaningful sanctions for its unilateral military action and division of Georgia. Most Western governments concluded that Russia was too important a country to be isolated, that sanctions would be ineffective, and that Moscow's estrangement would be counterproductive and fuel further hostility. Moreover, the George W. Bush administration had entered its last stages, and following the election of President Barack Obama in November 2008, Washington initiated a new *détente* with Moscow designed to elicit Russia's cooperation in pressing global security challenges. One of the consequences was an avoidance of confrontation by the United States in regions that the Kremlin viewed as essential parts of its imperial patrimony.

Upon longer reflection, the Russo-Georgia war consolidated specific trends in Russia's relations with the West. First, it underscored Moscow's regional objectives and its determination to reclaim an extensive zone of dominance corresponding with the former Soviet territories. Second, it displayed a shrewd calculation by the Kremlin about the fractured and ineffective Western response, and Moscow subsequently began to test the limits of the Obama administration's rapprochement. Third, the August war had a profound impact on the Central-East European (CEE) and post-Soviet states most exposed to pressures from Moscow. While the former sought more tangible security guarantees from the NATO alliance, several of the latter intensified their protective strategies to shield themselves from Moscow's pressures. Additionally, beneath the veneer of Moscow's success, the conduct of the war and the subsequent economic recession revealed Russia's weaknesses and vulnerabilities in the midst of its attempted neo-imperial restoration.

Russia's Immediate Objectives

Both the European Union (EU) and NATO displayed impotence in the face of Russia's strategy to remain a dominant player in the south Caucasus region and the broader Black Sea and Caspian Basin areas. In the wake of the August 2008 war, Russia's threatened exclusion from the Group of Eight (G-8), stalled progress toward the WTO (World Trade Organization), the temporary suspension of high-level meetings of the NATO-Russia Council (NRC), and the cancellation of NATO military exercises with Russian forces were viewed by Prime Minister Vladimir Putin and President Dmitry Medvedev as mere distractions from grand strategy. They were convinced that Europe and the United States needed Russia much more than Russia needed the West and calculated that several tangible advantages would be gained from the military attack on Georgia, including:

1. Transforming Georgia into an unsuccessful model of state consolidation, political democratization, and economic development and thereby discouraging other post-Soviet states from emulating Tbilisi's pro-Western path. Russia's authorities also claim that they are the guarantors of Georgia's territorial unity, thereby underscoring Russia's ability to further fracture the country by promoting ethnic and separatist conflicts.
2. Undermining the pro-U.S. government of President Mikhail Saakashvili, which is viewed as an obstacle to Russia's reassertion of regional dominance. Officials continue to threaten Georgia with military action, having failed to achieve one of their primary objectives of overthrowing the president. Moscow can manufacture various pretexts for a new intervention, including accusations that Georgia is a transit country for Islamic terrorists or is rearming in order to restart a war against the separatist regions of South Ossetia and Abkhazia. The goals of a new invasion would include demilitarizing Georgia; transforming Georgia into a loose confederation with a weak central government dependent on Moscow; permanently stationing Russian forces inside Georgia; controlling energy supply corridors across Georgian territory; isolating Georgia from external military aid by patrolling its ports, major roads, and airfields; and establishing a secure land corridor linking Russia to its military base in Armenia.
3. Terminating Georgia's progress toward NATO inclusion as several West European states contend that a timetable toward membership would further provoke Moscow and damage Russian-European relations. Georgia's vulnerabilities also stiffened the resistance of some European capitals in offering NATO Membership Action Plans (MAPs) to other post-Soviet states, including Ukraine. It demonstrated European and NATO alliance divisions and the pervasive Western fear of estranging Russia because of growing energy and business connections and Russia's purported indispensability in dealing with security challenges such as the proliferation of weapons of mass destruction (WMD) and global *jihadist* terrorism.
4. Enhancing Russia's monopolization of energy supplies and transit routes and weakening investor confidence in alternative energy corridors from the Caspian Basin to Europe that bypass Russian territory, including the Nabucco or southern corridor project planned to transit Georgia and Turkey. In addition, the widespread destruction of Georgia's economic infrastructure and the closure of its ports by Russian forces during the August 2008 war signaled that Georgia remained permanently vulnerable to Moscow's intervention.
5. Applying pressure on neighboring states inhabited by Russian minorities or embroiled in separatist disputes (including Ukraine, Azerbaijan, and Moldova) in order to pull them closer into Moscow's orbit and reduce Western engagement. Georgia's dismemberment also brought into question existing post-Soviet borders and the status of autonomous regions in other states. It raised the danger of reigniting dormant conflicts in secessionist regions with a prospect of direct Russian intervention. Kremlin policy justified the use of military force to protect Russian citizens and Russian-speakers, and defense laws were amended, giving Moscow wider scope in using military force beyond its borders.
6. Undermining the principle of territorial integrity that the Kremlin claimed to uphold since the collapse of the Soviet Union and emphasizing the notion of national or ethnic self-determination where it served Russia's state interests. For Moscow, new state units do not necessarily correspond only with former Soviet republics but can also include previous Soviet autonomous regions. Moscow's recognition of Abkhazia and South Ossetia as independent states gave a quasi-legalistic cover as a potential prelude to Russian annexation. The creation of military bases in both entities also strengthened Moscow's position throughout the Black Sea region.

7. Highlighting the limits of American and NATO protection of a partner state in the face of Moscow's military assertiveness. The occupation and partition of Georgia was designed to question the practical commitment of Washington to Georgia's territorial integrity or that of other states harboring disputes with Moscow. Russia's leaders disregarded their commitments under the six-point cease-fire plan arranged by France at the close of the August 2008 war, calculating that Russia's state interests took precedence over international agreements and that the EU would overlook the accords in the pursuit of closer economic ties with Moscow.

Broader International Lessons

The August 2008 war generated broader lessons concerning Russia's objectives and policies, the predicament of its neighbors, the impact of Western reactions, and the consequences for Russia's long-term vulnerabilities. The conflict signaled the launch of Moscow's strategic offensive across the former Soviet Union at a time of Western unpreparedness and disengagement. However, while it continues to pursue an expansive policy abroad, Russia has undergone an economic downturn at home that raised calls for modernization by political leaders fearful of falling further behind the West and the more dynamic economies of China and India. The results of Russia's reimperialization therefore remain uncertain, and Moscow's overstretched ambitions may actually hasten the destabilizing trends visible inside the Russian Federation.

Russia's Ambitions

1. Rather than transforming itself from a global to a regional power with modest ambitions, Moscow's policies indicate that Russia sees itself as a multiregional pole of power in various Euro-Eurasian subregions. These include the European Arctic, the Baltic and Black Sea regions, the Caucasus, and Central Asia. In particular, Moscow seeks to dominate the former Soviet Union and demands that the United States and the major West European states accept its preeminent role. Russia's authorities are engaged in a policy of "pragmatic reimperialization" in seeking to restore Moscow's regional dominance, undermining U.S. global influence, dividing the NATO alliance, limiting further NATO and EU enlargement, and reestablishing zones of "privileged interest" in the former Soviet bloc where pliant governments are targeted through economic, political, and security instruments.
2. The August 2008 war was intended to demonstrate that Moscow was no longer in strategic retreat but had revived its ability to resist Western encroachment in areas considered to be part of the "post-Soviet space." The conflict with Georgia placed the South Caucasus region in a more central position on the Euro-Atlantic strategic map while the *de facto* partition of Georgia was intended to demonstrate Russia's regional hegemony and ultimate control over all neighboring ex-Soviet states.
3. Military intervention in Georgia was the culmination of a decade of imperial assertiveness in the former Soviet bloc. Unprepared to confront Russia by effectively defending Georgia's territorial integrity, both NATO and the EU were largely helpless in the face of an armed assault on a NATO aspirant. Moscow subsequently concluded that the strategic benefits of recognizing the independence of Abkhazia and South Ossetia in expanding Russia's regional influence outweighed the costs of temporarily unsettled relations with the EU, NATO, and the United States.

4. In blocking Georgia's move toward Western institutions, particularly NATO, as well as those of other neighbors, Moscow is willing to disregard or violate various international agreements and principles, including changing borders by force and unilaterally recognizing secessionist entities. This approach has increased the dangers of new conflicts along Russia's borders especially in the Caucasus, the Black Sea region, and Central Asia. Moscow points to the U.S. recognition of Kosovo and its separation from Serbia as an international precedent in which state borders are no longer sacrosanct, even though the NATO intervention prevented a potential genocide, precluded a wider regional war, and helped to stabilize the Western Balkans. Moreover, Kosovo was subsequently recognized by most of the EU member states, and the International Court of Justice ruled in July 2010 that Kosovo's declaration of independence was not illegitimate.
5. The Kremlin has challenged the Obama administration and EU leaders to make strategic compromises by acquiescing to Moscow's goal in establishing demarcated zones of influence and a permanent "balance of power" encapsulated in a new European security treaty. One of Moscow's goals during the August 2008 war was to demonstrate that the existing system of European or Eurasian security was obsolete and in need of major restructuring. Hence, Russia offered to play a major role in developing a new security architecture whereby U.S. and NATO influence would be scaled down and equalized with that of Russia.

Russia's Neighbors

1. The reluctance of major EU states to confront Russia's geopolitical aspirations has generated anxieties among several countries close to Russia's borders. Moscow is not only intent on restoring its zones of dominance in the former Soviet bloc, it is also purposively subverting the emergence of a wider democratically oriented Europe and undermining the cohesion of the EU and the transatlantic alliance. Moscow's strategy has a direct impact on states that feel especially vulnerable either because they lack confidence that the NATO alliance will provide sufficient protection in the event of outright conflict with Russia or because they lie outside NATO's security structure. In some cases, this has buttressed calls for bilateral security arrangements with the United States to supplement the NATO framework.
2. New political elites are emerging in the post-Soviet countries that have weaker ties with Moscow and are less likely to view the former imperial center as an attractive model of development and security. Several states neighboring Russia, particularly those containing Russian ethnic minorities, Russian speakers, or Russian passport holders, have sought to lessen their dependence on Moscow and to improve relations with the West. They interpret the invasion and partition of Georgia as a potential precedent against their territories. However, they are also constrained by fears that an overtly pro-Western policy without prospects of integration or credible security guarantees will leave them even more exposed to Russia's pressure. This may encourage short-term compliance but will also fuel long-term resentments toward Moscow.
3. The pursuit of regional predominance or a local conflict could precipitate a political or military crisis in which Moscow would expect the West to abstain or provide complementary support for Russia. Such scenarios include a potential civil war in Kyrgyzstan or the broader Fergana Valley where three countries intersect (Uzbekistan, Kyrgyzstan, and Tajikistan), a serious political conflict in Ukraine that degenerates into radicalism, polarizes society, sparks conflict, and precipitates a Russian intervention, or renewed armed hostilities between Russia and Georgia or between Azerbaijan and Armenia over contested territories.

Russia's Vulnerabilities

1. While claiming Russia's status as a global power, Russian leaders are aware of the country's weaknesses, visible in its limited economic development, dilapidated infrastructure, inferior technological position vis-à-vis the West, and its stuttering growth after a decade of benefiting from its hydrocarbon export bonanza. This was underscored in the wake of the global financial crisis of 2008–2009, which highlighted Moscow's overreliance on the sale of primary resources. The current Medvedev phase of Russian foreign policy outreach envisions improved relations with the EU and United States in order to gain technology transfers, attract Western investors, and create more favorable conditions for modernization and economic development so Russia can more effectively pursue its transregional ambitions. There is no evidence to indicate that the country's elite will accept the status of a post-imperial middle-sized power, which would correspond to Russia's demographic trends and economic performance.
2. Despite Russia's structural weaknesses, with overdependence on hydrocarbon revenues and facing long-term economic stress and demographic decline, in the immediate future Russia is unlikely to alter its foreign policy objectives. Economic vulnerabilities do not necessarily signal major foreign policy reversals. Moscow's strategies will remain flexible and avoid direct confrontation with the United States and NATO. Nonetheless, it will persist in cajoling its weaker neighbors, particularly through political subversion and economic entrapment.
3. A serious political crisis inside the Russian Federation may have damaging consequences along the country's borders. If Medvedev's modernization project were to impact on the structure of power and provoke conflicts between rival political, economic, and regional interest groups, the resulting instability may not be containable without a major crackdown and a reversal of the reform program. In such conditions, the Kremlin could seek to deflect attention from domestic unrest by cultivating a sense of besiegement and exporting insecurity to Eastern Europe, the Caucasus, and Central Asia. Long-term domestic vulnerabilities may engender short-term assertiveness to consolidate Russia's spheres of dominance.
4. Despite its expansive ambitions, the Russian Federation is a potentially failing state and may exhibit increasingly desperate imperial reactions to intractable internal problems that could presage the country's territorial fracture. The partition of Georgia and the interethnic clashes in Kyrgyzstan in June 2010 indicate that the disintegration of the former Soviet Union may not have fully run its course. The end of the USSR's existence as a state did not correspond to the historical disintegration of the Russian empire. Moscow has established a new precedent in former Soviet territories by recognizing South Ossetia and Abkhazia as independent states. This can be replicated in legitimizing the partition of other post-Soviet states including Russia itself. A primary reason why no other post-Soviet capital has recognized the statehood of Abkhazia or South Ossetia is fear of redrawing borders and undermining their own territorial integrity.

International Responses

1. International institutions failed to deter or prevent the August 2008 war and the subsequent partition of Georgia. Because of the Russian veto in the United Nations Security Council, the world body played no significant role during or after the war and was unable to issue a resolution on the conflict. Despite its presence in Georgia, the Organization for Security and Cooperation in Europe (OSCE) failed to resolve the conflict that led to outright war and was

subsequently ousted from South Ossetia by the Russian-backed separatist administration. The EU only became active once the Russian army was threatening to attack Georgia's capital, but its mediation efforts failed to ensure Moscow's military withdrawal from occupied territories or to secure Georgia's territorial integrity. NATO had not given Georgia any security guarantees and was in no position to challenge Russia's invasion, especially as the U.S. administration avoided outright confrontation. Moscow deliberately violated international norms through its invasion and partition of Georgia and claimed that such violations were commonplace among Western states and that Russia was simply applying the same standards in defense of its national interests.

2. Some Western officials and security analysts contend that Russia's strategic expansionism remains illusory or short term as Moscow does not possess the capabilities to effectively challenge the West, either in military or economic terms, and is increasingly interconnected with the West through energy, trade, finance, and business. Such an analysis underestimates the damage that Western interests can sustain throughout Eurasia from an opportunistic and revisionist Russian state. Moscow's assertiveness can reduce or eliminate the sovereignty of vulnerable neighbors, provoke interethnic or interstate conflicts, challenge the legitimacy of borders, and discredit the role of international institutions.
3. Moscow's persistent threats, even toward several new NATO and EU members, are compounded by a disunited and unfocused West that remains preoccupied with numerous internal and external challenges. During the Russo-Georgian war, divisions intensified between NATO capitals focused on "pacifying aggression" and those calling for "self-defense" against Russia's assertiveness. The West proved powerless to reverse Russia's territorial gains in Georgia, and the Kremlin interpreted the timid international reaction as a sign of indecision that it could exploit in future confrontations with neighbors. Although the August 2008 war did not formally halt NATO enlargement, it served to convince member states opposed to further expansion that the NATO alliance had reached its eastern limits.
4. The reanimation of U.S.-Russia relations under the Obama administration was treated with initial skepticism by Moscow, but has been increasingly used to gain strategic concessions from Washington in return for Russia's cooperation in nuclear arms control, UN sanctions against Iran, and supplying NATO troops in Afghanistan. Among the key concessions sought by Moscow has been U.S. withdrawal or passivity in areas where Russia is considered to have "privileged interests," such as Ukraine, the Black Sea, the South Caucasus, and Central Asia.

Western Policy Implications

1. It is misleading to assume that Russia acts in accordance with its "national interests" rather than its state ambitions. Distinguishing between the two enables Western policymakers to separate acceptable behavior from aggressive and potentially hostile policy. In this context, Moscow has not discarded zero-sum calculations in its foreign policy nor abandoned the pursuit of great power status. Such policies afford Russia more extensive and visible influence than its actual economic and military capabilities would warrant.
2. The apprehensions and aspirations of America's newest European allies, as well as those states that seek NATO and EU membership, will require a more active and effective U.S. and Allied approach. Europe's new democracies will need to have their security ensured in practice as

well as in theory at the same time that the West endeavors to maintain cooperative links with Moscow in areas of mutual interest.

3. Although Washington and Brussels have few direct tools available to influence Russia's internal developments, they can deploy their substantial economic, diplomatic, and security resources to prevent and contain any instabilities emanating from Russian territory that challenge the security and sovereignty of various European countries, whether they are EU and NATO members, aspirants, or partners. Such an approach will require greater Allied unity and complementarity and a commitment to ensuring the stability and integrity of states challenged by Russia's ambitions.
4. A renewed Russo-Georgia war will test the capabilities of both forces as well as Western responses. Given the advances in Moscow's relations with both Washington and Brussels, any Western military involvement seems unlikely. Much will also depend on the nature and duration of the war. A short conflict in which Russian forces inflict serious damage on the Georgian military, engineer the replacement of the Tbilisi government, and emplace a new Russia-friendly administration before withdrawing is likely to elicit a limited Western reaction. However, a protracted conflict between Russian and Georgian forces with a substantial loss of life could work against Moscow and result in bolder Western responses. Similar scenarios could be expected in the event of serious conflicts between Russia and other neighbors, including Ukraine.



This volume places the Russo-Georgian conflict in the context of Russia's broader objectives, the country's internal weaknesses, the limitations of EU and NATO policies, and America's security priorities. It also offers recommendations on how the transatlantic alliance can more effectively handle Russian ambitions and prepare itself to deter or manage future crises.

Chapter 2 describes the rationale, goals, strategies, and tactics of Russian policy toward its neighbors and toward Western institutions and assesses Moscow's military, political, diplomatic, and economic tools in achieving its neo-imperial goals and restoring its great power status.

Chapter 3 examines the stability of the Russian Federation and the disparities between Moscow's aspirations and capabilities. The increasing vulnerability of the Russian state to domestic turmoil may in the short term raise rather than lower its imperial ambitions. In the longer term, Russia's widening fissures will generate new security challenges among the country's neighbors and for Western institutions.

Chapter 4 analyzes the impact of Russian policy on the security postures and foreign policy orientations of new NATO and EU members and aspirants as well as on neighboring countries seeking to balance Western and Russian influences to protect their national sovereignty.

Chapter 5 focuses on U.S.-Russia relations, examines common and contrasting national interests, and considers the implications of the Obama administration's rapprochement with Moscow, particularly for Russia's neighbors.

Chapter 6 assesses the consequences of Russia's assertive foreign policy on NATO commitments to enlargement, security, and the defense of member states. It discusses where NATO-Russia cooperation can be effective and where it is questionable or even counterproductive.

Chapter 7 examines the repercussions of Russia's foreign policy on the European Union and its commitments to enlargement, democratic governance, free markets, and international law. It

debates the persistent divisions in Europe with regard to Russia policy and the impact of the EU's economic and "soft power" instruments.

Chapter 8 provides succinct recommendations for a longer-term and more coordinated approach toward Russia by the U.S. administration, the NATO alliance, and the European Union.

2

RUSSIA'S STATE AMBITIONS

Kremlin leaders have propounded the melodramatic notion that Russia can either be a great power or it will cease to exist. In reality, the choice is between an imperial and expansionist state on the one hand and a national state without imperial pretensions on the other. Unfortunately, some senior U.S. analysts uncritically parrot Kremlin assumptions that it is understandable for Russia's self-identity to "radiate power and influence into neighboring regions."¹ They fail to consider that Russia's neighbors may reject its claims to regional dominance and seek alternative alliances to ensure their own stability, security, sovereignty, and survival.

Government supporters in Russia hail the alleged decline of the United States and the end of the "unipolar model," while relishing the "civilizational competition" that will herald the demise of "Anglo-Saxon domination."² Since the August 2008 war with Georgia, which was depicted by the Kremlin as a stellar display of Russia's power, Moscow has maintained its political offensive across Eurasia to reimpose its spheres of influence and to diminish the Western role. It has been buoyed by the focus of the Barack Obama administration in seeking cooperation and avoiding confrontation in areas considered to be part of Russia's imperial patrimony. In pinpointing Moscow's strategic goals and distinguishing between national interests and state ambition, it is useful to examine Russia's historical revisionism; its manipulation of Russophobic and Cold War stereotypes; and the diverse strategies it employs in pursuit of a neo-imperial agenda.

Rewriting History

Russia's regime has been engaged in the wholesale revision of history to depict the Soviet Union as a great power that raised Russia's glory and prestige.³ State propagandists assert that the USSR did

1. Thomas Graham, *Resurgent Russia and U.S. Purposes* (New York: The Century Foundation, 2009), <http://www.tcf.org/publications/internationalaffairs/Graham.pdf>, p. 15. Graham views the post-communist region through a narrow Russian prism as evident in the assertion that Ukraine is the "cradle of Russian civilization and an essential element of Russia's own national identity as a great power [p. 25]." A historically accurate rendition would read: Russia's elites claim the Kyivan Rus heritage and the Viking-East Slavic state that existed in present-day Ukraine between the tenth and thirteenth centuries as a Russian monopoly, and they manipulate such historical myths to justify Moscow's imperial ambitions over neighboring Slavic territories.

2. Lilia Shevtsova, *The Medvedev Presidency: Russia's Direction and the Implications for Foreign Policy* (Houston, Tex.: James A. Baker Institute for Public Policy, Rice University, May 6, 2009), p. 33.

3. On August 28, 2009, Kremlin chief of staff Sergei Naryshkin chaired the first session of the presidential commission "for counteracting attempts to falsify history to the detriment of Russia's interests," and its primary task was to "correct textbooks." The Education and Science Ministry started this process by approving "The History of Russia from 1945 to 2008 for 11th Graders" whose aim is to "ideologically prepare an entire generation of young people to loyally and complaisantly serve the Russian ruling class." See Vladimir Ryzhkov, "An Enlightened Way to Distort Soviet History," *Moscow Times*, September 1, 2009, <http://www.moscowtimes.ru/opinion/article/381661/>. In September 2009, Russian high school students were given a

not occupy half of Europe after World War II but liberated it from fascist tyranny. They minimize the Kremlin's imposition of repressive totalitarian systems across the region that stifled political and economic progress for almost half a century. And unlike post-war Germany, Moscow has failed to pay reparations for Soviet mass murders, ethnic expulsions, and forcible expropriations throughout Central and Eastern Europe, or CEE, during and after World War II.

Russian government spokesmen and educational textbooks minimize Stalin's crimes against Soviet citizens and those of neighboring countries occupied by the USSR. They justify the signing of the Molotov-Ribbentrop Pact in August 1939 that carved up CEE between Berlin and Moscow and led to the Soviet annexation of the Baltic states, eastern Poland, and parts of Romania.⁴ They overlook the systematic extermination of political opponents and the installation of puppet regimes in CEE after World War II and claim that these communist cliques benefited from popular support in the construction of socialism.

Russia's annual May 9 parade, celebrating its "victory over fascism," has grown into a replica of Soviet self-glorification. The exercise is based on a monumental national delusion fostered by the Kremlin. Although Russia was one of the victorious powers at the end of World War II, its current rulers disguise the historic record as the Soviet Union contributed to launching the war in Europe in close alliance with Nazi Germany. Moscow carved up Eastern Europe in collaboration with Berlin in order to expand Soviet borders and hasten the overthrow of Europe's democracies. Moscow also camouflages evidence that its figure of 27 million war dead includes millions of Stalin's victims. Instead of admitting that it was a perpetrator and an opportunist in the destruction of Europe, Russia, as the successor state to the Soviet Union, depicts itself as a victim and a victor.

Russia's revisionist policy was underscored with the formation in Moscow on May 15, 2009, of the Presidential Commission of the Russian Federation to Counter Attempts to Falsify History to the Detriment of Russia's Interests. Its mandate was to promote the Soviet version of history and tackle alleged "anti-Russian" propaganda that damages the country's international image. The committee is bereft of independent historians but comprises high-ranking bureaucrats from government ministries, representatives from the military and intelligence agencies, pro-Kremlin spin-doctors, and nationalistic lawmakers. The chairman of the "historic truth" commission, Sergei Naryshkin, is chief of President Dmitry Medvedev's administration and a loyal supporter of Prime Minister Vladimir Putin. The commission's mandate was to formulate policy initiatives for the president and to "neutralize the negative consequences" of historical falsifications aimed against Russia. Russian liberals compared the commission to Soviet institutions that established a monopoly over scientific and scholarly truths.

Legislators from the ruling United Russia Party also proposed amendments to the penal code that would make the "falsification of history" a criminal offence. Such legislation could result in mandatory jail terms for anyone in the former Soviet Union convicted of "rehabilitating Nazism." Individuals could be prosecuted for questioning the alleged Soviet liberation of Eastern Europe or the purportedly voluntary annexation of countries such as the Baltic states. The prospect of legal

new textbook approved by the Education and Science Ministry that contains a highly distorted version of twentieth-century history.

4. In July 2009, the Organization for Security and Cooperation in Europe (OSCE) adopted a resolution, "Uniting a Divided Europe: Defending Human Rights and Civil Liberties in the OSCE Area," that equated Hitler's national socialism with Stalin's bolshevist socialism as similar totalitarian regimes, each bearing equal responsibility for the outbreak of World War II and crimes against humanity. The resolution was vehemently condemned by Moscow.

campaigns against political leaders in neighboring countries who challenge Russia's distorted version of history could become another source of informational warfare and political pressure.

On January 14, 2010, the government issued a negative decision on the draft history law.⁵ In seeking to project a more liberal and reformist image to the outside world, Medvedev sought to detach Soviet prowess from Stalin's leadership during comments at the 65th anniversary of the May 9 parade in Moscow in 2010. He stated that "the Great Patriotic War was won by our people, neither Stalin nor even the generals did anything as important as they did."⁶ The authorities in Moscow canceled plans to decorate the city with portraits of Stalin despite the creeping rehabilitation of Stalinism by the Putin establishment, which had restored the Stalinist national anthem and prepared new school textbooks claiming that mass purges were "adequate to the task of modernization."⁷ The struggle over the legacies of Stalin and Sovietism will continue to bedevil Russian politics and international dialogue as there has been no outright condemnation of communist imperialism under Moscow's leadership.⁸

Russian officials claim that East and West were equally responsible for the Cold War, which allegedly ended in a stalemate. They avoid the awkward fact that Stalin established the iron curtain and sealed off CEE from the West in order to build Soviet-style systems in the newly captured states. Foreign Minister Sergei Lavrov has stated that "democratic Russia simply withdrew from the Cold War" and voluntarily gave up communism and the Soviet empire. This demonstrates a persistent denial that the coercive system imposed by the Kremlin had failed in its confrontation with the Western model of independent states and democratic governance.⁹

Conversely, some Russian analysts contend that the Cold War never really ended because NATO maintained its aggressive posture toward Russia and prevented European unification.¹⁰ They omit to mention that it was the demise of the Soviet empire, the dissolution of the Warsaw Pact, and the independence of former Soviet satellites that ended the Cold War. In this sense, the

5. Yelena Pozdnyakova: "Freedom for Falsifiers!" <http://www.politkom.ru>, Moscow, January 14, 2010. The initiator of the draft law was believed to be Minister for Emergency Situations Sergey Shoygu, who professed that Russia should follow the example of countries that have introduced criminal liability for denying the Holocaust.

6. Pavel K. Baev, "Medvedev Presides over the Victory Day Celebrations and Condemns Stalin," *Eurasia Daily Monitor* 7, issue 91 (May 11, 2010).

7. Vladimir Kara-Murza, "Spotlight on Russia: Victory without Stalin," *World Affairs*, May 11, 2010, <http://www.worldaffairsjournal.org/new/blogs/kara-murza>.

8. Moscow has been in conflict with several governments over the historical interpretation of Soviet occupation, including Poland, Ukraine, and Estonia. Most recently, in June 2010, an official assessment of Communist rule by Moldova's parliament, which was preparing to condemn the Soviet occupation, was postponed under Moscow's pressure. On June 24, 2010, parliamentary chairman and interim head of state Mihai Ghimpu issued a decree instituting the Day of Remembrance of the Soviet Occupation, with annual commemorations starting on June 28, 2010. Russia's Ministry of Foreign Affairs condemned the decree as a sacrilegious act directed against Russian-Moldovan friendship and threatened Chisinau with ethnic conflict. See Vladimir Socor, "Moldovan Government Chickens out of Historical Assessment of Communism," *Eurasia Daily Monitor* 7, issue 126 (June 30, 2010).

9. Sergei Lavrov, "How to Bring the Cold War to a Conclusive End?" *Mezhdunarodnaya Zhizn*, May 2009, Moscow. The purpose of the article is to depict the Soviet Union as a moral and political equal of the West and to sidestep the most important differences between the two systems.

10. Sergei Karaganov, "How to Draw a Line under the Cold War," *Europe's World*, no. 12 (Summer 2009): 28, <http://www.europesworld.org/NewEnglish/Home/Article/tabid/191/ArticleType/articleview/ArticleID/21411/Default.aspx>.

NATO alliance was victorious as it supported independence for all European states and their sovereign decisions to enter international organizations of their choosing—an option that was denied by the Soviet government and continues to be opposed by the Kremlin.

To undermine the Euro-Atlantic model of democratic development and to equalize Russian and Western systems, some Russian officials profess that both socialism and liberal capitalism have failed. As a result, both the West and Russia are devising their own modern models.¹¹ In reality, it was communist centralism imposed by Moscow throughout the Soviet bloc that failed the test of time and not Europe's pluralistic democracies. Systematized historical distortions have profound contemporary repercussions. Interpretations of the past are important for legitimizing the current government in Moscow, which is committed to demonstrating the continuity of Russia's greatness by reestablishing its sphere of dominance over former satellites.

In persistent post-Cold War myths propagated by officials, Russia evidently made unilateral concessions to the West after the collapse of the USSR, but was unable to defend its "permanent interests."¹² The misleading idea is also propounded that the West missed the chance to integrate Russia in the 1990s despite the fact that Moscow did not intend to be integrated into any Western structure. Moreover, in a concerted disinformation campaign, the Kremlin claims that NATO leaders pledged not to enlarge the organization into CEE once the Warsaw Pact was dissolved.¹³ Foreign Minister Lavrov has repeated this falsehood on so many occasions that even some Westerners have come to believe it. In reality, all evidence discounts the notion that the United States or any NATO ally committed themselves not to expand NATO beyond Germany. Indeed, no such assurances were even sought by the Soviet leadership as little thought was given in the early 1990s to eastern enlargement but only to the reunification of Germany under the NATO umbrella.

Russophobia and Cold Warriors

With Moscow's incessant repetition, the term "Russophobe" has increasingly crept into political discourse. It implies that the person so identified has a predisposition to dislike all things Russian and may engage in hysterical or irrational behavior. Hence, criticisms of Russian government policy by alleged Russophobes cannot be taken seriously and indicates a prejudicial disposition, a psychological illness, or a personality disorder. Some propagandists have sought to equate Russophobia with anti-Semitism, thus depicting criticisms of Moscow as a form of racism that should be internationally condemned and outlawed.

Russia's officials have frequently described pro-American or pro-NATO leaders in the former Soviet bloc as Russophobes. They avoid truthfully presenting the broad political spectrum in CEE that sought a permanent security guarantee against future Russian state expansion by entering NATO. These "Russophobes" are not a security threat to Russia or its domestic interests but an irritation to Moscow because they seek the inclusion of other post-Soviet states in Western institu-

11. Consult the speech by Russia's foreign minister Lavrov at the Carnegie Endowment for International Peace, "Perspectives and Prospects for the New Agenda," in Washington, D.C., on May 7, 2009.

12. An example of these arguments can be found in Nadia Alexandrova-Arbatova, "Russia after the Presidential Elections: Foreign Policy Orientations," *EU-Russia Centre Review*, issue 8 (October 2008): 10–19, Russian Foreign Policy, Brussels, <http://www.eu-russiacentre.org>.

13. Mark Kramer, "The Myth of a No-NATO-Enlargement Pledge to Russia," *The Washington Quarterly* 32, no. 2 (April 2009): 39–61.

tions. Kremlin leaders depict all decisions taken without Moscow's consent as being essentially Russophobic, and critics are dismissed by manipulating Cold War stereotypes.

Claims are repeated that "Cold Warriors" in the West have been responsible for the poor state of relations with Russia and continue the "old line of bloc politics."¹⁴ The often-cited "Cold War mentality" accurately describes Russia's leaders who calculate in zero-sum terms and visualize Europe's security integration through NATO as a threat to their national interests. Moscow maintains a Cold War atmosphere by depicting NATO as the all-purpose villain and charging that Europe and Eurasia remain divided into blocs. Post-Cold War NATO is not a bloc but a broad security organization that can incorporate all qualifying European members. Indeed, the process is one of integration rather than expansion. Moscow puts forth the notion of blocs and balances in order to retain or recapture its control over the post-Soviet dominion. Additionally, propositions to "neutralize" any European state or provide them with Russian security guarantees simply perpetuates Cold War stereotypes about the existence of distinct power blocs.¹⁵

Russia's authorities have needed an adversarial relationship with the United States and NATO in order to justify their own expansionism and control of the "post-Soviet space," to unite and mobilize Russian society, to focus their priorities on national defense through offense, and to protect and promote state control over the most profitable sectors of the Russian economy. In reality, problematic West-East relationships have not been triggered by lingering "Cold War mentalities" but by conflicting national interests and state ambitions in the post-post-Cold War era.

National Interests and State Ambitions

Russia's leaders favor a new global version of the nineteenth-century "Concert of Europe," in which the great powers balance their interests and smaller countries orbit around them as satellites and dependencies. For Moscow, there are only a handful of truly independent states that must act as "poles of power" in a multipolar or polycentric world order as America's unipolar phase has expired. According to President Medvedev, the "continuing crisis of Euro-Atlantic policy is brought about by the "unipolar syndrome."¹⁶ Hence, the proliferation of global instabilities will evidently make Russia into a more significant player with which the United States will seek compromises and even "grand bargains."

Russia's regime does not favor working in multilateral institutions where its sovereignty and decisionmaking may be constrained, aside from privileged clubs such as the G-8 group of leading economic powers or the UN Security Council.¹⁷ Moscow prefers multipolarity to multilateralism, where its power is enhanced rather than working in cumbersome bodies where its author-

14. Check the speech by President Medvedev at a meeting with German political, parliamentary, and civic leaders in Berlin on June 5, 2008, in http://www.kremlin.ru/eng/speeches/2008/06/05/2203_type82912type82914type84779_202153.shtml.

15. A Russian security guarantee would presumably specify that the country in question will not be subject to military attack or partition if it agrees to support Russia's foreign policy or remains neutral in any dispute between Russia and the West.

16. President Dmitry Medvedev's Speech at the World Policy Conference, Evian, France, October 8, 2008, <http://natomission.ru/en/society/article/society/artnews/21/>.

17. Charles Grant, "Can Russia Contribute to Global Governance?" *Insight*, Centre for European Reform (CER), June 17, 2009, <http://centreforeuropeanreform.blogspot.com/2009/06/can-russia-contribute-to-global.html>.

ity is diminished by the presence of several smaller countries. Russia is also interested in regional organizations, especially where it can play a leading role or a counterpoint to Western leadership. It also favors participation in inter-institutional formats in which it can assume an equal position to that of the EU, the United States, or NATO, such as the Quartet, which deals with the Middle East peace process.

Despite initial expectations that a more prosperous Russia would become more democratic and cooperative, under President Putin and the energy bonanza it became more authoritarian and imperialistic toward its neighbors and more hostile toward NATO. This trend has been largely supported by the Russian public as the state media repeated the myth that during the 1990s Russia was in chaos precipitated by international meddling and that a strong centralized state would restore Russia's international stature.

Security analysts have often assumed that Russia simply acts in accordance with its national interests rather than its state ambitions. However, it is not in Russia's legitimate national interest to prevent the NATO accession of neighboring states or to forestall NATO alliance members from possessing concrete and viable defense plans. Accepting such positions would indicate that NATO is a threat to Russia's security rather than being used as a pretext by Moscow for denying the sovereignty of neighboring countries.¹⁸ Indeed, by seeking to marginalize NATO and curtail the U.S. role in European security, it transpires that Russia's leaders do not share Western threat perceptions and do not view NATO as assisting Moscow in combating them. On the contrary, their aim is to alter Europe's existing security structure to advance Russia's state ambitions.¹⁹

In affirming Russia's state objectives, the Medvedev administration has released three major policy documents: the Foreign Policy Concept in July 2008, the Foreign and Security Policy Principles in August 2008, and the National Security Strategy in May 2009.²⁰ The Foreign Policy Concept claims that Russia is a resurgent great power exerting substantial influence over international affairs and determined to defend the interests of its citizens wherever they reside. According to the Foreign and Security Policy Principles, Moscow follows five key principles: the primacy of international law, multipolarity to replace U.S.-dominated unipolarity, no Russian isolationism, the protection of Russians wherever they reside, and Russia's privileged interests in adjacent regions. The National Security Strategy, which replaced the previous National Security Concept, repeats some of the formulations in the other two documents and depicts NATO expansion and its expanded global role as a major threat to Russia's national interests and to international security.

18. Among policy reports that do not distinguish between objective national interests (state security, territorial integrity) and subjective state ambitions (regional dominance, curtailing the sovereignty of neighboring states), see *The Right Direction for U.S. Policy toward Russia*, A Report from the Commission on U.S. Policy toward Russia (Washington, D.C.: The Nixon Center and the Belfer Center for Science and International Affairs, March 2009); Steven Pifer, "Reversing the Decline: An Agenda for U.S.-Russian Relations in 2009," *Policy Paper*, no. 10 (January 2009), Brookings Institution, Washington, D.C.; and Anders Aslund and Andrew Kuchins, "Pressing the 'Reset Button' on U.S.-Russia Relations," *Policy Brief*, no. PB09-6 (March 2009), Center for Strategic and International Studies and the Peterson Institute for International Economics, Washington, D.C. Instructively, while the Nixon Center report warns that the George W. Bush administration was establishing an American "sphere of influence on Russia's borders" (p. 9), the CSIS report claims that it actually adopted a "minimalist-realist agenda" that paid little attention to the former Soviet republics (p. 2).

19. David J. Kramer, "The Russia Challenge: Prospects for U.S.-Russian Relations," *Policy Brief*, June 9, 2009, The German Marshall Fund of the United States, Washington, D.C., p. 2.

20. Marcel de Haas, "Medvedev's Security Policy: A Provisional Assessment," *Russian Analytical Digest*, no. 62 (June 18, 2009), <http://www.res.ethz.ch> and <http://www.laender-analysen.de>, p. 3.

Although the wording may be altered and some assertions deemphasized to reflect Moscow's collaborative efforts with Washington, the basic premises and principles of Russia's impulse for great power status are unlikely to change.

Pragmatic Neo-Imperialism

Russia has evolved into a neo-imperial project for two core reasons. First, it has clearly articulated ambitions to restore its global stature, primarily in competition with the United States and to undermine international institutions that hinder its aspirations. Second, Russia's state ambitions are viewed as predominating over those of its smaller neighbors and European partners. Moscow's drive to dominate former satellites, curtail the expansion of Western structures, and neutralize Europe as a security player is accomplished through a mixture of threat, subterfuge, pressure, and incentive.

Russia's neo-imperialism no longer relies primarily on traditional instruments such as military power, control of territory, and the implanting of political proxies in subject states. Instead, Moscow employs an assortment of diplomatic, political, informational, economic, and security tools to encourage the evolution of pliant governments that either remain neutral or actively promote Moscow's strategic agenda. Nonetheless, military force may also be employed to destabilize a neighboring government and fracture its territory as the war with Georgia poignantly illustrated. A broad array of instruments is used to curtail the further expansion of the NATO-EU sphere and to weaken its influence. These include divisive diplomacy, political subversion, informational warfare, institutional manipulation, energy entrapment, and military threats.

Neo-imperialism can be viewed as a disguised form of empire building through which a state may recognize the independence of a neighboring country but seeks to dominate it through various levers, such as the control of markets and raw materials.²¹ It can involve intensive oversight over a country's foreign and security orientations but without outright territorial occupation. However, military intervention and occupation cannot be discounted. According to one Russian analyst:

Russia's war with Georgia in August 2008 was a watershed in Russia's development, demonstrating the ruling team's return to imperial ambitions and attempts to rebuild Russia's spheres of influence. The war proved premature the conclusion that the Russian elite had switched to post-imperial moods. In August 2008, the Russian political regime turned to a neo-imperialist strategy of survival.²²

The notion of "pragmatism" has been misused in describing Russia's foreign policy as it implies partnership, moderation, and mutual advantage. Paradoxically, "pragmatic reimperialization" is a useful way to describe Russia's foreign policy strategies. Without declaring any ideologically motivated global mission and by claiming that it is pursuing pragmatic national interests, the Kremlin engages in asymmetrical offensives by cultivating economic dependence, imposing political and economic sanctions, subverting vulnerable political systems, and corrupting or discrediting

21. Kavus Abushov, "Policing the Near Abroad: Russian Foreign Policy in the South Caucasus," *Australian Journal of International Affairs* 63, no. 2 (June 2009), Australian Institute of International Affairs, p. 188. The United States and the EU have also been depicted by Russian officials as neo-imperial powers, especially in the economic realm. However, neither the United States nor the EU can coercively determine the security and foreign policies of their partners or allies.

22. Shevtsova, "The Medvedev Presidency," p. 11.

national leaders. In Russia's version of soft power projection, subversion, pressure, embargos, and threats can accompany a host of inducements and incentives to achieve its goals.

Moscow's Strategies

In pursuit of its state ambitions, Moscow employs several interlinked strategies, including:²³

- 1. Discrediting the West:** The West in general and the United States in particular is charged with "democratic messianism," in which Western values and political systems are forced upon defenseless states. The George W. Bush administration was accused of a multitude of imperialist designs, including unilateralism, militarism, undermining state sovereignty, overthrowing governments, and breaking up independent states. Russian leaders thereby promulgated anti-Americanism while depicting Russia as the bastion of independent statehood. Moscow is likely to make similar charges if the Obama administration directly challenges Russia's state ambitions in neighboring regions.
- 2. International Posturing:** Moscow poses as a defender of international law and the independence of all states regardless of their political structure. Russia's "sovereign democracy" is depicted as a valid model that can be emulated more widely. Although the Kremlin claims to uphold the principle of nonintervention, it also asserts Russia's exceptionalism that includes the right to protect co-ethnics and passport holders by intervening militarily on their behalf.²⁴ To justify the partition of Georgia, Russian officials asserted that they had no choice as the international legal system had broken down. This also reinforces Moscow's claims that a new European security architecture is needed to reduce NATO's role.
- 3. Expanding Zones of Influence and Interest:** Russia defines its national interests at the expense of neighbors whose statehood is considered secondary. Foreign policy focuses on establishing zones of expanding influence among former satellites where Western influence is curtailed. Russia pursues political dominance over the post-Soviet republics and preeminence among former CEE satellites that it seeks to neutralize or marginalize. The soft power tools employed to achieve these ambitions include: diplomatic offensives, informational warfare, energy blackmail, military threats, political corruption, and the exploitation of ethnic disputes. Moscow also benefits from political conflicts within and between neighboring countries as it can interpose as a protector or mediator. Hence, the August 2008 war was transformed from an internal Georgian conflict into an interstate confrontation.²⁵
- 4. Dividing and Dominating:** Moscow sparks disputes with specific capitals to test the reaction of larger powers and multinational organizations, including the EU and NATO. It fosters international divisions to disrupt the emergence of a unified policy toward Russia. By periodically acting in an aggressive manner toward a neighbor, Moscow gauges Western reactions and

23. For longer expositions on Russia's foreign policy strategies, see Janusz Bugajski, *Dismantling the West: Russia's Atlantic Agenda* (Dulles, Va.: Potomac Books, 2009); *Expanding Eurasia: Russia's European Ambitions* (Washington, D.C.: Center for Strategic and International Studies, 2008); and *Cold Peace: Russia's New Imperialism* (Westport, Conn.: Praeger, 2004).

24. Alexander Artemev, "War as an Exception," *Gazeta.ru*, July 29, 2009, http://www.gazeta.ru.politics/2009/0229_a_3228830.shtml.

25. Vicken Cheterian, "The August 2008 War in Georgia: From Ethnic Conflict to Border Wars," *Central Asian Survey* 28, no. 2 (June 2009): 155–170 (Routledge, Taylor & Francis Group).

is encouraged by timid and discordant responses. Provoking an ineffective Western reaction also demonstrates the limits of Western security guarantees, discredits NATO as an effective alliance, and exposes the vulnerability of individual states.

5. **Promoting Strategic Indispensability:** Instead of posing as a superior ideological, political, and economic alternative to the West, the Kremlin depicts Russia as an essential and rising player in global affairs. Moscow postures as an indispensable partner on issues ranging from Iran's nuclear program to the spread of *jihadist* terrorism and the proliferation of WMD. To underscore their indispensability, Russian officials also engage in strategic blackmail by asserting that they can terminate diplomatic assistance in pressuring Iran or in allowing supplies across Russian territory to NATO troops in Afghanistan.
6. **Neutralizing through Dependence:** Moscow pursues various projects to enhance its neighbor's dependence, including energy supplies, bilateral trade, and business investments. Energy dependence is manipulated as a means of political pressure, whether through pricing policies, supply disruptions, or infrastructure ownership. Russia's "gas diplomacy" also includes bribing local officials through lucrative payoffs from unregulated energy contracts.²⁶ Energy deals can be used as rewards for supporting Russia's foreign policy and undermining NATO cohesion. Beneficial contracts are offered to states, companies, and politicians throughout Europe perceived as Russia-friendly. Indeed, the impact of pending energy deals limited EU criticisms of Russia's intervention in Georgia.²⁷ A converse element of this dependency strategy is punitive through the imposition of trade embargos and other economic sanctions. Where economies are dependent on Russian energy supplies or market access, this can be a powerful instrument of political pressure.
7. **Playing Security Chess:** The Kremlin manufactures security disputes with the United States, NATO, or the EU in order to gain advantages for its positions in other security questions. It acts as the aggrieved party, complaining that Western policy is undermining Russia's national interests while seeking strategic concessions. Examples of this process include NATO's incorporation of the CEE countries, the U.S. missile defense system in CEE, and Kosovo's independent status. All three were presented as threats to Russia's national interests, and the West was pressured to make concessions. President Obama's abandonment of the missile defense system in CEE in September 2009 was depicted by Russian officials as a vindication of their opposition and a success of their policies.
8. **Taking Two Steps Forward, One Step Back:** Russia's leaders seek advantages by partially stepping back from an initially aggressive stance and enticing Western concessions in accepting some of Moscow's gains. EU leaders then herald their evident success at averting a larger international crisis. The invasion of Georgia in August 2008 can be seen in the light of such calculations, whereby the focus of EU attention was on dispatching monitors to the "buffer zones" carved out by Russian forces deeper in Georgian territory rather than to the disputed regions of South Ossetia and Abkhazia that Moscow recognized as independent states and where it emplaced military bases.

26. Some Western analysts believe that Russia has gained little from its energy pressures against neighboring states, but fail to conduct a thorough political impact assessment. For example, see Olga Olikier, Keith Crane, Lowell H. Schwartz, and Catherine Yusupov, "Russian Foreign Policy: Sources and Implications," Rand Project Air Force, April 2009, pp. 95–96, <http://www.rand.org>. This Rand analysis is also flawed by a focus on more nebulous Russian government goals of achieving respect and prestige rather than concrete and observable objectives such as power and influence.

27. "Bulgaria in the Middle," August 15, 2008, http://sofiaecho.com/2008/08/15/662901_bulgaria-in-the-middle.

- 9. Mixing Messages and Threats:** Russia's regime sends ambiguous messages regarding its foreign policy intentions in order to confuse and disarm Western capitals. While it claims to be working for peaceful resolutions, as with the protracted conflicts in Georgia and Moldova, it simultaneously applies political pressures and prepares military responses. A positive message may be intended to lull the West into a false sense of security while threats may be issued about potentially harmful repercussions if concessions are not made in Russia's favor. Such threats can include withdrawal from an arms treaty, the cancellation of energy agreements, or the deployment of nuclear weapons against NATO territory.
- 10. Playing Liberals vs. Hardliners:** Moscow engages in public relations campaigns by depicting President Medvedev as a liberal and democrat and a person with whom the world can work pragmatically. A similar campaign was initiated when Putin took over the Russian presidency in December 1999 and was presented as a legal scholar and reformer despite the fact that his program included establishing a "power vertical" and a "managed democracy."²⁸ There is insufficient evidence of major differences between Medvedev and Putin in their approach toward domestic reform or foreign policy. Nonetheless, the portrayal of Medvedev as a reformer and modernizer entices Western governments to downplay Russia's internal authoritarianism and external assertiveness while offering increased trade and investment,

Influencing Spheres of Interest

Moscow views itself as a legitimate political alternative, offering an authoritarian "sovereign democracy" and a statist-capitalist form of economic development that may appeal to post-Soviet elites in neighboring states.²⁹ Sovereign democracy is represented as an alternative to the Western export of democratic revolutions. Russia's support for authoritarian governments is intended to entice these countries under its political and security umbrella and delegitimize the West for its criticisms of autocratic politics.

In Moscow's calculations, Russia and the West are embroiled in a long-term competition over zones of dominance in the wider Europe and Central Asia, even though the United States and its European allies have refused to legitimize such a scenario. Russia's drive for its own distinct sphere contributes to retarding democratic development and the formation of stable democratic states along its borders. Governments in these countries turn to authoritarianism to maintain the integrity and stability of the state. Such a process is invariably supported by Moscow as it contributes to disqualifying these countries from Western integration and leaves them susceptible to Western criticism and ostracism.

Some analysts justify Russia's search for a "sphere of interest" in the former Soviet Union as a "natural" and "nonexclusive" endeavor.³⁰ This is contradicted by the fact that President Medvedev

28. For a valuable analysis of Russia's nondemocratic political system, see Shevtsova, "The Medvedev Presidency," pp. 1–40.

29. Andrew Monaghan, "Towards a World Role? Russian Foreign Policy," *The EU-Russia Centre Review*, issue 8: Russian Foreign Policy, Brussels, October 2008, p. 51, <http://www.eu-russiacentre.org>. In practice, "sovereign democracy" means a system of government that is decided by the rulers without domestic or international interference.

30. Dmitri Trenin, "Russia's Spheres of Interest, Not Influence," *The Washington Quarterly* 32, no. 4 (October 2009): 4. In trying to distinguish "interests" from "influence," Trenin claims that the former are not as "compelling" as the latter. However, in trying to define "interests," he lists elements that indicate little dis-

claims “privileged interests” in these countries, which by all definitions signals an entitlement to a superior position among neighboring states. Moscow opposes “encroachment” by other powers in these privileged zones and the further expansion of NATO and U.S. influence. Although Russia is not strong enough to sustain its ambitions as a global power, it has the instruments to remain a major regional power. It views itself as a regional integrator, expecting neighbors to coalesce around its leadership, rather than a country to be integrated into some broader institution in which its sovereignty is diminished.³¹

Moscow endeavors to become an undisputed regional hegemon and defines its security parameters to include the former “Soviet space” regardless of the postures of individual governments. It seeks to limit the independence of neighboring capitals in choosing their foreign policy and security orientations. Russia’s leaders have proposed various formulas for dividing Eurasia between Atlantic and Russian zones, including consolidating the Commonwealth of Independent States (CIS), developing the security dimension of the Collective Security Treaty Organization (CSTO), and creating an East European Union (EEU) composed of the non-EU post-Soviet countries together with Turkey in order to counterbalance the EU.³²

Dependence and Integration

Russian officials increasingly emphasize “spheres of integration,” thereby equalizing the process of EU and NATO enlargement with the development of regional organizations under Russia’s management. Broader regional dominance also enables Russia to pose as an equal of larger and more dynamic countries such as China in terms of population and productivity. The major role of Russian-sponsored regional organizations is to maintain various levels of control over participating countries. Incentives are offered to keep member states engaged, including subsidized prices for weapons sales and entanglement in common projects supervised by Moscow. The CIS, created by Russia, Belarus, and Ukraine shortly after the collapse of the USSR, has not been a success story in terms of institutional integration. It contains disparate states with differing agendas with a low level of economic transactions. Only 17 percent of Russia’s foreign trade is within this bloc, its investments are limited, and Moscow does not view the CIS as a source of economic modernization. In addition, Georgia withdrew from the CIS after the August 2008 war, Ukraine is not a formal member, and Turkmenistan is only an associate member. Moscow’s proposals that it will act as a guarantor of the territorial integrity of all CIS states if they remain outside Western structures have not been an incentive for these countries.³³

The CIS has proved unwieldy and has not materialized into the political-military pact Moscow envisioned as a counterpart to NATO. Realizing its limitations, Moscow has promoted the CSTO as the primary security guarantor in Russia’s self-styled “zone of responsibility.” In May 1992 Moscow initiated the Treaty on Collective Security, or Tashkent Treaty, as the regional security structure within the CIS. In May 2002, the Collective Security Treaty of the CIS renamed itself the

inction between the two terms: this includes Moscow’s “primacy in the CIS,” where NATO is viewed as the major threat, and “expanding influence in post-Soviet regions” (p. 17).

31. A point highlighted during the author’s discussions with government officials and independent analysts in Kyiv, Ukraine, on February 3–5, 2010.

32. Nicu Popescu, Mark Leonard, and Andrew Wilson, “Can the EU Win the Peace in Georgia?” London: European Council on Foreign Relations, August 2008, p. 3, <http://www.ecfr.eu>.

33. Alexei Arbatov, “International Security after the Caucasian Crisis,” Moscow: Institute of World Economy and International Relations, 2009, http://www.imemo.ru/en/publ/2009/09001_2.pdf.

CSTO and became a separate organization consisting of Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan. CSTO signatories are not allowed to join other military alliances while aggression against one signatory is perceived as an aggression against all members. Russia also proposed creating a CSTO rapid reaction force, a unified intelligence system, and a common standard for training military personnel. Moscow's intent is to preclude the westernization of neighboring countries, and the premise of CSTO-NATO cooperation is to establish separate zones of influence for the two organizations.

CSTO members remain wary of Moscow's goals by resisting its transformation into a multifunctional organization. Paradoxically, in 1999, Uzbekistan withdrew from the Tashkent Treaty and joined the pro-U.S. organization GUAM (Georgia, Ukraine, Azerbaijan, and Moldova). Russia did not regain Uzbekistan until May 2005 when it supported the government of President Islam Karimov in suppressing domestic unrest in the city of Andijan. Although CSTO states are dependent on Russian military hardware and technical aid, during the August 2008 war no CSTO ally provided Moscow with any assistance. After the war, the Kremlin became more determined to transform the CSTO into a military organization with integrated security functions and exclusivity in its zone of operations.³⁴ This was to include a joint military command, a rapid reaction force for Central Asia, a common air defense system, and other units that would maintain Moscow's military and peacekeeping monopoly as a "security manager" in the former Soviet zone.

Nonetheless, disputes have continued to fester. On the eve of the CSTO and Eurasian Economic Community (EEC) summits in February 2009, President Emomali Rakhmon of Tajikistan threatened to boycott because of insufficient support in tackling the energy crisis. In June 2009, Russia and Belarus were embroiled in a "milk war" when Moscow banned more than 1,000 dairy products imported from Belarus and dealt a heavy blow to the latter's foreign trade. The trade dispute was triggered by Minsk's nonattendance at a CSTO summit in Moscow on June 14, 2009. Belarus criticized the CSTO for separating political-military security from the economic security of member countries.

In February 2009, the CSTO presidents announced the creation of a new rapid-reaction unit, the Collective Operational Reaction Force (CORF). According to Russian officials, plans to establish a large permanent force in Central Asia will transform the CSTO "into a NATO-like structure" that will defend the region from outside aggression and include a fleet in the Caspian Sea. There are also plans to build joint Special Forces within the CORF framework for antiterrorist operations. An agreement on CORF was signed at the Moscow summit in June 2009.

The CORF initiative has been resisted by Uzbekistan, Armenia, and Belarus. Tashkent signed the initial CORF agreement with reservations and avoided committing Uzbek forces to a permanent structure. Armenia has solicited a commitment of military aid in a possible crisis with Azerbaijan and not an open-ended promise of assistance. The Central Asian countries see no credible external threat against which CORF is being groomed, and Uzbekistan registered numerous reservations about the new CSTO force at the Moscow summit. The seven heads of state were scheduled to approve agreements on enlarging the CSTO's collective forces, the scope of their missions, and the legal authority for their operations. However, with Belarus boycotting the event and Uzbekistan dissenting, the summit's documents were of questionable validity.³⁵ Policy documents can only be adopted by consensus under CSTO rules.

34. Pavel Felgenhauer, "Moscow Struggling to Transform CSTO into a Russian NATO," *Eurasia Daily Monitor* 6, issue 107 (June 4, 2009).

35. Vladimir Socor, "Uzbekistan Quietly Stalling on CSTO Collective Forces," *Eurasia Daily Monitor* 6, issue 115 (June 16, 2009).

The CSTO summit altered the concept of collective forces from “rapid response” to “operational response.” This stemmed from Moscow’s ambition to create a larger group of forces with conventional warfare capabilities that operate beyond low-intensity counterterrorism missions. The operational response forces are planned to include up to 20,000 troops, including armor and artillery units and Russia’s Caspian fleet together with interior ministry, security service, and emergency-situation units. A Russian airborne division and air assault brigade are earmarked to form the core of the collective unit while its doctrine, armaments, and uniforms are to be standardized along Russian lines.

Uzbekistan asserted that it would only participate in CSTO military operations on a case-by-case basis. Tashkent argued that the entry of CSTO forces on the territory of a member country can be authorized only if this does not contradict that country’s constitution; that CSTO decisions on force deployment must be made by consensus, not by a majority; and that CSTO forces are not to be deployed in conflicts between CSTO members.

Belarusian president Alyaksandr Lukashenka initially refused to sign any documents on Russia’s CORF proposal, and Minsk delayed taking up its scheduled term as the CSTO’s rotating chair. Following a meeting between Lukashenka and Medvedev on August 27, 2009, Belarus finally agreed to assume the CSTO presidency and sign the CORF agreement. Nonetheless, the Belarusian constitution prohibits the commitment of troops for combat abroad, and Minsk insists that its CORF contingent can only be used on Belarusian territory. Moscow’s initial ambitions for CORF have been diluted: CORF troops will remain on national territory and under state jurisdiction; there will be no permanent CORF joint staff; and the force will be assembled when missions are approved by an emergency summit of CSTO presidents.

Russia’s attempt to transform either the CIS or CSTO into full-fledged security organizations has found limited resonance among most member states. Russia lacks a compelling project for regional integration that could compete with the NATO or EU models in Europe. Its overtures for establishing permanent international institutions are treated with mistrust in several CIS capitals. Claims of a common history, culture, language, and identity are wearing thin among non-Russian elites, while Russia’s economic benefits are insufficient to offer a single pole of attraction. Most member states participate in these formats in order to prevent more heavy-handed pressure from Moscow and to avoid regional isolation.

CIS and CSTO governments have refused to endorse Moscow’s military actions in Georgia or its subsequent recognition of Abkhazia and South Ossetia as independent countries.³⁶ Several capitals stress the primacy of territorial integrity, preventive diplomacy, and international law in settling interstate disputes. The Kremlin explained this resistance by claiming that many countries were fearful of expressing their sovereignty and expected negative repercussions from Washington. Premier Putin predicted that more governments will defy U.S. pressure and establish diplomatic ties with the separatist regions.³⁷

Russia’s institutional maneuvers continue to be resisted by CSTO states. During the political revolt in Kyrgyzstan in April 2010, some Russian parliamentarians sought a CSTO intervention

36. Andrea Schmitz, “The Caucasus Conflict and the Future of the CIS,” in Hans-Henning Schroder, ed., *The Caucasus Crisis: International Perceptions and Policy Implications for Germany and Europe*, SWP Research Paper (Berlin: German Institute for International and Security Affairs, November 2008), pp. 23–25.

37. Anatoly Medetsky, “Putin Slams U.S. on Rebel Regions’ Birthday,” *Moscow Times*, August 27, 2009, <http://www.moscowtimes.ru/article/600/42/381352.htm>.

in Bishkek, but the move was strenuously resisted by the Central Asian states fearing a precedent on their own territories. Meanwhile, the Shanghai Cooperation Organization (SCO) established between Russia, China, and the Central Asian states in 2001 and designed to exclude the United States and other NATO countries, has increasingly turned into a format where China is becoming the dominant player. Although the SCO has stated its strategic goals to be countering terrorism, securing borders, and bolstering regional stability, there is an “uneasy tactical alliance between Russian and Chinese security and energy ambitions.”³⁸ The SCO helps China develop additional inroads into Central Asia that exacerbate Moscow’s anxiety about Beijing’s longer-term goals.

In the economic realm, Moscow has promoted the Eurasian Economic Community (EEC) as a single economic space for trade, customs, and energy that could eventually lead to a common currency and disable closer economic ties with the West and China. On July 5, 2010, the Customs Union between Russia, Belarus, and Kazakhstan was ratified. It envisaged the adoption of a common currency by 2012 as well as a unified transportation system. The Customs Union was originally attractive for Minsk and Astana in terms of economic benefits in the large Russian market but may become increasingly unworkable if Moscow seeks to maintain protectionist measures for its auto and aerospace industries and does not open its economy to competition.³⁹

Russia and its partners agreed to drop most trade duties and move toward harmonizing customs rules on January 1, 2010, and to adopt a common external tariff on July 1, 2010. However, deadlines were rarely met in Moscow’s plans, and the Customs Union was unable to start operating fully until all bilateral economic disputes were resolved. Belarus joined the union largely to save on Russian energy imports, which cost it about \$10 billion a year. Kazakhstan hoped to boost exports of commodities such as metals, chemicals, and coal to Russia. On the down side, the new zone has made Astana raise traditionally low import duties from third countries to match those in Russia, which uses high duties and import bans to protect domestic producers. Ultimately, membership of the Customs Union is likely to retard progress toward closer association with the EU and could negatively affect accession to the WTO for all three states.

Economic development reinforces Russia’s regional assertiveness rather than being “a means to ensure long-term stability through increased prosperity on its borders.”⁴⁰ Moscow has also engaged in trade wars against neighbors who are not part of its “economic space” through periodic economic blockades and other sanctions.⁴¹ For instance, in November 2006 Russia banned fish imports from Ukraine, the Baltic states, and some other EU countries. It earlier embargoed Georgian wine and water and Polish and Ukrainian meat, vegetables, and dairy products. The threat of expulsion of migrant workers from unfavored countries is also a powerful economic incentive among neighboring governments to acquiesce to Moscow’s demands.

Some Western analysts contend that Russia’s more assertive policy toward its neighbors is the consequence of its energy bonanza during the past decade. This supposition is dismissed by Nicu

38. Richard Giragosian, “The Strategic Central Asian Arena,” *China and Eurasia Forum Quarterly* 4, no. 1 (2006): 139, Central Asia-Caucasus Institute and Silk Road Studies Program, SAIS, Johns Hopkins University, Washington, D.C.

39. “Belarus, Kazakhstan Lukewarm over Customs Union,” Reuters, April 5, 2010, <http://www.themoscowtimes.com/business/article/belarus-kazakhstan-lukewarm-over-customs-union/403277.html>.

40. Cortnie Shupe, “Cooperation with the Kremlin,” *Spotlight Europe*, no. 2010/01 (January 2010), Bertelsmann Stiftung, Berlin, p. 3.

41. Nataliya Smorodinskaya, “Motives behind Russian Foreign Policy,” *The EU-Russia Centre Review*, issue 8: Russian Foreign Policy, Brussels, October 2008, pp. 42–43, <http://www.eu-russiacentre.org>.

Popescu and Andrew Wilson, who conclude that the drive for a sphere of influence

was never an opportunistic endeavor fuelled by high oil prices; it stemmed from a deeply ingrained Russian view of itself as a pole of influence in a multipolar world. The global economic crisis may actually see Russia work harder to consolidate this “pole”. . . . And the fact that the economic crisis has hit the neighborhood harder than Russia opens up fresh avenues for building influence.⁴²

Russia’s economic inducements include cheap prices for energy and weaponry and loans to neighboring capitals hard hit by the financial crisis. While compliant governments, such as the one in Armenia, have been charged \$154 per 1,000 cubic of gas, the price for Ukraine under a pro-Western government steadily increased to \$360 in 2009. Moscow also spearheaded the creation of an “anti-crisis fund” of some \$7.5 billion at the summit of the EEC in March 2009 to help stabilize the economies of its closest partners. The economic crisis in 2009 enabled Moscow to purchase strategic assets in several countries at comparatively low prices, including banks and manufacturing plants.⁴³ In return for specific economic and political concessions, Moscow offered stabilization loans and investments and supported the expansion of Russian companies in purchasing business assets in the CIS at reduced prices.⁴⁴

Protecting Russians Abroad

Russia’s military doctrine of 1993 stated one major mission of the armed forces as counteracting the suppression of the rights of Russian citizens in foreign states. However, throughout the 1990s the defense of Russian citizens abroad was not a key element of foreign policy. This changed under the Putin and Medvedev presidencies as both leaders have repeatedly emphasized state obligations to defend Russian co-ethnics, co-linguists, passport holders, and the business community abroad, especially in regions where privileged interests are exercised.⁴⁵ Moscow’s claim to defend compatriots abroad is widely supported domestically, but it may increase pressure on Russian ethnics and passport holders because of suspicions about their motives.⁴⁶

Issuing passports to citizens of neighboring states has been a favored way of developing pro-Russian sectors of the population, influencing local politics, and providing a potential pretext for intervention in case of internal conflict. Some local observers have dubbed the policy “reoccupa-

42. Nicu Popescu and Andrew Wilson, *The Limits of Enlargement-Lite: European and Russian Power in the Troubled Neighborhood* (London: European Council on Foreign Relations, June 2009), p. 29.

43. Wojciech Konończuk, “Russia Uses the Crisis to Build Influence in CIS Countries,” *EastWeek*, issue 6/156 (February 11, 2009), http://osw.waw.pl/files/EastWeek_156.pdf.

44. Russia granted stabilization loans to Belarus (US\$2 billion plus a pledge of future loans), Kyrgyzstan (a non-refundable grant of US\$150 million, low-interest loan of US\$300 million and a pledge of a US\$1.7 billion investment in the construction of a hydropower plant), and Armenia (US\$500 million). Ukraine also negotiated a US\$ 5 billion loan with Moscow. In return, Belarus agreed to create a joint air-defense system with Russia and Kyrgyzstan took an initial decision to close down the Manas U.S. military base. The conditions of the loan agreement with Armenia in February 2009 were not disclosed but could have included accelerating economic integration with Russia. See Trenin, “Russia’s Spheres of *Interest*, Not *Influence*,” p. 17.

45. See the interview with President Medvedev for Russian TV Channel One on August 31, 2008, on <http://www.kremlin.ru/eng/speeches/2008/08/31/1850>.

46. Ivan Krastev, “Russia and the Georgia War: The Great-Power Trap,” <http://www.opendemocracy.net/article>, August 31, 2008.

tion through passportization.” Georgia is believed to have about 179,000 Russian passport holders, the Transnistria enclave in Moldova about 100,000, Azerbaijan 160,000, Armenia 114,00, and up to 100,000 in Ukraine’s Crimea, with approximately half a million Russian citizens in Ukraine as a whole even though dual citizenship is illegal under Ukrainian law.⁴⁷

In September 2008, the Federal Agency for CIS Affairs, attached to the Russian foreign ministry but answerable directly to the president, began its operations.⁴⁸ It was designed to project Russia’s soft security tools toward former satellites and to assist Russian citizens in neighboring countries, thereby indicating more systematic intervention by Moscow. Other organizations, such as the Institute of CIS Countries, have been created to channel funds to Moscow-friendly political parties and NGOs in the region. Russian media supportive of the Kremlin is also beamed through-out the CIS or has established joint ventures with local media.

In August 2009, Medvedev submitted a bill to parliament on the procedures for sending troops to fight outside the country’s borders in defense of Russia’s national interests.⁴⁹ In October 2009, the Duma and the Federation Council (FC) passed the draft, and Medvedev signed the bill into law in November 2009. It allows the president to decide on the “operational use” of Russian armed forces abroad as well as the number of troops and weapons deployed. Medvedev requested that the FC pass an open-ended and all-encompassing resolution that will allow him to send troops into action abroad anywhere and to decide on the size of the force with no legal restraints “to defend the interests of the Russian Federation and its citizens.” According to Pavel Felgenhauer, Medvedev has decided to “streamline the process of authorizing future invasions of neighboring nations” despite the fact that the process is unconstitutional.⁵⁰

The projection of Russian forces abroad is depicted as part of the country’s right to self-defense. Amendments to the Federal Law on Defense will allow Moscow to use its military forces abroad much more flexibly in order to counter an attack on its armed forces or other military units deployed beyond its territory; counter or prevent aggression against another state; protect Russian citizens abroad; and combat piracy and ensure the safe passage of shipping.⁵¹ Because Russia has military bases and peacekeepers in several former Soviet states, any alleged provocation against them could spark a Russian military response. Moreover, the formulation “prevent aggression against another state” is imprecise and could be used in various circumstances to justify intervention.

47. Popescu and Wilson, *The Limits of Enlargement-Lite*, p. 42.

48. Rainer Lindner, “New Realism: The Making of Russia’s Foreign Policy in the Post-Soviet World,” *The EU-Russia Centre Review*, issue 8: Russian Foreign Policy, Brussels, October 2008, p. 30, <http://www.eu-russia.org>.

49. “Medvedev Proposes Bill on Troop Deployments outside Russia,” RIA Novosti, Sochi, Russia, August 10, 2009.

50. Pavel Felgenhauer, “Russia Removes Constitutional Constraints on Military Intervention Abroad,” *Eurasia Daily Monitor* 6, issue 227 (December 10, 2009).

51. Giorgi Kvelashvili, “Medvedev Proposes Legal Mechanisms to Authorize Military Force Abroad,” *Eurasia Daily Monitor* 6, issue 157 (August 14, 2009).

3

RUSSIA'S VULNERABILITIES

While Russia pursues a neo-imperial foreign policy, its domestic stability and the durability of the governing system have come under question and highlighted the country's vulnerabilities as a potentially failing state.¹ Some of the deep-rooted problems were emphasized by President Dmitry Medvedev in a revealing report, released in September 2009, in which he depicted Russia as suffering from "an inefficient economy, a semi-Soviet social sphere, a fragile democracy, negative demographic trends, and an unstable Caucasus."² Putinism-Medvedism has not ensured a stable and durable authoritarian system. Russia confronts several escalating crises, including demographic decline, economic weakness, ethnic and regional conflicts, social disquiet, military underperformance, and potential power struggles between competing interest groups that could intensify if economic conditions deteriorate.

The financial crisis and economic setbacks since late 2008 have not significantly altered government policy, and several negative factors linked with Russia's underdevelopment could worsen. According to the former head of the Yukos energy company imprisoned by the Russian authorities in May 2005, "Russia risks further degenerating into a classic third-world-style, raw materials-based economy, where corruption is the norm rather than the exception and there is no working system of democratic and social institutions."³ Even more ominously, in a scenario reminiscent of the USSR, Russia's stagnation will increase the prospect of state fracture if the central authorities cannot contain the pressures exacerbated by economic distress, political frustration, ethnic discontent, and religious radicalism in the country's restless regions.

Demographic Decline

Conservative estimates indicate that Russia's population is expected to contract from about 141 million in 2007 to under 135 million by 2017 and to less than 127 million in 2027, or approximately one third that of the United States and well under one tenth that of China. Even more tellingly, because of falling birthrates and high working-age male mortality rates, Russia has a shrinking labor force, a growing pool of pensioners, and an expanding Muslim population that increasingly resents linguistic and cultural Russification, and Moscow's centralism. In an indication of rising official fear of Russia's ethno-national decline, at a meeting of the Presidential Council for the Development of Civil Society and Human Rights Institutions on May 19, 2010, Medvedev warned

1. For an outline of Russia's internal challenges see Steven Pifer, "Russia and Eurasia," in Neyla Arnas, ed., *Fighting Chance: Global Trends and Shocks in the National Security Environment* (Washington, D.C.: National Defense University, 2009), pp. 207–223.

2. Dmitry Medvedev, "Go Russia!" Official Web Portal, President of Russia, September 10, 2009, http://eng.kremlin.ru/speeches/2009/09/10/1534_type104017_221527.shtml.

3. Mikhail B. Khodorkovskiy, "A Time and a Place for Russia," *New York Times*, January 29, 2010.

that activists must create “a full-fledged Russian identity that would encompass all of our peoples. If we do not create it, our country will have a gloomy future.”⁴

Demographic decline has a direct impact on economic performance: the labor market will continue to be a constraint on growth because of the shrinking and aging population.⁵ Russia’s population is also battered by assorted social epidemics. Alcoholism and drug abuse have spread alarmingly throughout society, organized and individual crime is thriving, and the state has failed to tackle the escalating HIV-AIDS pandemic.⁶ According to a 2009 report issued by the UN Office on Drugs and Crime (UNODC), Russia is second only to Europe in opiate use, including heroin, and first among individual countries. Between 30,000 and 40,000 drug-related deaths are reported in Russia each year, and up to 2.5 million Russians are drug addicts, predominantly heroin users.

Despite the fact that in 2009 Russia recorded its first annual population increase in 15 years, by approximately 20,000 people to more than 141.9 million, much of the growth is due to a slightly diminished death rate and increased immigration. Such patterns are unlikely to be sustained. According to a report published by the UN Children’s Fund (UNICEF) in January 2010, the proportion of children in Russia’s population has shrunk by nearly a third since 1995 and is not expected to rebound any time soon, thus raising the specter of even more severe demographic decline.⁷ The number of children under 18 has fallen to 26.5 million from 38 million in 1995 and 33.5 million in 2000, while the number of women entering the prime child-bearing age will decline significantly because of far fewer births during the 1990s. This will result in an accelerated decrease of the Russian population. At the same time, the proportion of non-Slavic Muslims in the federation is projected to grow from around 14 percent in 2005 to almost 20 percent by 2050, thus contributing to ethnic frictions and increasing demands for autonomy or separate statehood in the most contested parts of the country such as the North Caucasus.

Economic Weakness

Despite claims by officials that Russia had reestablished its status as a great power, in stark economic terms Russia remains a medium-sized country that would be even smaller without its energy revenues. In terms of gross domestic product (GDP), figures for 2009 demonstrated that the total EU economy was more than 13 times bigger than Russia’s and the U.S. economy almost 12 times larger.⁸ According to world competitiveness rankings compiled by *Business Week*, Russia’s economic performance ranks 49th globally, its business efficiency 53rd, and its per capita GDP 38th.⁹

4. “Medvedev Calls for New Identity That Will Consolidate Russia,” *Itar-Tass*, May 20, 2010, Moscow.

5. Sergei Guriev, “How to Reform the Russian Economy,” *Policy Brief*, July 2010 (London: Centre for European Reform), p. 2.

6. Among the useful material on Russia’s social problems, see N.N. Savina, “Problems of Adolescent Crime in Russia,” *Russian Education and Society* 50, no. 4 (April 2008): 65–74; V.G. Dobrokhleb, “The Resource Potential of Russia’s Older Population,” *Sociological Research* 49, no. 1 (January–February 2010): 3–14.

7. Alexandra Odynova, “Decline in Number of Children Stirs Demographic Fears,” *Moscow Times*, January 27, 2010, <http://www.themoscowtimes.com/news/article/decline-in-children-stirs-demographic-fears/398285.html>.

8. “Economic Indicator Listing in Year 2009,” *Economy Watch*, May 10, 2010, <http://www.economy-watch.com/economic-statistics/year/2009>.

9. “Most Competitive Economies 2010,” *Business Week*, May 20, 2010, http://www.businessweek.com/images/ss/10/05/0519_most_competitive_countries_2010/16.htm.

Because of earnings largely due to energy, Russia's economy recorded an average annual growth of 7 percent between 1999 and 2007, and Moscow built up considerable financial reserves, peaking at about \$600 billion by the end of 2008. However, overdependence on primary resources as well as major structural weaknesses contributed to an economic contraction of 7.9 percent during 2009 and a projected modest GDP increase during 2010. Investment and consumer spending have been slow to recover, and any further dips in oil prices will have even more negative effects on economic performance.

The economy is significantly less diversified than it was a decade ago and more dependent on hydrocarbon exports. Officials acknowledge that there is a growing gap between technological development in Russia and the West. Only limited investments have been undertaken to modernize the economy, improve efficiency and productivity, and construct new globally competitive industries. According to Russian economists, the fundamental problem is a lack of economic competition and the dominance of state-controlled or officially sponsored monopolies.¹⁰ There is little stimulus for long-term growth as the elites live off revenues from extracted resources. They have little incentive to build institutions such as an independent judiciary and implement laws ensuring property rights and economic competition, which would restrict their ability to appropriate these revenues.¹¹ The gap between very rich and very poor has widened precipitously over the last decade as have regional disparities in incomes and living standards.

In 1998 oil and gas sales accounted for 44 percent of export revenue; by 2009 this figure had exceeded 67 percent, with many manufacturing and service industries tied closely to the resource sector.¹² As oil prices dipped from a peak of \$147.29 a barrel in July 2008 to under \$33 a barrel in December 2008, followed by declining gas prices and falling demand in Europe for Russian energy supplies, Moscow's revenues plummeted. Nonetheless, while some European analysts believe that weaker demand coupled with a tough financial environment will slow down planned gas pipeline projects, some Russian officials calculate that the oil and gas glut will be short-lived and demand will rise substantially over the coming decade. During 2010 oil prices stabilized at around \$70–\$80 per barrel and are unlikely to increase significantly in the near future or make a major contribution to economic growth.

Prime Minister Putin's strategy is premised on a sustained global economic recovery that will enable Russia to once again profit from its natural resources. Indeed, Putin has claimed that his anti-crisis measures were stimulating economic recovery, as evident in World Bank forecasts for economic growth of some 4 percent for 2010. However, as Anders Aslund argues, the Russian government has failed to grasp the severity of long-term challenges to Gazprom's viability at a time when gas prices and demand in Europe is low and alternative sources of liquefied natural gas (LNG) and new energies are becoming available. Instead of becoming more competitive and adaptable, Gazprom remains intent on building Nord Stream and South Stream, for which neither new demand nor new gas supplies are available.¹³ Russia's energy reserves will be seriously deplet-

10. See the comments of the director of the Centre for Post-Industrial Studies in Moscow, Vladislav Inozemtsev, "The 'Resource Curse' and Russia's Economic Crisis," Chatham House, REP Roundtable Summary, March 10, 2009.

11. Sergei Guriev, "Tackling Corruption in the Russian Economy," *Open Democracy*, November 12, 2009, <http://www.opendemocracy.net/od-russia/sergei-guriev/tackling-corruption-in-russian-economy>.

12. Kataryna Barysch, "Russia: A Tale of Two Crises," Center for European Reform, July 13, 2009, <http://centreforeuropeanreform.blogspot.com/2009/07/russia-tale-of-two-crises.html>.

13. Anders Aslund, "Gazprom Is the Essence of the Energy Curse," *Moscow Times*, February 24, 2010.

ed over the coming decade, and there will be insufficient capital available to exploit new oil and gas fields located in challenging natural environments.

Russia's chief foreign policy weapon in Europe, the manipulation of energy resources, has declined in effectiveness in the aftermath of the global financial crunch. There has been a loss of confidence in Russia's reliability as an energy provider and in the volumes of gas or oil it can deliver to European customers despite its pledges and planned pipeline projects. For instance, the viability of the South Stream gas pipeline network across the Black Sea and through the Balkans to Central Europe has been disputed.¹⁴ The cost of South Stream has ballooned to €25 billion but without any concrete financial sources available. Meanwhile, the EU's new energy commissioner Guenther Oettinger has ruled out EU financing for South Stream and announced initial funding for the alternative Nabucco project.

There is diminishing confidence in Gazprom's capacity to supply all of its pipeline projects. Moscow has failed to identify a source of gas for South Stream and can no longer rely on a Russian monopoly over Turkmenistan's gas reserves to feed its pipelines. Furthermore, the capacity of existing Russian gas fields has passed its peak, and no major investments are envisaged in new gas fields such as Shtokman in the Barents Sea. This could also affect the second stage of the planned Nord Stream Baltic seabed pipeline to Germany, which may not meet its planned capacity. In sum, there is growing skepticism about Russia's ability to meet its energy commitments to European customers and a concerted move in the EU to diversify energy sources so as not to be overly dependent on any single supplier.

Russia faces an uphill struggle in being identified as a fast-rising economic power. Indeed, efforts to transform BRIC (Brazil, Russia, India, China) into an organization with a common agenda have proved futile as the four countries are so diverse. Although Moscow points out that BRIC includes 42 percent of the world's population and produces 14.6 percent of global GDP, it omits to mention that Russia's population is only 5 percent of this total, that Russia is ranked twelfth globally in terms of its GDP, and that, of the four BRIC states, only Russia registered a deep economic contraction and shelters its manufacturing industry with protectionist tariffs.¹⁵

According to a policy report entitled "The Program for Effective Use of Foreign Policy in the Long Term Development of Russia," approved by President Medvedev and issued on May 11, 2010, Russia plans to attract greater Western investment to modernize the economy.¹⁶ Moscow seeks to exploit the technological potential of the United States and the EU and to end restrictions on the transfer of Western innovation. Despite such attractive rhetoric, Russia's economy remains highly dependent on hydrocarbon exports, is controlled by a parasitical bureaucratic stratum, and finds it difficult to attract consistently high levels of foreign investment. World Trade Organization (WTO) membership, which has been negotiated for 17 years, would assist in exporting manufactured products, encourage economic diversification, and provide a more reliable framework for foreign investment and technology transfers. However, Russia's leaders and oligarchs resist being held accountable by outside institutions.

14. Vladimir Socor, "Gazprom's Partner ENI Loses Confidence in South Stream," and "South Stream: A Casualty of Moscow's Excess Pipeline Capacity Building," *Eurasia Daily Monitor* 7, issue 52 (March 17, 2010).

15. Pavel K. Baev, "The Polish Revelation for Russia—and the Latin American Dream," *Eurasia Daily Monitor* 7, issue 75 (April 19, 2010).

16. Stuart Williams, "Russia Plans Shift to 'Pro-West Policy,'" May 11, 2010, AFP, <http://news.smh.com.au/breaking-news-world/russia-plans-shift-to-prowest-policy-20100511-uv72.html>.

The economic downturn and uncertain property rights have scared off many foreign investors. Foreign direct investment (FDI) in Russia dipped by 45 percent in the first half of 2009 and has only slowly recovered since then.¹⁷ The World Bank report *Doing Business 2010* ranked Russia's business environment as number 120 out of 183 countries reviewed.¹⁸ According to economists, Russia's fiscal policy and weak banking system leaves the state vulnerable to an inevitable new global downturn and may lead to a budget crisis if global demand for oil falls sharply once again.¹⁹ To avoid such a scenario the authorities would need to liberalize currency policy, cut the budget deficit, and avoid accumulating an external debt.

The 11 to 12 percent drop in industrial production during 2009 was not accompanied by a corresponding increase in bankruptcies as state financial injections maintained nonviable enterprises and prevented the emergence of new businesses.²⁰ As a result of corporate bail-outs and propping up the value of the ruble, Moscow squandered more than \$212 billion, or a third of its currency reserves. According to Finance Minister Aleksei Kudrin, the reserve fund will be depleted by a further \$45 billion in 2010 in order to cover the budget deficit, and the fund is expected to be completely dry by 2011.²¹ However, despite these measures living standards stagnated, real incomes stopped rising, unemployment increased to about 10 percent, wage arrears became more frequent, and a growing number of citizens plunged into poverty. The more developed regions relying primarily on exports have lost up to 25 percent of their budget revenue as a result of the economic crisis, while federal aid is projected to be cut by 20 percent during 2010.²²

Hardest hit during the economic downturn have been the Russian monocities, built around single industries now facing bankruptcy, believed to number about 460, and inhabited by more than 25 million people. The degradation of Soviet-era infrastructure and the absence of investment in modernization are evident in numerous disasters, including explosions at the Sayano-Shushenskaya hydropower station in the Republic of Khakassia in August 2009, which seriously disrupted power generation in a broad region of Western Siberia. Even the large energy companies have experienced financial losses during the economic downturn and are prone to capital shortages, equipment breakdowns, and inefficient management. Gazprom recorded a revenue loss of some \$1–2 billion in 2009 and slipped down the list of profitable industries. Projections indicate that the demand for Russian-supplied gas will decline in Europe, especially as the EU is seeking energy and source diversity and has mandated a shift to using renewable energy as 20 percent of its consumption by 2020.

Although some analysts believe that prolonged economic weakness will push Russia's leaders to initiate liberal reforms in both the economic and political arenas, the opposite scenario may transpire as the Kremlin could intensify governmental controls to maintain national stability.²³ As

17. Check the Web site of the Ministry of Finance of the Russian Federation, http://www.minfin.ru/budget/federal_budget.

18. World Bank, *Doing Business 2010* (Washington, D.C.: World Bank, 2009), <http://www.doingbusiness.org/documents/fullreport/2010/DB10-full-report.pdf>.

19. Paul Abelsky, "Russia Vulnerable to Budget Crisis, Renaissance Says," April 13, 2010, <http://www.businessweek.com/news/2010-04-13/russia-vulnerable-to-budget-crisis-renaissance-says-update1-.html>.

20. Pavel K. Baev, "Russia: Stuck in a Year of Events and Little Change," *Eurasia Daily Monitor* 7, issue 1 (January 4, 2010).

21. See <http://www.gazeta.ru>, June 2, 2010.

22. Natalia Zubarevich, "Russian Unemployment: Massaging the Stats," *Open Democracy*, February 5, 2010, <http://www.opendemocracy.net/od-russia/natalia-zubarevich/Russian-unemployment-massaging-stats>.

23. Philip Hanson, *Russia to 2020*, Occasional Paper (London: Chatham House, 2009), p. 35.

a potential precursor, the 2008–2009 financial crisis exposed structural economic weakness but also raised the proportion controlled by the state to more than 50 percent. Piotr Dutkiewicz points out that “Russia is today a largely de-industrialized, resource-dependent country, with no serious base for technological innovation. Except the enormously powerful energy sector and high-tech pockets of the military industry, it is not internationally competitive.”²⁴

Economic vulnerability and economic interdependence with the global economy does not automatically signal Russia’s backtracking from authoritarian politics or its neo-imperial foreign policy.²⁵ The recession that began in the fall of 2008 was manipulated by the ruling elite to reinforce its monopoly over political power, state control over the economy, and the entrenched position of oligarchs and officials loyal to the Kremlin.²⁶ There is no extensive political opposition while social frustrations have been channeled by the state-controlled media against regional governors and selected private businessmen. Potential discontent among the general public has also been muted by the dispersal of financial reserves accumulated during Russia’s boom years to keep unemployment down by propping up unprofitable businesses. A more acute economic crisis could trigger the imposition of a harder dictatorship in order to prevent social upheaval or regional fractures. It could also make Russia more combative toward the outside world as its leaders pinpoint external responsibility for economic stagnation and social disquiet.

Military Limits

Despite substantial increases in defense spending during the past decade, Russia’s military structure and defense industry have been steadily declining since the collapse of the USSR. This is a consequence of obsolete technology, chronic underinvestment in modernization, large-scale military demoralization, and the shrinking of traditional defense export markets. Moreover, the economic slowdown since 2008 makes it unlikely that the state can finance a full-scale modernization of the defense industry which the government has claimed as a top priority.²⁷

Russia’s military operation in Georgia exposed many glaring deficiencies, indicating that Moscow was not prepared for a large-scale war with modern armed forces or for combating a long-term insurgency. Russia’s shortcomings included the deployment of aging equipment and frequent breakdowns in command and control. In effect, Russia relied on the sheer size of its intervention force to crush the small Georgian resistance and clearly lagged behind the West in conventional

24. Piotr Dutkiewicz, “Missing in Translation,” *Russia in Global Affairs*, no. 4 (October–December 2009), p. 8 (Moscow, <http://eng.globalaffairs.ru/numbers/29/1316.html>).

25. Russia’s history demonstrates that “economic dysfunction was accepted as the inevitable price of strategic power,” and what has traditionally made an economically weak Russia into a military power and expansionist state was political power and centralized control over society and the economy. See George Friedman, “The Russian Economy and Russian Power,” *Stratfor Global Intelligence*, July 27, 2009.

26. Jadwiga Rogoza, “The Power Gained, We Will Never Surrender: Russian Ruling Elite Versus the Succession and Economic Crisis,” *Punkt Widzenia Policy Briefs*, October 2009, pp. 29–52 (Centre For Eastern Studies, Warsaw, Poland).

27. Russia’s security and foreign intelligence services also came under closer scrutiny regarding their professionalism and competence following the FBI’s unearthing, in early June 2010, of 11 spies operating in the United States. Gennady Gudkov, a former KGB colonel and the deputy head of Russia’s parliamentary security committee, asserted: “Now we know that not only our court system and law enforcement agencies are bad, the last bulwark of the image of our legendary special services has also crumbled.” Quoted in Tom Parfitt, “Russia Interrogates Agents Deported from US,” *EurasiaNet*, June 13, 2010, <http://www.guardian.co.uk/world/2010/jul/13/russia-interrogates-agents-deported-america>.

military technology.²⁸ Especially obvious were weaknesses in communications, navigation, and reconnaissance, thus raising serious doubts whether Russia would be successful in a conflict with a larger and more advanced adversary that gains the support of a significant multinational alliance.

The dilapidated state of Russia's navy has led to heated criticisms within the political establishment. According to Mikhail Babich, deputy chairman of the State Duma Committee for Defense, reforms have not resulted in any breakthrough in supplying the armed forces with new weapons and equipment.²⁹ For instance, the Russian navy continues to be plagued by a failure to develop modern combat ships. Funds for rearmament and modernization have not delivered needed equipment, and the output of military industries is mostly exported. While the majority of warships in the aging Black Sea Fleet would not be fit for sea missions by 2015, Russia's shipbuilding industry does not have the capacity to build new warships.³⁰ Although the fleet can be a menace for Georgia or Ukraine, it cannot compete with that of NATO or Turkey.

According to Yuri Dashkin, head of the main directorate for morale in Russia's armed forces, Moscow will continue to rely heavily on conscription as the state cannot finance the transition to a fully professional army.³¹ In addition, widespread hazing of young soldiers and harsh conditions in the military encourage people to evade conscription by bribing officials and doctors for medical exemption certificates. The number of draft dodgers continues to grow and is aggravated by the poor health of many Russian draftees. The chief of Russia's General Staff Nikolai Makarov has asserted that graduates from military colleges are unprepared for modern warfare.³² The military is also directly affected by the country's declining population, which will be unable to support the current size of the armed forces as the number of males turning 18 will drop by almost 50 percent in the next 10 to 15 years.³³ The government faces serious problems in ensuring a steady supply of young male conscripts and has failed to take appropriate steps in building a smaller professional military. In addition, Russia's officer corps is in a state of disarray; the military education system is undergoing radical change and confusion; the defense ministry lacks a recruiting system capable of finding good contract soldiers; and the new combat-ready brigades are manned by one-year conscripts with whom it is difficult to form modern combat units.³⁴

28. For details on Russia's military performance in Georgia, consult Carolina Vendil Pallin and Fredrik Westerlund, "Russia's War in Georgia: Lessons and Consequences," *Small Wars and Insurgencies* 20, no. 2 (June 2009): 400–424 (London, Routledge); and Stanislav Secrieru, "Illusion of Power: Russia after the South Caucasus Battle," CEPS Working Document no. 311 (Brussels: Centre for European Policy Studies, February 2009), pp. 1–21. Among the military defects were lack of coordination between the various types of forces deployed; an inefficient command system; lack of a unified combat command; failure of the Russian-made global positioning system (GLONASS); deficient communication between units; and an absence of precision-guided munitions.

29. Roger McDermott, "Mistral Procurement Disguises Weak Condition of the Black Sea Fleet," *Eurasia Daily Monitor* 7, issue 46 (March 9, 2010).

30. UPI, "Russia's Black Sea Fleet May Be Moribund," April 5, 2010, http://www.upi.com/Top_News/US/2010/04/03/Russias-Black-Sea-Fleet-may-be-moribund/UPI-11431270312843/.

31. "Russia Cannot Afford Professional Army in Near Future—Military," RIA Novosti, June 1, 2010, Moscow, http://en.rian.ru/military_news/20100531/159233008.html.

32. Ivan Petrov, "Poorly Armed and Not Dangerous: Neither the Russians nor Senior Officers Themselves Have Much Faith in the Armed Forces," *RBC Daily*, no. 28, Moscow, Russia, February 18, 2010.

33. Colonel Jeffrey Holachek, *Russia's Shrinking Population and the Russian Military's HIV/AIDS Problem*, Occasional Paper (Washington, D.C.: Atlantic Council, September 2006, p. v, http://www.acus.org/files/publication_pdfs/1/0609-HIV_Russian_Military-Holachek.pdf.

34. Pavel Felgenhauer, "Medvedev Acknowledges Problems in the 'New Look' Armed Forces," *Eurasia Daily Monitor* 7, issue 48 (March 11, 2010).

The state armaments program remains hostage to the limited capacities of the defense industry in developing high-technology systems, and several officials have been critical of the limited modernization program. As a result of military underperformance, Moscow is planning to purchase more sophisticated equipment from NATO countries. In April 2010, Deputy Defense Minister Vladimir Popovkin, the top official responsible for arms procurement, severely castigated Russia's backwardness in arms production and outlined a program to import advanced arms and military technologies from the West.³⁵ Moscow plans to spend more than €10 billion on weapons from Europe and Israel over the next five years.³⁶ These are likely to include Mistral-class warships from France and light-armored LMV vehicles from Italy, which are used in conflict zones to protect infantry from gunfire and bombs. According to Pavel Felgenhauer:

Russia is currently attempting to create a modern and highly capable conventional force, designed to guarantee its dominance of the post-Soviet space, while at the same time maintaining a credible strategic nuclear deterrent to keep other world powers out of its self-proclaimed sphere of privileged influence. . . . If Russia wants modern conventional forces and a modernized nuclear triad of land, sea and air based strategic nuclear weapons, it most likely needs a procurement budget comparable to the U.S. and must spend 6 to 9 percent of its GDP on defense. Nevertheless, such a strain would surely lead to social instability and maybe political or territorial disintegration.³⁷

Russia's logistical and organizational limitations may inhibit the deployment of effective military force even where Moscow sees its state ambitions threatened. The reluctance to engage militarily may be even more pronounced where Moscow does not see the United States gaining from its nonintervention or where armed involvement could be open-ended, materially costly, and politically damaging. The case of Kyrgyzstan in June 2010 became a useful indicator of Moscow's hesitation in becoming embroiled in an armed conflict that could degenerate into civil war and where, unlike in Georgia, Russia could not claim to be defending its endangered compatriots.

The interethnic battles between Kyrgyz and Uzbeks engineered by local political interest groups were not an arena conducive for projecting Russian state interests. As a result, the Kremlin turned down requests by the provisional Kyrgyz government to dispatch Russian peacemakers to the country in early June 2010. Some observers also speculated whether Russia possessed the capabilities to handle large-scale interethnic confrontations and questioned Moscow's reliability and the relevance of the Collective Security Treaty Organization, or CSTO.³⁸ However, one could not exclude the prospect of a Russian military intervention if the Kyrgyz government failed to ensure durable stability and domestic turmoil threatened the wider Fergana Valley.

Any credible multinational peacekeeping operation in Kyrgyzstan would also require the acquiescence of all neighboring Central Asian states. However, their support in providing Russia with a mandate in organizing regional peacekeeping missions under the CSTO seemed unlikely,

35. Vladimir Socor, "Mistral Debate Unavoidable in NATO," *Eurasia Daily Monitor* 7, issue 70 (April 12, 2010).

36. "Russia to Sky-Rocket its Military Imports," Prime Time Russia, <http://rt.com/prime-time/2010-06-15/russia-boosts-weapons-import.html>.

37. Pavel Felgenhauer, "Russia Struggles to Modernize Its Military," *Eurasia Daily Monitor* 7, issue 112 (June 10, 2010).

38. Roger McDermott, "Crisis in Eurasia: Russia's Sphere of Privileged Inaction," *Eurasia Daily Monitor* 7, issue 125 (June 29, 2010).

given the pervasive fear that Moscow could set a precedent for intervention on their own territories. They oppose CSTO involvement in the internal affairs of a member state as this violates national sovereignty and the CSTO Charter specifically precludes such deployments. Kazakhstan favored a more effective role for the Organization for Security and Cooperation in Europe (OSCE), which it was chairing in 2010, and sought to develop the pan-Asian Conference on Interaction and Confidence-Building Measures in Asia (CICA) into an initiative that could acquire crisis-management capabilities while not being dominated by any single state.

Struggle for Reform

Liberal adherents of President Medvedev based at the Institute of Contemporary Development (INSOR) published a report in January 2010 on Russia's future. Its key point was that neither social nor economic progress in Russia will be possible without political democracy and respect for the full range of human rights. In their estimations, modernization is not achievable without freedom and liberalization because the main factor of economic progress is human creativity, initiative, and motivation and not state plans and regulations.³⁹ According to the authors, in the current political structure, society is viewed by the state as the subject of manipulation; hence officials promulgate "statism, cults of authority, and communal values" to maintain their own privileges and powers. At the same time, surveys indicate the majority of middle class Russians and small entrepreneurs would prefer to live abroad where they would feel more secure from arbitrary police harassment and official corruption.

The question INSOR leaves unanswered is whether there is a sufficiently strong reformist stream that can pursue the necessary transformation of Russia's society and economy in a political structure lacking an effective system of legal protection for citizens, a reliable process of leadership succession, or an active and independent business lobby. Paradoxically, while the result of the economic slump has sparked calls for structural reform, any sustained economic recovery could significantly lessen economic and social pressures and uphold the current system. However, Russia's current predicament resembles a stuttering recovery in the midst of long-term economic underdevelopment.

Rivalries within the ruling elite are mostly interest-driven rather than policy-oriented and revolve around the control and distribution of assets and funds. A core of *siloviki* dependent on a corrupt bureaucracy have continued in power since the presidential transfer from Putin to Medvedev in March 2008. Piontkovsky concludes that there is a distinction between the "globalist kleptocrats" and "nationalist kleptocrats."⁴⁰ Although both are essentially anti-Western and seek to restore Russia's global reach, the nationalist kleptocrats favor more isolation from Western influences and include the country's military chiefs. The "globalist kleptocrats" invariably possess property and bank accounts in foreign countries and are more open to Western business and investment.

Russia watchers have detected divisions between supporters of the existing statist model, in which the economy is reliant on energy and other large strategic industries such as defense and

39. Alexander Goltz et al., *Russia in the 21st Century: Vision for the Future*, Abridged Report (Moscow: Institute of Contemporary Development, January 2010).

40. Andrei A. Piontkovsky, "Moscow's Power Divide," *Transitions Online*, Czech Republic, August 18, 2008.

metallurgy while foreign competition is restricted, and those favoring a greater emphasis on privatization, deregulation, diversification, high technology, and foreign capital to drive economic development. As Russia emerged from the economic crisis, Medvedev evidently favored the latter position. However, he was not focused on major reforms but on the development of an “innovation economy” in which the state selected specific projects for investment, particularly in energy efficiency, information technology, nuclear and space technology, pharmaceuticals, and medical equipment.

Office holders remain fearful of far-reaching political reforms alongside economic liberalization that could challenge the structure of power, provoke social protests, and undermine the unity of the federal state. Modernization through liberalization would threaten the elite stranglehold on the most profitable economic sectors. Instead, the Kremlin is seeking to attract Western capital to ensure the perpetuation of the current system, which could result in a Gorbachevian-type attempt at restructuring and innovation devoid of necessary political changes. Without extensive political and legal reforms, modernization will stutter and foreign capital is likely to remain limited. Even if Medvedev’s words are matched by certain constructive deeds such as privatizing state companies, guaranteeing property rights, and cutting corporate taxes, there is enormous uncertainty whether he will be reelected president when his current term expires in 2012.

Although Medvedev is verbally committed to a more diversified and modernized economy, he has not thrown his support behind a major overhaul of the political system in which open competition, governmental accountability, and a noncorrupt judicial system can help stimulate diversified economic development. The Russian state is not only pervasively corrupt, but it has also been “hijacked by various interest groups who see a position in the bureaucratic structure as a business asset.”⁴¹ Moreover, political inertia seems to be reinforced by public perceptions. According to various opinion polls, about 70 percent of Russia’s citizens support the existing system and fear “democratic anarchy,” more than 50 percent subscribe to the notion that the concentration of power benefits Russia, and mostly young respondents between 18 and 24 favor authoritarianism.⁴²

According to former Russian prime minister Mikhail Kasyanov, the economic crisis will not result in democratization as the system is incapable of being transformed because all institutions of democratic accountability have been eradicated and the media has been tamed.⁴³ Under the Medvedev presidency there has been little progress in establishing the rule of law or combating official corruption. Similar pledges of reform were issued by President Putin when he assumed office at the close of 1999, but were not implemented; indeed, the corrupt bureaucracy was allowed to expand during the following decade. The U.S. State Department Human Rights Report for 2009 confirmed that corruption was widespread throughout the executive, legislative, and judicial branches at all levels of the Russian government.

Alexandra Wrage, head of TRACE International, a U.S. anti-bribery group, asserts that extortion by Russian officials is encouraging some Western multinationals to pull out their operations

41. Vladislav Inozemtsev, “Dilemmas of Russia’s Modernization,” in Ivan Krastev, Mark Leonard, and Wilson, Andrew, *What Does Russia Think?* European Council on Foreign Relations, issue 16 (September 2009): 47–53, London, http://ecfr.3cdn.net/578c6da80e7f242659_6fm6b0ltd.pdf.

42. See the article by Leonid Sedov, head researcher at the Levada Center in Moscow, one of the major institutions assessing Russian public opinion, “Tradition Breaks Reform,” *Russia in Global Affairs*, no. 4 (October–December 2009), Moscow, <http://eng.globalaffairs.ru/numbers/29/1315.html>.

43. Mikhail Kasyanov, “Beyond the Putin System,” REP Roundtable Summary, Chatham House, November 17, 2009, pp. 1–2.

altogether.⁴⁴ Wrage remains skeptical about Medvedev's repeated pledges to combat bribery and corruption. William F. Browder, once the largest foreign portfolio investor in Moscow, has been waging a campaign warning American businesses away from Russia. He has been denied entry to Russia since 2005, his companies were deliberately implicated in huge fraud scheme, and his lawyer, Sergei Magnitsky, was arrested and died in prison in November 2009 when the authorities withheld medical treatment. Browder has advised U.S. technology companies to steer clear of investing in Russia.⁴⁵

Endemic corruption is much worse than in other large emerging economies, and the Berlin-based NGO Transparency International rates Russia 146th out of 180 nations in its Corruption Perception Index, estimating that bribe-taking skims off about \$300 billion a year. Despite lofty speeches by Medvedev, few concrete steps have been taken to modernize the economy or tackle corruption as this would necessitate political competition, governmental accountability, and institutional transparency. As Andrew Wood states:

The idea widespread in recent years that generational change coupled with economic growth will eventually soften Russia's governing system and thereby allow an emergent middle class to take the reins was a comforting but illusory proposition, especially given the existence of a hardening 'vertical of power.' It was suggested in 2004 that Putin would in his second term build on the reforms of his first, that Medvedev would in 2008 make the system more just and flexible, and more recently that the present crisis would compel radical change. None of that has happened.⁴⁶

In May 2010, Moscow leaked a document drafted by the Russian foreign ministry that had reportedly already gained approval by President Medvedev. The Program for the Effective Exploitation on a Systemic Basis of Foreign Policy Factors for the Purposes of the Long-Term Development of the Russian Federation expounds a foreign policy doctrine that does not rhetorically divide foreign states into friends and enemies but ties policy to "pragmatic interests" rooted in Medvedev's aspiration to modernize the economy.⁴⁷ The document is intended to demonstrate Moscow's growing self-confidence, to underscore the weakening of Western global dominance, and to thrust Russia forward as an equal partner of the United States and the EU. Above all, the document appears to be an appeal for Western capital to modernize the Russian economy, evidently underpinned by the fear that Russia could rapidly slip behind its Western and Eastern counterparts as it lacks the capital for far-reaching modernization.

Public Protests and Youth Attitudes

Even though opinion polls indicate that a majority of Russia's citizens accept the existing political structure, economic difficulties have precipitated sporadic public protests in various parts of the

44. Michael Stott, "Russia Corruption 'May Force Western Firms to Quit,'" Reuters, <http://www.reuters.com/article/idUSTRE62E1SU20100315>, March 15, 2010.

45. Peter Baker, "Obama Aims to Build Economic Ties with Russia," *New York Times*, June 23, 2010, <http://www.nytimes.com/2010/06/23/world/europe/23policy.html?adxnnl=1&pagewanted=print&adxnnlx=1277305268-9cLjxKPIImAdjw32mpApPEA>.

46. Andrew Wood, "Russia's Coming Decade," Russia and Eurasia Programme paper, Chatham House, September 2009, p. 7.

47. Roger McDermott, "Kremlin Contemplates a Seismic Shift in Russian Foreign Policy," *Eurasia Daily Monitor* 7, issue 97 (May 19, 2010).

country. A number of demonstrations against government policy were reported in Vladivostok and other cities in the Far East in December 2008. Citizens protested Moscow's decision to protect the struggling Russian automobile industry by raising tariffs on the import of second-hand cars. The Kremlin dispatched a special security brigade to Vladivostok as it reportedly could not depend on the loyalty of local police units to crack down on demonstrators. In order to prevent the spread of social unrest precipitated by harsher material conditions, the government has established a new department in the Ministry of Interior to combat extremism, and preparations have been made to create volunteer citizens units similar to Soviet times.

On January 30, 2010, an anti-Putin rally was held in the Kaliningrad enclave on the Baltic coast involving some 12,000 protesters.⁴⁸ The rally united communists, liberals, nationalists, and ordinary citizens to protest against higher local taxes and utility payments and to demand the resignation of the local Kremlin-appointed governor Georgy Boos as well as Putin himself. Kaliningrad suffers from high unemployment while the government exacerbated local problems by imposing protectionist anti-crisis tariffs on the imports of used cars from Western Europe. This policy has increased poverty levels in Kaliningrad where many people profit from the car trade. Although large numbers of police were deployed, unlike on previous occasions in Vladivostok and other towns, they did not attack the protesters. Another sizable anti-government protest was held in Arkhangelsk on March 29, 2010. The political opposition, including democrats and communists, also regularly organizes smaller rallies in a number of Russian cities, including Moscow, St. Petersburg, Samara, and Irkutsk.

There is debate among Russian analysts whether long-term economic contraction will shatter the social contract between elites and citizens:

Popular support for these regimes is rather like a relationship with a prostitute: she is prepared to make love as long as long as she is paid money, but when the client's money runs out (in this case, the money of the ruling group of the authoritarian regime), her love is no longer for sale. So, if the recession in Russia will be, as many economists predict, deep and prolonged, it will be quite difficult for the Russian regime to keep its citizens' loyalty and there will inevitably be increased demands for alternatives to the status quo.⁴⁹

In the event of a prolonged economic crisis, the authorities could seek conciliation with political opponents through a program of far-reaching reform. However, it is more probable that they will increase repression to ensure the regime's survival. Moscow could also turn to ethno-nationalism and xenophobia in order to channel public anger away from the Kremlin and its appointees. Indeed, Russia may become increasingly susceptible to ethnic conflicts, especially as the Muslim population continues to grow, economic uncertainties abound, and the influx of workers from Central Asia and China accelerates interethnic tensions. Russia's nationalist backlash could be supported by various interest groups or used by the Kremlin to mobilize public support for the regime.

Russian observers complain about the poor state of the educational system that is not attuned to excellence, innovation, competition, and other important ingredients of a modern society.⁵⁰ The

48. Pavel Felgenhauer, "Russian Protests Grow as Economic Hardships Persist," *Eurasia Daily Monitor* 7, issue 24 (February 4, 2010).

49. Vladimir Gelman, "Russia's Crisis: The Political Options," *Open Democracy*, December 28, 2008, <http://www.opendemocracy.net/article/email/russia-s-crisis-the-political-options>.

50. Goltz et al., *Russia in the 21st Century*, p. 6.

existing system spawns a new generation that is falling behind global standards and is susceptible to authoritarian and nationalist appeals. A troubling factor has been the anti-Western attitudes of broad segments of the younger generation expected by many analysts to be the harbinger of a more modern and outward-looking population that would gradually transform Russian society.

In several recent studies, it appears that as a consequence of a decade of anti-Western propaganda by the Kremlin and the cultivation of nationalist youth groups, people aged 18 to 24 hold negative attitudes toward the United States and believe that the West is intent on weakening Russia.⁵¹ Many of these individuals are susceptible to appeals to state patriotism and Greater Russian chauvinism and believe that such attitudes can help ensure employment in state institutions. The Kremlin-sponsored youth movement is well funded and exploited to combat the liberal opposition and persons considered to be anti-Russian. Such conditions do not bode well for pluralism, political competition, and Russia's modernization. Although recent opinion polls indicate that public views of the United States have improved during the current bilateral thaw, perceptions can quickly change where they are largely formed by messages delivered through state propaganda.

Pitfalls of Disintegration

The August 2008 war and the partition of Georgia indicate that the disintegration of the Soviet Union may not have been completed: "The end of the USSR's existence as a formal and legal entity is not the same thing as the historical disintegration of the 'Kremlin empire.'"⁵² Among the observers forecasting Russia's state fracture are local political analysts, sociologists, politicians, and business leaders. It is difficult to predict which developments are more likely to fuel state fragmentation—structural reform or political entrenchment. The pursuit of economic modernization would eventually necessitate greater political competition that could generate decentralizing trends in the administrative structure and provoke conflicts between Moscow and regional leaders. Conversely, economic stagnation and the political status quo could also lead to escalating regional alienation fueled by social and fiscal pressures.

Unsatisfied ethnic and regional aspirations feed into disintegrative trends as previously witnessed in the Soviet Union and Yugoslavia. A member of the North Ossetian parliament has stated that there is a real risk that Russia will "fall apart into separate principalities," and some Western businessmen familiar with domestic conditions, including the chairman of the U.S.-based Rogers Holdings, have asserted that the country could disintegrate.⁵³ Anatoly Antonov, professor of sociology and demography at Moscow State University, has posited that Russia's accelerating demographic decline could spark a nationalist revival among a number of smaller nations and result in the Russian Federation's breaking up into about 30 entities within the coming years.⁵⁴

51. Owen Matthews and Anna Nemtsova, "Young Russian's about-Face from the West," *Newsweek*, November 5, 2009.

52. Sergei Markedonov, "The 'Five-Day War': Preliminary Results and Consequences," *Russian Politics and Law* 47, no. 3 (May–June 2009): 72.

53. Paul Goble, "If Problems of North Caucasus Aren't Solved, Russia Will Fall Apart, North Ossetian Deputy Warns," *Window on Eurasia*, July 21, 2009, <http://www.windowoneurasia.blogspot.com/2009/07/window-on-eurasia-if-problems-of-north.html>, and Ellen Pinchuk and Anastasia Ustinova, "Rogers Says Russia May Break Apart, Considers Bet against Ruble," <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=a4Tp4FNuF130>.

54. Paul Goble, "Russia Likely to Disintegrate as Result of Demographic Decline Moscow Scholar Says," *Window on Eurasia*, March 17, 2009, <http://www.fennougria.ee/?id=16407>.

Population decline will lead to Russian ethnic depopulation in several regions and trigger greater assertiveness among smaller ethnicities seeking national sovereignty. For instance, the exodus of the ethnic Russian population in the North Caucasus is accelerating. Between 1989 and 2002, the percentage of ethnic Russians in the overall population of the region decreased from 26 percent to 12–15 percent, or from 1.36 million in 1989 to about 940,000. Meanwhile, the indigenous populations grew from 66 percent to 80 percent, or from 3.5 million to 5.3 million.⁵⁵

It is difficult to predict how many of the 190 nationalities currently inhabiting Russia's "inner empire" will actually seek territorial independence. Andrey Zakharov, one of Russia's most prominent specialists on federal systems, contends that Russian federalism is a "sleeping institution" that could reawaken as Soviet federalism did in the 1980s and potentially lead to secession by one or more federal units.⁵⁶ Many of the federal entities possess a legal basis for full sovereignty and secession. According to Olga Tynyanova at the International Law Institute of the Russian Federation Ministry of Justice, despite measures to centralize the state during the past decade, the federation "still preserves the legislative base of regional and ethno-political disintegration in the border areas."⁵⁷ Work on aligning territorial and federal legislation has only been completed in ten constituent territories to undercut the legality of separation. Meanwhile, Article 5 of the federal constitution treats the republics as the bearers of statehood and Article 73 affirms their right to full state power.

Such potentially separatist provisions are fixed in the basic laws of all federal republics except two. In fact, only three of Russia's 89 federal units (Karachai-Cherkessia, Altai, and Kalmykia) recognize in their constitutions that their territories are inalienable parts of the Russian Federation, and only Chukotka has a provision that affirms Russia's sovereignty over its territory. In sum, according to Tynyanova, "The institutional and legislative guarantees for the country's territorial integrity are quite unreliable. If an unforeseen political weakening of the federal center occurs, there is a high likelihood that the country's federative structure will be shattered."⁵⁸

Moscow has established a significant precedent for separatism in former Soviet republics by recognizing South Ossetia and Abkhazia as independent states because this can be used to justify and legitimize the territorial partition of Russia itself. There is a rising danger of separatism and territorial fracture within the Russian Federation, especially throughout the North Caucasus.⁵⁹ Chechnya, Ingushetia, and Dagestan remain the most significant flashpoints as insurgent groups are spreading their reach and launching attacks across republican borders against Russia's security forces and local leaders appointed by Moscow. In addition to religious extremism, secular opposition to the ruling elites has also grown in recent years.

Interethnic and clan-based conflicts are escalating amidst growing religious radicalism with some militants seeking to create an Islamic caliphate across the region. A movement that was

55. Valery Dzutsev, "North Caucasus' Ethnic Russian Population Shrinks as Indigenous Populations Grow," *Eurasia Daily Monitor* 6, issue 210 (November 13, 2009).

56. Paul Goble, "Window on Eurasia: Federalism Could Return to Russia with a Vengeance, Scholar Says," *Eurasia Review*, July 8, 2010, <http://www.eurasiareview.com/201007084612/federalism-could-return-to-russia-with-a-vengeance.html>.

57. Olga Tynyanova, "Incomplete Centralization," *Russia in Global Affairs* no. 3 (July–September 2008), p. 2, Moscow, <http://eng.globalaffairs.ru/numbers/24/1226.html>.

58. *Ibid.*, p. 5.

59. Alexey Malashenko, "The Kremlin's Violent Underbelly," *Moscow Times*, July 29, 2009, <http://www.moscowtimes.ru/article/1016/42/379916.htm>.

spawned primarily in Chechnya has now spread throughout the North Caucasus. In addition to the assassination of state officials, attacks on the security forces, and indiscriminate bombings against civilian targets, Islamist rebels have vowed to conduct an “economic war” to destroy Russia’s strategic assets. Escalating violence could make much of the region ungovernable and provide sanctuary for international terrorists and criminal networks. The entire North Caucasus is racked by corrupt and abusive governance, high rates of unemployment, low incomes, widespread poverty, and the breakdown of social infrastructure. The average unemployment rate in the region is estimated at more than 20 percent, with some republics claiming the highest rates in Russia.

During a prolonged economic crisis, all these factors form a heady brew that federal authorities may not be able to contain or combat. The addition of South Ossetia and Abkhazia, which are fully dependent on Russia economically and militarily, will further deplete federal resources and contribute to instability inside Russia whether or not Moscow formally annexes the two regions. As long as its energy earnings were high, Moscow was confident that it could extinguish unrest in the North Caucasus with financial assistance to local authorities. However, as the federal government’s ability to fund corrupt local despots diminished, its room for maneuver shrank. Meanwhile, the arbitrary and systematic brutality of the local security forces against civilians has fueled vendettas and recruits for assorted insurgency movements. The Kremlin could decide to employ greater force against rebels and thereby provoke a broader insurgency or it may manipulate interethnic grievances to keep local political forces in check. Alternatively, local leaders fearing a loss of power and resources could exploit ethnic or religious conflicts or even support territorial autonomy or separatism to their advantage, thus pitting local republican militias against federal security forces.

Moscow’s recognition of the independence of Abkhazia and South Ossetia on August 26, 2008, presaged a new phase in the fracturing of several post-Soviet states, including the Russian Federation. A number of national groups in the North Caucasus may insist that the principle of self-determination and independence for Abkhazia and South Ossetia should now apply to them, which could stoke conflicts with neighbors, minorities, and the federal government. Indeed, Russia itself faces a potential conflict with Abkhazia regarding the extent of the region’s long-term political dependence on Moscow and its drive for equality and full sovereignty.⁶⁰

A plethora of territorial, ethno-national, and political disputes pepper the North Caucasus.⁶¹ These include: the Ossetian-Ingush conflict over the Prigorodny district of North Ossetia; the Chechen-Laks dispute over the Aukhov district; the Chechen-Avar conflict over the Khasavyurt district in Dagestan and the Cheberloy region in Chechnya; the Chechen-Cossack conflict along the Tarak river; the Kabardino-Balkar dispute over Nalchik; the Nogai-Dagestani conflict over the Nogai Steppe; the Chechen-Nogai conflict in the Shchelkov district; the Nogai-Cossack conflict in Stavropol territory; the Kumyk-Dargin conflict over the Kumyk Plain; the Kumyk-Laks dispute in Dagestan’s Makhachkala district; the Karachay-Cherkess conflict over local government representation; the Adyg-Cossack conflict over Cossack representation in the republican government in Adygia; the Cossack-Shapsug dispute in the Sochi district; together with potential Avar and Lezgin separatism along the Dagestani-Azeri border.

60. Nikolai Zlobin, “A Year of Recognition,” *Rossiiskaya Gazeta*, Moscow, August 5, 2009.

61. Nona Mikhelidze, “After the 2008 Russia-Georgia War: Implications for the Wider Caucasus and Prospects for Western Involvement in Conflict Resolution,” Background Paper of the Conference “The Caucasus and the Black Sea Region: European Neighborhood Policy (ENP) and Beyond,” Rome, February 6–7, 2009, p. 13, Instituto Affari Internazionali, <http://www.iai.it/pdf/DocIAI/iai0901.pdf>.

Russia confronts a broad ethno-national Circassian solidarity movement in the western part of the North Caucasus involving Abkhaz, Adygian, Kabardin, and Cherkess populations demanding greater self-determination from Moscow's tutelage. Activists in Russia and abroad are seeking to reinstate Circassia on the map of the Caucasus and have called on all Circassians residing in several North Caucasus republics to declare a single national identity in the 2010 census and press for the reunification of three Circassian-populated republics—Adygea, Kabardino-Balkaria, and Karachaevo-Cherkessia. This would entail the break-up of the latter two republics and a formation of a new autonomous unit as the first step toward Circassian independence.

Circassian activists are also seeking to use the publicity stemming from the planned Winter Olympics in nearby Sochi in 2014 to advance their political goals. Some have even threatened to disrupt the games if their demands are ignored or suppressed by Moscow. On December 22, 2009, President Medvedev's representative in southern Russia, Vladimir Ustinov, addressed the Federation Council in Moscow listing the most dangerous threats to the security of the Russian state.⁶² He singled out "Circassian nationalists" for demanding the creation of "a new federation subject by unifying Adygs, Cherkess, Kabardins, Abazas, and Shapsugs." The speech was unprecedented as it served to bring attention to the mass slaughters, deportations, and displacement of Circassians by Russian forces during the nineteenth century: an attempted genocide that all Russian governments have covered up.

Other regions are not immune from demands for decentralization, control of local resources, and genuine sovereignty, including the Baltic enclave of Kaliningrad, the diamond-rich Siberian region of Sakha-Yakutia, the Middle Volga Turkic Muslim republics of Tatarstan and Bashkortostan, and the south Siberian republic of Tuva that was only annexed by the Soviet Union near the close of World War II.⁶³ In some cases the indigenous or titular populations are pushing toward autonomy, in other instances majority Russians support sovereignty, and in a few regions both titulars and Russian ethnics back separation. For example, planning is under way to recreate a Don Cossack Republic that briefly existed in 1918 before being extinguished by the Bolsheviks.⁶⁴ Support is also growing for official acknowledgment of a Siberian nationality in the planned 2010 Russian census. Such developments accentuate the profound alienation from Moscow's governance even among some Slavic and Christian Orthodox populations.

The Chinese population in several regions of Russia's Far East and Pacific coast is growing and could herald future claims for economic control, political rights, and territorial autonomy. Both President Medvedev and Premier Putin have stated that if Russia fails to develop the Far East, sepa-

62. Fatima Tlisova, "Moscow Continues Campaign to Suppress Circassian National Aspirations," *Eurasia Daily Monitor* 7, issue 2 (January 5, 2010).

63. For an insightful analysis of separatist sentiments in Russia, see Louk Hagendoorn, Edwin Poppe, and Anca Minescu, "Support for Separatism in Ethnic Republics of the Russian Federation," *Europe-Asia Studies* 60, no. 3 (May 2008): 353–373, Department of Central and East European Studies, University of Glasgow, <http://www.informaworld.com/smpp/title~content=t713414944>.

64. Paul Goble, "Even Russia's Cossacks Now Thinking about Separation, Moscow Commentator Says," *Window on Eurasia*, July 13, 2010. The Cossack drive for sovereignty was initiated in October 2008 when 360 representatives of 13 Cossack populated districts organized a national congress and began to prepare a draft constitution for the Don Republic. In addition, on July 3, 2010, several hundred Cossacks from the Don, Kuban, and Terek hosts assembled to recreate the Great Caucasus Cossack Line of South Russia, demanding Cossack autonomy throughout Russia.

ratist moods will increase.⁶⁵ Russia faces two major problems: its own population is emigrating due to economic conditions and lack of opportunities; conversely, there is a sizable influx from China's adjoining and densely populated northeast region. Estimates of the Chinese population in Russia's Far East vary greatly: the average calculation is at about 2 million, including both legal and illegal migrants. The Russian population is calculated at 7 million and falling. In the event of conflict between Chinese and Russian ethnics, Beijing and Moscow could find themselves at loggerheads.

Since coming to power in 2000, Putin has sought to curtail or altogether eliminate the power of the ethnic republics and regions, but has met with significant resistance and a growing backlash. In January 2010, to intensify control over the North Caucasus, Medvedev announced the establishment of the North Caucasus Federal District and appointed a presidential plenipotentiary for the region. The newly formed federal district consisted of Dagestan, Chechnya, Ingushetia, North Ossetia, Kabardino-Balkaria, Karachaevo-Cherkessia, and the Stavropol region. Inclusion of Stavropol *krai*, where an absolute majority are ethnic Russians, was designed to dilute the North Caucasian Muslim and non-Slavic component.⁶⁶ The new district is likely to constitute the first move in attempting to consolidate the smaller federal subjects into larger units in order to reduce the number of non-Russians. Such measures are bound to be resisted by local leaders and by escalating insurgency movements that oppose Russification and Muscovite centralism.

Brazen terrorist attacks on the Moscow metro on March 29, 2010, that slaughtered 40 civilians demonstrated that Kremlin policies in the North Caucasus had not only failed to eliminate the insurgents, but were providing new vengeful recruits to the guerrilla movements. Revenge attacks by Russian nationalists against Chechen and other North Caucasian populations were also predicted, such as the bombing in Stavropol on May 26, 2010, at the Palace of Culture that killed seven civilians attending the performance of a Chechen dance troupe.

Some local leaders in the North Caucasus republics appointed by Moscow claim that Western intelligence services are behind the insurgencies in the region with the aim of truncating Russia and expanding American influence.⁶⁷ The CIA and MI6 allegedly train young Muslims to conduct terrorist attacks against Russian citizens and have forged ties with nationalist groupings to destabilize the region. Following the massacre of 334 schoolchildren and other civilians in Beslan, North Ossetia, in September 2004 by a group of terrorists, President Putin asserted that foreign interests sought to weaken Russia and evidently pointed his finger at the West. His proposed remedy was a further centralization of state power to protect Russia from foreign threats and domestic collaborators. Other adversaries are also portrayed as provocateurs and saboteurs. For instance, Russia's interior ministry regularly accuses Georgia of training terrorist groups to destabilize the North Caucasus and deploying its special services to organize bombings of railroads and energy infrastructure in neighboring republics, including Dagestan.

Moscow has also tried to enlist the United States in its war against local separatists in the North Caucasus by persuading the Obama administration to declare insurgent leaders as international terrorists, including Chechen militant Doku Umarov. By placing Umarov and other guer-

65. Prashant Kumar Singh, "The Strategic Aspect of Migration from China's North-East to Russia's Far East," July 23, 2009, Institute for Defence Studies and Analyses, New Delhi, http://www.idsa.in/strategiccomments/TheStrategicAspectofMigrationfromChinaNorthEasttoRussiaFarEast_PKSingh_230709.

66. Mairbek Vatchag, "New Federal District Will Not Stabilize the North Caucasus," *Eurasia Daily Monitor* 7, issue 20 (January 29, 2010).

67. "Kadyrov: The West Is behind the North Caucasus Insurgency," *Eurasia Daily Monitor* 6, issue 176 (September 25, 2009).

illias on international terror lists, Washington may in effect condone Russia's mass repression in restive regions by equating America's own antiterrorist war in Afghanistan with the Kremlin's massive human rights violations in rebellious regions of the Russian Federation. Moreover, there is insufficient independent information concerning the March 2010 bombings in Moscow and other atrocities because slanted government statements about the perpetrators have not been objectively verified.

Declining but Menacing Power

Unlike the majority of republics that emerged from the Soviet empire, Russia has failed to develop into a nation-state with precise ethnic boundaries. It remains stuck halfway between a multinational empire controlled from Moscow and a Russian national state. The federation of 89 republics, provinces, territories, and autonomous districts is not only an unwieldy and unstable administrative structure, its internal convulsions demonstrate that loyalty to the central state and Russian identity remains fluid and uncertain. Attempts to impose stricter centralism and foster national assimilation are likely to be resented and resisted by the non-Russian population, which constitutes more than 20 percent of inhabitants according to the 2002 census and is steadily growing while the ethnic Russian majority is shrinking.

The prospect of territorial splintering could embolden the Kremlin to pursue more aggressive policies not only toward rebellious regions but also against several neighbors in order to divert attention from Russia's weaknesses. By scapegoating neighbors and Western capitals as the cause of Russia's problems, the public can be rallied behind nationalism and xenophobia while a harsher regime is imposed to suppress unrest and political dissent. A report issued by the Russian parliament in January 2009 blamed "certain international forces" for stirring unrest in Russia's Primorye region along the Pacific coast, with the alleged goal of separating the Far East from Russia. Such propaganda ploys could actually rebound against Moscow because "by introducing the idea of possible secession into the public discourse, Moscow may inadvertently have made the idea more real for the people in the eastern regions" and in other parts of the country.⁶⁸

Some analysts believe that Russia's economic and demographic problems will curtail its expansive ambitions and will present opportunities for closer collaboration with the West and even the development of a liberal economic system.⁶⁹ However, an even more assertive foreign policy may be pursued by the Kremlin to disguise domestic vulnerabilities and capitalize on the weaknesses of selected neighbors. Calls for Russian national glory may also encourage Moscow to overreach beyond its capabilities and provoke a chain reaction of instability in neighboring countries that could boomerang inside Russia itself.

The Russian authorities calculated that the economic crisis was temporary as the price of oil steadily rose during late 2009 and throughout 2010 and the stock exchange began to rebound as foreign investment gradually returned to the country. Nonetheless, the economy remains vul-

68. Andrei Starodubtsev, "Crisis and Discontent in Russia's Regions," *Open Democracy*, February 11, 2009, <http://www.opendemocracy.net/article/email/crisis-and-discontent-inrussia-s-regions>.

69. Jeffrey Mankoff, *The Russian Economic Crisis*, Council Special Report No. 53 (April 2010), Council on Foreign Relations, Washington, D.C. Mankoff suggests that Western promotion of democratic reform in post-Soviet states such as Ukraine and Moldova will help reduce tensions with Moscow. The opposite may be the case if the Kremlin sees its state ambitions threatened by reforming countries along its borders that veer closer toward Western models and institutions.

nerable and overdependent on oil revenues and commodity price cycles with future recessions looming on the horizon. Russia's boom-and-bust system could stimulate a more expansive appetite during the boom cycle to compensate for potentially more restricted foreign policy capabilities during economically leaner periods. Moscow calculates that its poorer neighbors facing financial crisis are more prone to business takeovers and political manipulation. For instance, in January 2010, a consortium of Russia's state-owned Vneshekonombank and the Metalloinvest enterprise announced a \$2 billion deal to acquire 50 percent ownership in the Industrial Union of Donbas, a major Ukrainian steel producer.⁷⁰

It is shortsighted and misleading to conclude that a strong and stable Russia is in the strategic interests of the West. The ideal solution for Russia's evolution would be as a democratic state within its current borders and without aspirations to dominate its neighbors. However, such a state would be interpreted as weak and unstable by Russia's leaders. A second-best solution would be a smaller and weaker Russia without the capabilities to threaten the sovereignty and security orientations of neighboring states, an option that seems unacceptable to the Russian elite with an imperial mindset. A third alternative that Russia may confront is a fractured state with weakening institutions but unrequited imperial and nationalist aspirations that generate new conflicts with neighbors and with Western capitals and institutions.

Instead of the reform and modernization that President Medvedev has been urging, Russia may face a prolonged period of internal decay and vulnerability to an assortment of domestic conflicts that could turn the federation into a failed state lurching toward territorial fracture or potential disintegration. Escalating social, ethnic, regional, and religious differentiation is generating centrifugal forces that will impact on Russia's security and on the stability of several neighboring states. Paradoxically, Russia may need to become weaker and smaller before it has any realistic chance to reform; an implosion may be required for Russia to evolve into a nonimperial national and civic state. In the short term, however, a declining power has major threat potential, particularly if the ruling elite succumbs to strategic delusions about Russia's grandeur or seeks to build a purer Russian nation-state on the territory of the former Soviet Union.

A more authoritarian and nationalist Russia will undermine the new *détente* with the West as Moscow is likely to reproduce notions of besiegement and outside threat to deflect attention from its mounting domestic challenges. A turn to ethno-nationalism could garner public support in economically troubled times, but it could also fracture the Russian Federation, revoke the legitimacy of Russia's external borders, and provoke conflicts with neighboring states containing sizable populations that Moscow claims as conationals and Russian citizens.⁷¹ Such a scenario could also precipitate broader regional conflicts that may embroil outside powers including the United States and NATO.

70. Vladimir Socor, "Russian Policy Objectives in Ukraine's Presidential Election," *Eurasia Daily Monitor* 7, issue 14 (January 21, 2010).

71. For an analysis of the potentially destabilizing impact of Russian nationbuilding, see Igor Zevelev, "Russia's Future: Nation or Civilization?" *Russia in Global Affairs*, no. 4 (October–December 2009): Moscow, <http://eng.globalaffairs.ru/numbers/29/1317.html>.

4

LESSONS FOR FORMER EMPIRE

An appeal to Western governments from 22 renowned public figures in Central-Eastern Europe (CEE) appeared in U.S. and European newspapers on July 16, 2009.¹ It was signed by several former heads of state and government, including presidents Lech Walesa, Vaclav Havel, and Emil Constantinescu, together with a number of prominent intellectuals. The document urged Western governments to devise a strategy to help Georgia peacefully regain its territorial integrity and secure the withdrawal of Russian forces. The signatories also warned against the reemergence of a Russian sphere of influence encouraged by Western neglect, underscored the apprehensions and insecurities visible in various parts of the former Soviet bloc, and voiced fears of CEE marginalization in U.S. policy.

In the aftermath of Russia's truncation of Georgia, it is valuable to assess the longer-term impact of the August 2008 war on the broader European and post-Soviet regions. While several of Russia's neighbors have sought assurances from NATO and the United States that Moscow cannot impose its self-declared privileged interests and diminish their independence, the more vulnerable states have pursued balancing acts between West and East to minimize Kremlin pressures and uphold their sovereignty. The impact of the new U.S.-Russia détente also needs to be factored into the foreign policy and security postures of divergent states who perceive a less intensive American role and a visible surge in Moscow's assertiveness.

Reluctant European Partners

Russian officials conceive of three categories of post-Soviet countries: loyal states that need to be supported; divided states that provide leverage for manipulation; and suspect states seeking integration with the West that need to be undermined. Moscow depicts the second and third category of states as either unstable, failing, or in the case of Georgia, as criminal regimes. It also creates disputes with NATO and the United States to remove any competitors for influence in the CIS and undermine the emergence of stable pro-Western governments.

Western-oriented states established a regional organization, GUAM (Georgia, Ukraine, Azerbaijan, Moldova), also known as the Organization for Democracy and Economic Development (ODED), in June 2001 to help defend their national interests and pursue Western integration.

1. Vladimir Socor, "Declarative Tenets or Proactive Allied Policy in Europe's East," *Eurasia Daily Monitor* 6, issue 175 (September 24, 2009). Former Czech president Vaclav Havel and Poland's Lech Walesa were among signatories who expressed concern about dangers facing the new democracies from Russia, which "asserts a privileged position in determining our security choices." They specified Moscow's "overt and covert means of economic warfare, ranging from energy blockades and politically motivated investments to bribery and media manipulation in order to advance its interests and to challenge the trans-Atlantic orientation of Central and Eastern Europe."

However, the August 2008 war exposed the fragility of this alliance as there was no concerted position on Russia's actions, no plan for a military alliance, and two of the states (Moldova and Azerbaijan) feared a repeat scenario of Moscow-sponsored separatism on their territories. The war also raised apprehensions about Moscow's retribution if any state offered support to Tbilisi.

Despite Russia's limited achievements during the August war, it had a sobering impact on all neighbors who saw the limits of Western protection in the face of a military assault. It also brought into question existing post-Soviet borders and the status of autonomous regions within the independent states. Russia was operating on the principle that the political and territorial division of its immediate neighbors could serve its interests, thus raising the danger that dormant conflicts could be reignited in various secessionist regions. The war also damaged several neighboring economies, particularly those of Azerbaijan and Armenia, with some estimates that Baku lost \$1 billion in oil revenues because of the temporary blockage of supplies.

All Muscovite empires have viewed the entire Caucasus region as strategically important for their Great Power ambitions. Although Russia could not territorially control the South Caucasus, when three independent states (Georgia, Armenia, and Azerbaijan) emerged after the disintegration of the USSR, its policy was designed to ensure "controlled instability" from which Moscow could benefit as the mediator and dominant power.² Key elements in this process were the disputed territories and separatist regions that Russia promoted as pawns in its "divide and control" strategy. Given the limited Western presence during the 1990s, Moscow had a relatively free hand for involvement in the secessionist disputes in Georgia and Azerbaijan. The EU was largely disengaged from the process of conflict resolution in the Caucasus, and NATO was preoccupied in the Balkans and in integrating the Central European states. Moscow manipulated ethnic disputes to gain political advantages and encouraged minorities and regional leaders to express various grievances against central governments opposed by Moscow. In several instances, the administrations of new states disregarded and exacerbated these grievances by viewing minority leaders simply as Moscow's proxies intent on partition and failed to provide incentives for integration.³

The Kremlin also benefited from the independence of Kosova to justify its actions and to oppose U.S. policy. While Kosova's statehood, declared under EU and NATO supervision on February 17, 2008, did not establish any specific precedents for separatism, it continues to be used as a pretext by Russia to pursue its foreign policy agenda.⁴ Serbian control over Kosova was lost as a result of mass repression and attempted genocide; the consequences of state aggression were NATO intervention and the creation of an international protectorate that was transformed into an independent state under EU supervision. Nevertheless, Moscow sought double political advantages from Kosova's final status: first by interjecting as an avowed defender of Serbia's state integrity and second by justifying its Georgian intervention as the protector of South Ossetia and Abkhazia.

Moscow charged that Kosova was an example of Western unilateralism outside the UN framework. Its subsequent backing for the independence of Abkhazia and South Ossetia was depicted as justifiable retribution. Western governments clearly underestimated Russia's reaction to Kosova's

2. Kavus Abushov, "Policing the Near Abroad: Russian Foreign Policy in the South Caucasus," *Australian Journal of International Affairs* 63, no. 2 (June 2009): 187, <http://www.informaworld.com/10.1080/10357710902895129>, Australian Institute of International Affairs.

3. Vicken Cheterian, "The August 2008 War in Georgia: From Ethnic Conflict to Border Wars," *Central Asian Survey* 28, no. 2 (June 2009): 155–170, <http://www.informaworld.com>.

4. Janusz Bugajski, "Kosovo's Independence: Practicalities, Precedents, and Power Politics," Working Paper No. 28 (Brussels: European Security Forum, February 2008).

independence and did not develop any plan to forestall armed conflict or to protect Georgia from military assault.⁵ Indeed, NATO's decision not to offer Georgia a Membership Action Plan (MAP) at the Bucharest Summit in April 2008 despite U.S. urging convinced Moscow that the NATO alliance was not committed to Georgia's defense and would not come to its assistance in the event of outright war.

Georgia: Moscow's Obsessions

As Georgia moved closer to the West after the 2003 Rose Revolution, Moscow was intent on preventing the country's NATO integration by destabilizing its government and challenging its territorial integrity. Georgia could then be depicted as a failed state unable to secure its own borders. The August 2008 war was a logical consequence of this policy, which also helped to remove the UN and OSCE missions from the secessionist zones and allowed Russia to pursue partition. The mandate of the OSCE observer mission in Georgia expired at the end of 2008 as its renegotiation was subject to a Russian veto while Moscow wanted the OSCE to accept the independence of South Ossetia by negotiating with its government. Any possible renewal of the UN Observer Mission (UNOMIG) in Abkhazia remained contingent on language in its mandate put forward by Moscow that dismissed Georgia's territorial integrity.⁶

The August 2008 war was planned and provoked by Russia in order to partition Georgia and overthrow its government. The mechanics of the conflict and interpretations as to who fired the first shot are ultimately less relevant than the motives and outcome of the brief war.⁷ Moscow claimed that it was acting in the self-defense of its peacekeepers in South Ossetia and to protect the Ossetian population and Russian citizens in the separatist territory from alleged genocide. Both charges, depicted as virtual attacks on the Russian Federation itself, were subsequently shown to be exaggerated in a report issued by the EU Commission in September 2009.⁸ The Tagliavini report concluded that neither Abkhazia nor South Ossetia had the right to secede from Georgia and that Russia's recognition of their independence violated international law.

Despite Russia's military victory over Georgia's small and unprepared defense forces, the war failed to produce the desired outcome for Moscow, including a regime change that would bring to power a more neutral leadership in Tbilisi. On the contrary, President Mikheil Saakashvili

5. Ronald D. Asmus, *A Little War That Shook the World: Georgia, Russia, and the Future of the West* (New York: Palgrave Macmillan, 2010), pp. 87–109.

6. For analysis of conditions in the rebel regions of Georgia see "Georgia-Russia: Still Insecure and Dangerous," *Policy Briefing*, no. 53 (June 22, 2009), International Crisis Group, <http://www.crisisgroup.org/home/index.cfm?id=6171>.

7. Valuable analysis of the war, its prelude, and immediate aftermath can be found in Svante E. Cornell and S. Frederick Starr, eds., *The Guns of August 2008: Russia's War in Georgia* (Armonk, N.Y.: M.E. Sharpe, 2009). The lack of sustained Georgian armed resistance may have been motivated by Tbilisi deliberately avoiding the "Chechenization" of the country and not giving Moscow the pretext to systematically destroy the country's cities and infrastructure.

8. See the Tagliavini report commissioned by the Council of the European Union: Heidi Tagliavini, "Report of the Independent International Fact-Finding Mission on the Conflict in Georgia," Council of the European Union 13875/09 (Presse 278), Brussels, September 30, 2009. On the eve of the war, Tbilisi believed that Russia was preparing to expel all Georgians from the two separatist territories as a prelude to full-scale secession. For a brief analysis of the report, see Ronald D. Asmus, "Ironed Curtain," *New Republic*, October 8, 2009, Washington, D.C., <http://www.tnr.com>.

survived and consolidated his public support while the war itself sealed Georgia's comprehensive separation from the Russian orbit as Tbilisi withdrew from the CIS, severed diplomatic relations with Moscow, and signed the Charter on Strategic Partnership with the United States in January 2009.⁹ Trade with Russia steadily declined as a result of Moscow's economic embargo on Georgian products, and economic relations with Turkey and the EU intensified, thus further distancing Tbilisi from Moscow's political and economic orbit.

One sobering impact of the war was the absence of a firm American response and the limited nature of U.S. and NATO leverage with Russia. Indeed, observers questioned the practical commitment of Washington to Georgia's territorial integrity or that of other states in the region. After the war, the United States suspended the transfer of lethal military equipment to Georgia, and the country has lacked rudimentary territorial defense capabilities.¹⁰ In August 2009, Washington resumed combat training for Georgian forces in preparation for counterinsurgency operations in Afghanistan, but little has been accomplished to help Tbilisi develop an effective domestic defense force.

Internal conflicts in Georgia helped Moscow to deflect attention from Russia's policies in the North Caucasus and create a negative image of Georgia throughout the region. Moscow continues to threaten Georgia with military action, having failed to dislodge President Saakashvili from power. It can manufacture a number of pretexts for a new intervention, including accusations that Georgia is a transit country for Islamic terrorists in the North Caucasus or that Tbilisi is preparing to restart the war against South Ossetia and Abkhazia. As a consequence, Russia would purportedly need to take preemptive military action to defend its citizens and compatriots.

By depicting the Georgian government as a terrorist organization, the Kremlin justifies its use of force.¹¹ In a renewed war, Russia's objectives would most probably include changing the regime; demilitarizing Georgia by reducing or dismantling its army; establishing a secure land corridor linking Russia to its military base in Armenia; transforming Georgia into a loose confederation with a weak central government dependent on Moscow; permanently stationing Russian forces inside Georgia; controlling energy supply corridors across Georgian territory; and isolating Georgia from any external military aid by controlling its ports, roads, and airfields.

There were three main reasons why Russia recognized Abkhazia and South Ossetia as independent states shortly after the August 2008 war. First, without outright recognition, Russia's military presence would have been considered illegal, whereas Moscow could claim that it was acting upon the invitation of two independent states. Recognition provided a quasi-legalistic cover to Russian occupation and military basing. The Kremlin was able to discard the six-point plan

9. Giorgi Kvelashvili, "Russia Casts a Wary Eye on Deepening U.S.-Georgia Cooperation," *Eurasia Daily Monitor* 6, issue 202 (November 3, 2009).

10. "U.S. to Boost Georgian, Baltic Militaries for Afghan Campaign," Radio Free Europe/Radio Liberty, March 26, 2010, <http://origin.rferl.org/content/article/1994998.html>. Despite what could be viewed as Georgia's abandonment by the West, the Saakashvili government increased Georgia's troop presence in Afghanistan to nearly 1,000, thus claiming the highest per capita troop contribution of any country. Georgian forces do not operate according to "national caveats" unlike some NATO members who refuse to participate in combat operations. Tbilisi has also offered the United States and NATO access to Georgian ports, airports, and transit capabilities to develop a corridor for NATO supplies through Central Asia to Afghanistan. See Giorgi Kvelashvili, "Saakashvili Visits Washington: Georgia's Concerns and Contributions," *Eurasia Daily Monitor* 7, issue 69 (April 9, 2010).

11. Pavel Felgenhauer, "Russian Military Chief Accuses Georgia of Preparing Aggression," *Eurasia Daily Monitor* 6, issue 117 (June 18, 2009).

arranged with Paris in August 2008 by asserting that it no longer applied as Abkhazia and South Ossetia were independent states that had legally requested the presence of Russia's military.

To strengthen its position in the eastern Black Sea littoral, Russia has constructed several bases in the occupied regions—three in Abkhazia (Ochamchire naval base, Bambora air base, and a Special Forces base in the Kodori Gorge) and two in South Ossetia. Moscow claims that the establishment of these bases is consistent with international law following the request and consent of the two governments, similarly to U.S. agreements with Romania and Bulgaria to station American troops in those countries.¹² An additional pretext for positioning Russian border guards inside Abkhazia and South Ossetia was to help protect the territories and Russia itself against drug trafficking, arms contraband, and organized crime.

Second, Georgia, when formally divided, saw its prospects for NATO accession recede even further; NATO would not bring in a fractured state, and the Georgian government would presumably not wish to enter without its two separated territories. And third, recognition was Russia's revenge for the U.S. and EU acceptance of Kosovo as an independent state in February 2008 and signaled that Moscow was acting on its professed state interests throughout the former Soviet empire.¹³ Ultimately, it may not be essential for the Russian Federation to gain international recognition for Abkhazia and South Ossetia if it plans to absorb both entities. Incorporation may be the most rational solution, given limited international support for their statehood.

Russian nationalists supportive of the Kremlin continue to threaten Georgia with further partition if the country continues to cultivate relations with NATO and the United States.¹⁴ This includes potential conflict in the Samtskhe-Javakheti region of southern Georgia populated by an Armenian majority and the Kvemo-Kartli region of southeast Georgia inhabited by an Azeri majority. Officials in Moscow also claim that Russia is now the guarantor of the unity of Georgia's remaining territories, thereby indicating their ability to further fracture the state. Moscow will seek to isolate Tbilisi and deflect attention from its failing policy in the North Caucasus by preventing Georgia's territorial unification, disrupting political and economic development, provoking ethnic disputes, and fostering conflicts with neighboring states. Additionally, escalating insurgencies in the North Caucasus may have a spillover effect on Georgia and Azerbaijan and could presage further Russian military incursions on their territories.

Moscow seeks to transform Georgia into an unsuccessful model of state consolidation, territorial security, political democratization, and economic development as this will discourage other post-Soviet states from emulating Georgia's pro-Western orientation.¹⁵ Nevertheless, the Georgian government and national institutions survived the onslaught despite the loss of territory in 2008. Local elections on May 30, 2010, produced a sizable popular mandate for the government while

12. Check the address by Russia's deputy foreign minister Grigory Karasin at the Session of the OSCE Permanent Council in Vienna, June 4, 2009, in BBC Monitoring, *Former Soviet Union –Political*, June 11, 2009.

13. For a valuable synopsis of the geopolitical causes and consequences of the August 2008 war, see the long introduction in Asmus, *A Little War That Shook The World*, pp. 1–18. Also consult Roy Allison, "Russia Resurgent? Moscow's Campaign to 'Coerce Georgia to Peace,'" *International Affairs* 84, no. 6 (2008): 1154–1155, Royal Institute of International Affairs, UK.

14. Interview with Aleksandr Dugin, "Russia to Resort to 'Any Methods' to Protect Its Interests in Georgia," *Rezonansi*, June 25, 2009, Tbilisi, Georgia.

15. Based on the author's discussions with government officials and independent policy analysts in Tbilisi, Georgia, in July 2009.

a smooth and democratic transition at the next general elections in 2012 would reinforce Georgia's international standing.¹⁶ Moscow has been courting opposition figures in an effort to replace Saakashvili, including former prime minister Zurab Noghaideli and former parliamentary speaker Nino Burjanadze, but has failed to groom a viable alternative to the current president.

Azerbaijan and Armenia in Conflict

Georgia's neighbors believe that Tbilisi may have seriously overestimated the level of Western support and provoked a Russian reaction that increased the isolation of the South Caucasus from the West and raised its dependence on Russia. Armenia feels especially isolated, and its younger generation is becoming increasingly frustrated with their estrangement from Europe, overdependence on Moscow, overreliance on resolving the Nagorno-Karabakh dispute to "unblock" the country, and stagnant economic opportunities inside Armenia.¹⁷

Russia instrumentalizes the conflict in the separatist region of Nagorno-Karabakh as a lever of influence over both Armenia and Azerbaijan. By assisting Armenia and the Karabakh Armenians, Moscow has manipulated the conflict to pressure Azerbaijan to enter the CIS, maintain a Russian military presence, and obstruct its progress toward Western institutions. Baku has rejected hosting any Russian bases and seeks to use its energy wealth as a bargaining chip vis-à-vis Russia. Moscow plays it both ways, by *de jure* supporting Azerbaijan's territorial integrity while *de facto* signing a mutual defense treaty with Yerevan, maintaining a troop presence in Armenia, and providing the government and the Karabakh Armenians with military equipment.

Moscow poses as the key mediator between Baku and Yerevan over Nagorno-Karabakh, an autonomous region that was separated from Azerbaijan when the USSR collapsed. Russia does not seek a resolution of the dispute as this would improve Armenian-Azeri relations and lessen Moscow's influence in the region. It would also open Armenia as a potential transit route for energy supplies from the Caspian Basin to Turkey that would bypass Russian control. On the other hand, Moscow does not want an outright armed conflict over Nagorno-Karabakh either, as this could have unpredictable consequences that may not be controllable by Russia. In sum, the Kremlin seeks "managed instability" in the South Caucasus and wants to ensure that it remains the manager.

After the August 2008 war, Moscow pressed Yerevan to recognize Abkhazia and South Ossetia as independent states and pledged to recognize Nagorno-Karabakh if the Armenian authorities agreed. Armenia decided not to provoke a broader conflict or to further isolate the country through a premature move over Nagorno-Karabakh and Georgia's separatist regions.¹⁸ Yerevan continues to view Russia as a protector, and even though relations with Georgia are cordial, officials are fearful that if Georgia had been successful in forcibly regaining South Ossetia and Abkhazia, this may have encouraged Azerbaijan to militarily regain Nagorno-Karabakh and seven adjacent districts of Azerbaijan occupied by Armenian troops.

Moscow applies pressure on Azerbaijan to scale down its cooperation with NATO and the United States. For example, it has encouraged Lezgin and Avar separatism in northern Azerbaijan

16. Ghia Nodia, "Georgia's Policy towards Russia and the Conflict Regions: Options Now," in *Russian Analytical Digest*, no. 68 (November 23, 2009), <http://www.res.ethz.ch> and <http://www.laender-analysen.de>.

17. Based on the author's discussions with government officials and independent policy analysts in Yerevan, Armenia, in July 2009.

18. *Ibid.*

along the border with Russian-controlled Dagestan. The August 2008 war also alerted Baku to the fact that involvement in NATO programs does not guarantee its security. Moreover, the denial of MAPs to Georgia and Ukraine convinced Azerbaijan that NATO expansion had stopped for the indefinite future.¹⁹ Russia's actions against Georgia reinforced Baku's conclusion that cooperation with NATO should be pursued more cautiously.²⁰ Moscow also presses Baku to withdraw from the proposed Transcaspien pipeline that would bypass Russian territory from Central Asia and feed the EU-sponsored Nabucco system. On October 14, 2009, Azerbaijan's State Oil Company and Gazprom signed an agreement on gas exports to Russia.²¹ Azerbaijan is due to annually export 500 million cubic meters (bcm) of gas to Russia through the Baku-Novo Filya pipeline and steadily increase these supplies, but it also awaits progress on Nabucco and a credible transit agreement with Turkey.

Turkey has traditionally been viewed with suspicion in Moscow as encroaching on Russia's imperial patrimony in the South Caucasus and Central Asia. In recent years it has sought to benefit from Turkey's estrangement from the United States and the EU to help restrict Western intrusions in the Black Sea-Caspian region. Moscow pressured Ankara to prevent the passage of U.S. ships through the Bosphorus in the wake of the August 2008 war, and the two capitals opposed the extension of NATO's Operation Active Endeavor, a counterterrorist naval mission, from the Mediterranean to the Black Sea. Turkey's limited EU entry prospects contribute to alienating the country from Europe and assists Russia in the Black Sea region. Closer political and military ties between Ankara and Moscow are also backed by sectors of the Turkish military unenthusiastic about adopting democratic reforms demanded by the EU.²²

Moscow views Ankara as an informal ally in limiting the U.S. and NATO presence in the Black Sea zone despite the fact that Turkey is a NATO member.²³ It offers Ankara lucrative energy deals and other enticements to seal an anti-American bond. Russia has become Turkey's most important economic partner: in 2008, Ankara's trade with Russia totaled \$38 billion and continues to climb.²⁴ Following opposition by the newly elected Bulgarian government led by Prime Minister Bojko Borisov to the Burgas-Alexandropolis oil pipeline, Moscow and Ankara agreed in August 2009 to launch a new pipeline project, Samsun-Ceyhan, from Turkey's Black Sea coast to its Mediterranean coast. It will be designed to carry the same flow of Kazakh and Russian oil from Novorossiysk as originally planned for the Burgas-Alexandropolis project.

On August 7, 2009, Putin and Turkish premier Tayyip Erdogan signed an agreement for Turkish consent to construct the South Stream pipeline through Turkey's territorial waters.²⁵ They also

19. Based on the author's discussions with government officials and independent policy analysts in Baku, Azerbaijan, in July 2009.

20. Roger McDermott, "Azerbaijan Deepens Military Cooperation with the U.S. and NATO," *Eurasia Daily Monitor* 6, issue 173 (September 22, 2009).

21. Vladimir Socor, "Azerbaijan-Russia Gas Agreement: Implications for Nabucco Project," *Eurasia Daily Monitor* 6, issue 189 (October 15, 2009).

22. Gareth Winrow, "Turkey, Russia and the Caucasus: Common and Diverging Interests," Briefing Paper (London: Chatham House, November 2009), p. 5.

23. Eleni Fotiou, "Caucasus Stability and Cooperation Platform: What Is at Stake for Regional Cooperation?" ICBSS Policy Brief no. 16 (June 2009), International Centre for Black Sea Studies (ICBSS), Athens, Greece.

24. Andrei Fedyašin, "The Call of the Pipes: Putin in Turkey," RIA Novosti, Moscow, August 7, 2009.

25. "Moscow, Ankara Agree to Build South Stream in Turkish Waters," RIA Novosti, Ankara, Turkey, August 6, 2009; and Lale Sariibrahimoglu, "Turkey and Russia Renew Bilateral Confidence," *Eurasia Daily Monitor* 6, issue 156 (August 13, 2009).

committed themselves to building the second leg of the Blue Stream gas pipeline under the Black Sea to export Russian gas to the Middle East via Turkey's port of Ceyhan, which Ankara wants to become an energy hub for the Middle East. Following the August 2008 war, Premier Erdogan's proposal to establish a Caucasus Stability and Cooperation Platform (CSCP) was supported by Moscow. The CSCP was supposed to bring together the three South Caucasian countries alongside Turkey and Russia but excluding the EU, NATO, and the United States. However, Ankara's proposal was not well received in Georgia or Azerbaijan and failed to develop any momentum.²⁶

The warming of Russian-Turkish relations may also undermine the position of Azerbaijan. Russia has supported a Turkish-Armenian rapprochement that is strenuously opposed by Azerbaijan, as it could contribute to isolating Baku and Tbilisi and undercut Western influences throughout the South Caucasus. However, it seems unlikely that Turkish-Armenian relations will be normalized in the near future as Ankara does not wish to alienate Azerbaijan and the border between Turkey and Armenia is unlikely to be opened until agreements are reached on the withdrawal of Armenian troops from the seven Azeri districts they occupy around Nagorno-Karabakh.

The approach of the Obama administration in trying to resolve one dispute without a broader regional agreement has failed to bear fruit. Washington's emphasis on a Turkish-Armenian rapprochement has been interpreted as favoring Armenia in the Karabakh conflict and designed to split Turkey from Azerbaijan. However, the policy proved unrealistic as the Turkish parliament refused to ratify the Turkey-Armenia protocols for establishing full diplomatic relations and opening the land border without simultaneous steps to resolve the Karabakh conflict. Ankara closed ranks with Baku, and in April 2010 Armenia's ruling coalition also decided to halt the parliamentary ratification process because of Ankara's refusal to ratify the protocols without "preconditions" concerning Nagorno-Karabakh.²⁷

Ukraine in Flux

Although President Viktor Yushchenko was supportive of Georgia during the August 2008 war, the government was divided in its response, with Prime Minister Yulia Timoshenko avoiding comments and the main opposition leader Viktor Yanukovich expressing support for Russia. Yushchenko issued a decree to implement new regulations for Russia's Black Sea Fleet movement in Ukrainian territorial waters, particularly when engaged in military operations. Although his decision was disregarded by Moscow, it was intended to demonstrate that the Russian fleet in Sevastopol defied Ukrainian sovereignty and could become a threat to Ukraine's territorial integrity.²⁸

Ukraine's political divisions present Moscow with at least three targets of opportunity to promote its strategic agenda: energy security, minority rights, and detaching Crimea.²⁹ Moscow has

26. Nona Mikhelidze, "After the 2008 Russia-Georgia War: Implications for the Wider Caucasus and Prospects for Western Involvement in Conflict Resolution," Conference background paper for "The Caucasus and the Black Sea Region: European Neighborhood Policy (ENP) and Beyond," Rome, February 6-7, 2009, pp. 11-12, Istituto Affari Internazionali, <http://www.iai.it/pdf/DocIAI/iai0901.pdf>.

27. Vladimir Socor, "Armenia Suspends U.S.-Backed Normalization of Relations with Turkey," *Eurasia Daily Monitor* 7, no. 81 (April 27, 2010).

28. Olexiy Haran and Petro Burkovsky, "War in Georgia and the Ukrainian Reaction," *Russian Politics and Law* 47, no. 3 (May-June 2009): 84-88.

29. Adrian Karatnycky and Alexander J. Motyl, "The Key to Kiev," *Foreign Affairs* 88, no. 3 (May/June 2009): 114, Council on Foreign Relations, New York.

manipulated energy supplies and Kyiv's payment debt to exert political pressure and interject in Ukrainian politics. Russian officials periodically claim that Ukraine is persecuting its Russian minority by depriving them of their linguistic rights, despite the fact that there are no prohibitions on the use of Russian, which dominates in the eastern and southern parts of the country.³⁰ Charges of ethnic discrimination can be manipulated to justify Russia's intervention on the pretext of defending co-nationals or co-citizens. In particular, the Crimean peninsula containing a Russian ethnic majority has been a target for confrontation with Kyiv.

In order to stir tensions with the pro-Western government, in August 2009 Medvedev publicly attacked Yushchenko and claimed that Kyiv's policies were anti-Russian.³¹ He accused Ukraine of supporting Saakashvili during the Russian invasion of Georgia, supplying Tbilisi with arms, conspiring with the EU on natural gas trade against Russian interests, blocking the activities of Russia's Black Sea Fleet, suppressing the use of the Russian language, aspiring to join NATO against Russian interests, and "falsifying history" by talking openly about the mass murders perpetrated by the Bolsheviks in Ukraine. His attack was widely seen as brazen interference in Ukrainian politics to undermine the candidacy of any pro-Western leaders before the January 2010 presidential elections.

The government's concerns were evident in July 2009 when Ukraine's Security Service (SBU) adopted tougher policies toward Russian intelligence activities in Crimea by giving them until December 2009 to vacate the territory.³² The decision was taken because Russia's security services had not restricted their operations to the Sevastopol naval base as the agreement between Kyiv and Moscow specified. Ukrainian security experts were concerned that Russian intelligence orchestrated various protest movements hostile to Ukrainian sovereignty while Russian leaders in Crimea increasingly compared the peninsula to Abkhazia and South Ossetia. Indeed, they could engineer several scenarios of instability to justify Russia's military intervention, such as the alleged protection of Russian citizens from Ukrainization or from attacks by Muslim Tatars as relations between Tatars and Russians remained tense.

After Russia's invasion of Georgia, Yushchenko stressed the need to review defense priorities and increase budgetary allocations to the military.³³ Ukrainian defense minister Yuriy Yekhanurov also announced plans to increase Ukraine's military presence in the Crimea and to deploy new units on Ukraine's border with Russia. Moscow called the proposed redeployment a provocation. Following the August 2008 war, Kyiv could no longer ignore actions by Russian nationalists in Crimea, the distribution of Russian passports to Ukrainian citizens, and threats to maintain the Black Sea Fleet in Sevastopol beyond the leasing deadline of 2017 regardless of Kyiv's stance.

30. Russian officials allege that Ukraine discriminates against Russian-speakers and attempts to eliminate the use of Russian. In reality, more than 1,400 schools in Ukraine instruct in Russian or teach Russian language and literature. Conversely, there is no Ukrainian school in Russia, despite the presence of more than 12 million ethnic Ukrainians in the Russian Federation.

31. Pavel Felgenhauer, "Russian Military Weakness Could Delay Conflict with Ukraine," *Eurasia Daily Monitor* 6, issue 156 (August 13, 2009). The former Ukrainian ambassador in Washington Yuri Sherbak believes that Moscow might be contemplating a possible invasion of Ukraine to partition its territory, arguing that Ukraine is a "failed and ungovernable state."

32. Taras Kuzio, "SBU Challenges the FSB in Crimea," *Eurasia Daily Monitor* 6, issue 134 (July 14, 2009).

33. Taras Kuzio, "Ukraine Beefs Up Its Military Defenses with an Eye on Russia," *Eurasia Daily Monitor* 5, issue 232 (December 5, 2008).

Moscow has supported political disputes in Ukraine as they weaken Kyiv's Western aspirations and strengthen "Ukraine fatigue" in the West. Throughout the January 2010 presidential election campaign, the Kremlin did not overtly favor any specific candidates in case they were defeated. Moreover, the Kremlin did not rule out the prospect of a polarized government in Kyiv in which it could act as the political arbiter. It also calculated that growing public frustration with political infighting and the parliamentary stalemate could lead to disillusionment with liberal democracy and growing support for a more authoritarian leader close to Moscow. Ukrainian citizens became increasingly embittered with the results of the Orange Revolution and particularly with the fierce political battles between former coalition partners.

The narrow election victory of President Viktor Yanukovich after the second round of balloting on February 7, 2010, signaled that Ukraine remained divided on the question of Western integration and the new president would evidently lean toward neutrality. On July 1, 2010, Ukraine's parliament ratified a new law on the "Fundamentals of Domestic and Foreign Policy" that dropped the goal of seeking NATO membership. This move appeared to suit several NATO and EU leaders who remain hesitant in bringing Ukraine closer into either organization.

Moscow has induced Kyiv to integrate more closely with Russia and into its multinational formats. On April 21, 2010, a new deal was signed by Medvedev and Yanukovich. Styled as the Kharkiv accords and quickly ratified by the two parliaments, it extended the lease on Russia's Black Sea Fleet by 25 years until 2043. The presence of the Black Sea Fleet restricts Ukrainian sovereignty and can be used as a pressure point if intergovernmental relations were to deteriorate. Both Ukraine and Moldova were now in a similar position of having declared their neutrality while continuing to station Russian troops on their territories.

In return for the basing accord, Kyiv obtained a waiver on export taxes that would knock 30 percent off the price of Russian gas over the next nine years. In reality, the energy arrangement may simply bring the price of Russian gas down to current market value and prolong Ukraine's dependence on discounted energy supplies from Russia instead of tackling necessary reforms within Ukraine's energy sector.³⁴ Kyiv does not want to raise domestic energy prices to a commercial level and abolish gas subsidies as this could provoke public opposition and alienate business interests on whom the presidential administration from the Party of Regions ultimately depended.

To consolidate Moscow's political successes, Putin also sought to bond Ukraine economically closer to Russia by proposing a merger between Gazprom and Naftogaz Ukraine and a fusion of the two countries' nuclear generation assets. Naftogaz controls the natural gas system and retail market in Ukraine. Russia uses the pipeline network to transport about 80 percent of its gas to Europe, or approximately 20 percent of the EU's total gas needs. Naftogaz transit fees are also Ukraine's single biggest single source of income at an estimated 2 percent of GDP and 6 percent of the government budget. Although Kyiv may resist a full Gazprom takeover, it could accede to a joint venture between the two companies.

In the security realm, Moscow seeks Ukraine's membership in the CSTO and closer bilateral military and intelligence ties. For the long term, the Kremlin strives to permanently alter Ukraine's foreign policy, guarantee a Russia-friendly regime, stifle aspirations to join Western institutions, ensure the country's permanent neutrality, and indefinitely extend the basing of the Black Sea Fleet while stationing additional naval units in Odessa and the Danube estuary. Moscow will also

34. Pavel Korduban, "Gas in Exchange for Naval Base: A Boon to Ukraine's Weak Economy," *Eurasia Daily Monitor* 7, issue 82 (April 28, 2010).

continue to dangle the energy weapon over Ukraine in order to gain control over its pipeline infrastructure and prevent any future disruptions in supplies to the EU.

While the new Ukrainian government calculated that it could lessen Moscow's integrative pressures by making several concessions, Russia's leaders assumed that they could forge a more assimilated interstate relationship through Yanukovich. In April 2010, Russia's deputy prime minister Igor Shuvalov stated that Ukraine needs to economically integrate with Russia. The chairman of Russia's parliamentary Committee on Economic Policy, Yevgeny Fyodorov, proposed that Ukraine join the Russia-Belarus Union, and Putin invited Ukraine into the Russia-centered Customs Union.³⁵ President Medvedev also invited Kyiv into the CSTO despite its declaration of nonbloc status. The head of Ukraine's presidential administration, Serhy Lyovochkin, ruled out CSTO membership, and the foreign ministry reaffirmed that Kyiv did not intend to alter its CIS status from observer to full member.

Ukraine's political opposition declared the Black Sea Fleet agreement as unpatriotic and unconstitutional and demanded a national referendum. The legitimacy of the Yanukovich government was also challenged in the constitutional court, and the opposition pushed for early parliamentary elections. Although some analysts believed that the new president's concessions to Russia were intended to prevent destabilization in difficult economic conditions, the opposition was convinced that Yanukovich intended to "Putinize" Ukraine by rolling back democratic liberties and emulating the Russian political model. This could drive the opposition outside the country's institutions and seriously exacerbate political tensions. Alexander Motyl estimates that the country could witness increasing radicalization and an escalation of social tensions where "an attempt by Western Ukraine to secede becomes increasingly conceivable."³⁶

Belarus in Transit

Because relations between Russia and Belarus have deteriorated in recent years, the Russia-Belarus Union is little more than a collection of documents. While President Alyaksandr Lukashenka expected a symmetrical arrangement between equal partners in which Belarus would preserve its sovereignty, the Kremlin seeks either to incorporate Belarus as a federal unit or to ensure a subordinate government that rejects Western institutions. The Belarusian administration upheld close links with Moscow primarily because it offered low energy prices and contributed to keeping the economy afloat. After 2006, when Russia decided to phase in higher prices for gas, Minsk could no longer rely on earnings derived from purchasing subsidized energy and reselling to the West at market prices. More expensive energy and the global economic recession curtailed Belarusian export earnings, and Minsk turned to the West for assistance, securing an International Monetary Fund loan in December 2008.

Since mid-2008 Lukashenka, after years of political isolation, has sought improved relations with the EU to better protect Minsk economically against Russia's pressures. In May 2009, Belarus joined the EU's Eastern Partnership Program (EaP) program. This provoked criticism from Mos-

35. "Integrate for Low Gas Prices, Russian Deputy PM Tells Ukraine," April 1, 2010, RIA Novosti, Moscow, <http://en.rian.ru/russia/20100401/158396667.html>; "No Discussion on Ukraine's Accession to Russia-Belarus Union—Yanukovich," April 1, 2010, RIA Novosti, Moscow; and <http://en.rian.ru/world/20100401/158398556.html>; and "Putin Urges Yanukovich's Ukraine to Join Russia's Customs Union," Novinite, Moscow, March 5, 2010, http://www.novinite.com/view_news.php?id=113899.

36. Alexander J. Motyl, "End of Ukraine and Future of Eurasia," *Kyiv Post*, Kyiv, Ukraine, May 7, 2010.

cow, which accused the government of political disloyalty and highlighted Belarus's dependence on Moscow.³⁷ Lukashenka justified the country's improving political links with the EU as a normal consequence of developing economic ties and complained that Russia disapproved of any thaw in Belarus's relations with the West.³⁸ Because Minsk does not want to alienate Moscow and experience more intensive economic and political pressures, it remains unclear how far Lukashenka will want to develop EU connections, especially given the Union's focus on political reform.³⁹

Lukashenka boycotted a summit of the CSTO in June 2009 after Moscow imposed an embargo on Belarusian dairy products, a key export for Minsk, and delayed dispensing a promised \$500 million loan. Minsk has also angered Moscow by refusing to recognize the independence of Abkhazia and South Ossetia. On January 1, 2010, Russia drastically reduced its subsidies to Belarus's oil-processing industry and abolished the preferential export duties from which Minsk has benefited since it gained independence.⁴⁰ Belarus is heavily reliant on exporting oil derivatives to the EU and provides transit for the bulk of Russian crude oil exports to Europe.

Russia's measures were aimed at denting the state budget, which is heavily reliant on profits from oil exports to the West, and pressuring Minsk to sell its oil-processing plants to Rosneft and Lukoil. The goal is to control oil processing in Belarus and oil transit through the Druzhba pipeline, which would provide Moscow with additional political leverage vis-à-vis the EU. The state enterprise Belnaftakhim owns the major refineries and the Druzhba pipeline on Belarusian territory. If deprived of revenue from the processing plants because of oil shortages and falling profits, Belnaftakhim would become vulnerable to a Russian takeover.⁴¹ Disputes over oil supplies also aid Russia by driving up world prices and increasing Moscow's energy revenues.

Moscow has benefited from the economic recession to purchase assets in neighboring countries hard hit by the financial crunch. It can employ an additional lever by diverting its oil exports through alternative routes to the EU, bypassing Belarus and thereby damaging industries dependent on Russian oil. Indeed, Transneft chief Nikolai Tokarev announced on May 4, 2010, that Russia was accelerating the construction of a pipeline circumventing Belarus and that the Baltic Pipeline System-2 would be completed ahead of schedule by the close of 2011.⁴²

Kremlin officials calculate that the specter of major damage to the Belarusian economy will compel Lukashenka to make political and business concessions to Moscow. On January 27, 2010, after significant pressure from Moscow, Belarus accepted a drastic reduction in its oil subsidy as

37. Based on the author's interviews with Belarusian officials and advisors in Minsk on February 2, 2010.

38. "Alexander Lukashenko: Belarus Remains Russia's Only Reliable Ally," BeITA, Minsk, Belarus, August 13, 2009.

39. Balazs Jarabik and Vitali Silicki, "Belarus: Into the Buffer Zone," in Michael Emerson and Richard Youngs, eds., *Democracy's Plight in the European Neighborhood: Struggling Transitions and Proliferating Dynasties* (Brussels: Centre for European Policy Studies, 2009), p. 140.

40. Vladimir Socor, "Moscow Using Oil Export Duty to Pressure Belarus," *Eurasia Daily Monitor* 7, issue 2 (January 5, 2010).

41. Vladimir Socor, "Moscow Tightens Squeeze on Belarus Oil Industry," *Eurasia Daily Monitor* 7, issue 10 (January 15, 2010).

42. Anatoly Medetsky, "Energy Rift Widens between Moscow, Minsk," *Moscow Times*, May 5, 2010, <http://www.themoscowtimes.com/business/article/energy-rift-widens-between-moscow-minsk/405390.html>.

the supply flow was restored at a far higher price.⁴³ In effect, Russia would levy the full standard export duty on the portion of crude oil to be refined for export in Belarus while maintaining the previous nontariff arrangement on crude oil refined in Belarus for its internal needs and those of Russia. The Belarusian Justice Ministry subsequently filed a law suit with the CIS Economic Court challenging the legality of Russia's export duties on oil products.⁴⁴

In June 2010 the dispute over gas prices also resurfaced, with Moscow claiming that Minsk owed almost \$200 million in unpaid gas bills while Lukashenka asserted that Moscow owed Minsk the same amount in gas transit fees. Although the severing of gas supplies to the EU was narrowly averted as both countries settled their payment dues, the dispute demonstrated the fragile nature of bilateral relations.

Falling energy revenues will impact on living standards, productivity, and exports. While the Kremlin will use the brewing economic crisis to push Minsk to conform to its demands, Lukashenka may decide to play the national card to ward off Russian designs. Belarusia's state-controlled media can point the finger at Moscow for the economic decline and seek to rally the pro-independence constituency. Support for Belarusian sovereignty appears to be growing, not only among intellectuals and urban dwellers. The rural and small town population that forms Lukashenka's core base may fortify Minsk if it is convinced that Moscow is deliberately damaging the Belarusian economy.⁴⁵

The thaw between the West and Russia places Lukashenka in an uncomfortable position as he previously sought to develop a niche between two hostile forces. Russia's closer embrace of Ukraine may push Minsk more firmly westward, though Russia's leaders are unlikely to remain passive if Lukashenka continues to cultivate Western connections. They may seek an alternative leader in the run-up to presidential elections scheduled for December 19, 2010—not a pro-European democrat but a pro-Russian loyalist. Moscow may also be willing to engineer a political coup in Minsk as the country is already penetrated by Russia's security services. The denial of Belarusian independence will stifle any hopes for democratization until Russia itself turns democratic—a forlorn hope, given the symbiosis of power, profit, and imperial ambition among Moscow's political elites.

Moldova Divided

Moscow used the opportunity of the August 2008 war to press the Moldovan government for concessions, particularly over the status of the breakaway region of Transnistria, whose leaders are closely aligned with Russia's state security and official business networks. Political conflicts and a weak government in Moldova serve Moscow's objectives as they keep the country divided, strengthen the hand of Transnistrian separatists, create division between Moldova and Romania, mute Moldova's bid for EU accession, and ensure that Moldovan leaders remain politically dependent on Russia. Moldova's economic and constitutional crises over the past two years have created opportunities for Moscow to more closely influence politics in Chisinau. The political volatility

43. Vladimir Socor, "Belarus Accepts Drastic Reduction in Oil Subsidy from Russia," *Eurasia Daily Monitor* 7, issue 19 (January 28, 2010).

44. "Belarus Seeks to Abolish Russian Oil Product Duties in CIS Economic Court," Prime-TASS, Minsk, March 25, 2010. Moscow is violating several international agreements including the Union Treaty and bilateral accords with Belarus that provide for duty-free trade.

45. Based on the author's conversations with officials and analysts in Minsk, Belarus, on February 2, 2010.

has included two inconclusive parliamentary elections, four attempts to elect the head of state in parliament, and a failed constitutional referendum for direct presidential elections.

Moldova has also witnessed a drastic economic downturn in recent years, which has increased the country's dependence on Russian energy, trade, and investment. The current Christian Democratic coalition government benefits from a slender parliamentary majority. This provides Moscow with scope to interfere in decisionmaking by supporting particular leaders who will maintain the country's neutrality and not petition for entry into Western institutions. At the same time, Moldova's sizable Communist Party has proposed a closer alignment with Russia to divert EU pressures for reform and democratization.⁴⁶

In February 2010, Presidents Medvedev and Yanukovich issued a joint declaration expressing support for the federalization of Moldova, a move that would in effect give Transnistria veto powers over Moldovan government decisionmaking and foreign policy. Russia is certain to pursue such a political formula with the EU, whose larger members are eager to demonstrate some success in the Union's foreign policy and its avowedly constructive ties with Moscow.

Central Asian Balancing Acts

Moscow views Central Asia as an important part of its sphere of dominance, where the five post-Soviet states are expected to limit their sovereignty and Western capitals should acknowledge Russia's hegemony. Moscow portrays itself as the regional supervisor that needs to approve any major multinational initiatives. The Kremlin has been active in consolidating its influences through a number of pan-national structures and integration projects while seeking to limit U.S. engagement.⁴⁷ These have included the CIS, the CSTO, the Single Economic Space (SES), and the Customs Union. According to some analysts:

This customs union is not like a Western free trade zone where the goal is to encourage two-way trade by reducing trade barriers. Instead, it is the equivalent of a full economic capture plan that Russia has pressured Belarus and Kazakhstan into, extending Russia's economic reach. It is explicitly designed to undermine the indigenous industrial capacity of Belarus and Kazakhstan, and weld the two states onto the Russian economy.⁴⁸

Russia has also developed bilateral security relations to buttress its political and economic position. For instance, it signed an agreement with Kyrgyzstan in March 2010 to establish a military training center on Kyrgyz territory.⁴⁹ The center, which would replace all existing Russian military facilities in Kyrgyzstan, would be available to CSTO units. The CSTO has also staged military exercises in the region under Russian military leadership, including one in southern Kazakhstan in October 2009, with more than 7,000 personnel from Armenia, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan taking part.

46. For a valuable discussion of Moldovan politics, see Nicu Popescu and Andrew Wilson, "Moldova's Fragile Pluralism," in Emerson and Youngs, eds., *Democracy's Plight in the European Neighborhood*, pp. 104–105.

47. Maria Raquel Freire, "Russian Policy in Central Asia: Supporting, Balancing, Coercing, or Imposing?" *Asian Perspective* 33, no. 2 (2009): 125–149.

48. "Customs Union Woes and the Russian Resurgence," *Geopolitical Diary*, April 21, 2010, Stratfor.com.

49. "Russia to Have Military Training Centre in Kyrgyzstan," *The Voice of Russia*, March 29, 2010, Moscow, <http://english.ruvr.ru/2010/03/29/5772588.html>.

The Western focus on democracy promotion has suited the Russian authorities as it pushed several Central Asian regimes closer to Moscow. The West was depicted as seeking to overthrow the incumbent governments while Russia was tolerant of all political formats as long as these states remained within Russia's strategic orbit. For instance, the highly critical U.S. reaction to the crackdown against insurgents and demonstrators in Andijan, Uzbekistan, in May 2005 cooled Washington's relations with Tashkent and enabled Moscow to warm up ties with Uzbekistan and sign several military agreements.

The Central Asian capitals remain apprehensive about being drawn too close to Moscow as this would limit their national independence. Hence, they pursue balancing acts between the West, Russia, and China that does not estrange any major political player or provoke outright Russian aggression. For instance, the Shanghai Cooperation Organization (SCO) was initially envisaged by Moscow as a valuable tool to expel U.S. influence, but it was subsequently used by some Central Asian governments to balance Chinese and Russian influence. Uzbekistan in particular has courted China to keep an assertive Russia at arms length. In the longer term, China's "development diplomacy" in Central Asia and local perceptions of China as a balancer of Russian influence will prove more of a challenge to Russia's state ambitions than Western involvement. Additionally, violent conflicts in the Fergana Valley may intensify Chinese engagement as Beijing seeks stability along its borders and is concerned over any spillover to its province of Sinkiang.

The centralized political structures in Central Asia are a source of protection against Russian state subversion. For instance, Kazakhstan under Nursultan Nazarbayev has maintained a strong presidential system and restricted opposition activism in order to consolidate its independence and avoid making itself prone to political division and potential territorial partition.⁵⁰ Cossack irredentist groups that have been active in both Russia and Kazakhstan are seeking to dismember the northern portion of the country and attach it to the Russian Federation. Although such plans do not have Moscow's overt support, they could be exploited by Russian officials to place pressure on the government in Astana.

The Russian authorities can adopt various strategies to undermine governments and to control former Central Asian colonies. These may include the promotion of international disputes over energy access, water resources, and border delineations, and clandestine support for minority separatism, irredentism, or Islamic insurgency.⁵¹ Russia could also use its growing military presence in the region to intervene either to protect a vulnerable ally, allegedly endangered Russian citizens, or specific material assets that Moscow considers strategically important as part of its sphere of interest.

The overthrow of the Kyrgyz president Kurmanbek Bakiyev in April 2010 was precipitated by Russia's sudden imposition of new customs duties on refined petroleum products exported to Bishkek that exacerbated public unrest. The opposition was supported by armed units and secu-

50. Neil J. Melvin, "Kazakhstan: Modernization First," in Emerson and Youngs, eds., *Democracy's Plight in the European Neighborhood*, pp. 123–132. Democracy-promoting organizations often fail to grasp the strategic context of Kazakhstan's domestic politics. Constant criticism of the Astana administration as an authoritarian regime assists the Kremlin, since this is highlighted as proof of American interference in the internal affairs of sovereign countries and the attempted imposition of Western political models. In states whose sovereignty remains under threat, attempts at rapid democratization can lead to systemic collapse, mass violence, interethnic war, state disintegration, foreign military intervention, and the assumption of power by a more radical antidemocratic regime.

51. Nicklas Norling, "Is Russia Stirring Unrest in Central Asia?" Central Asia–Caucasus Institute Analyst, July 1, 2009, <http://www.cacianalyst.org>.

rity service sectors that abandoned Bakiyev and were reportedly colluding with Russia's security services. President Medvedev was the first foreign leader to recognize the legitimacy of the provisional government even before Bakiyev's formal resignation. Moscow promised Rosa Otunbaeva, the leader of the interim administration, financial aid and a "special relationship" with the Kremlin. The fact that Bishkek appealed only to Moscow for peacekeepers during the ethnic clashes in June 2010 indicated the primary loyalty of the new government.

Whatever the precise Kremlin role in the overthrow of Bakiyev, Moscow's immediate support for the new government sent a strong message to other regional capitals: Russia expected the allegiance of all CSTO leaders, or they faced the possibility of replacement through a popular uprising or a palace coup. Lukashenka openly rejected such pressure politics as he welcomed the ousted Kyrgyz leader to Belarus. The escalating violence between Kyrgyz and Uzbeks in southern Kyrgyzstan in June 2010 was anxiously monitored by all Central Asian governments, while the CSTO possessed no evident mandate to intervene as a peacemaker. Officials in Tashkent were even convinced that Moscow played a role in stoking the violence and could do the same in Uzbekistan's sector of the volatile Fergana Valley.⁵² Such speculations indicated the deep suspicion of Russia's state ambitions in Central Asia.

After 9/11 and the military intervention in Afghanistan, the United States made arrangements with the Central Asian governments to establish military bases to help supply its troops in Afghanistan. This included the Termez airbase in Uzbekistan and the Manas airbase in Kyrgyzstan. Russia initially approved a temporary American military presence but increasingly interpreted it as a means for gaining strategic advantage in Russia's self-designated sphere of integration. It applied pressure and offered incentives to the national governments to expel U.S. forces or to make their presence dependent on Moscow's approval. It has also been preparing the political and legal grounds for permanently stationing its own forces in several Central Asian states while underscoring that the U.S. presence must be temporary.

Concerned Central Europeans

There was no unified position among NATO members regarding the August 2008 war and the appropriate response to Russia's actions.⁵³ The CEE region, which Moscow wants to transform into a "transitional zone" between Western Europe and the Russian sphere, does not form a unified bloc of states. Differences are evident between the Baltic and Central European regions. The Baltic group (Poland, Latvia, Lithuania, Estonia), especially vulnerable to pressure from Russia, has been assertive in focusing EU policy on the eastern question and views transatlantic relations as paramount. Several Central European countries (Slovenia, Hungary, Czech Republic, Slovakia) that felt safer from a potential Russian threat tended to be more circumspect in their eastern policy. Romania has fortified the Baltic group while Bulgaria is a more neutral actor. Capitals that perceive more immediate security threats in their neighborhood and calculate that older EU members will not resolutely defend their interests view Washington as more capable than Brussels in providing political and security assistance.

52. "Uzbekistan's Karimov Treads Cautiously in Response to Southern Kyrgyzstan Violence," *Eurasia Net*, June 18, 2010, <http://www.eurasianet.org/node/61333>.

53. Consult Kai-Olaf Lang, "The Old Fears of the New Europeans," in Hans-Henning Schroder, ed., *The Caucasus Crisis: International Perceptions and Policy Implications for Germany and Europe*, SWP (Berlin: German Institute for International and Security Affairs, November 2008), pp. 30–33.

In early October 2008, the commander of NATO troops in Europe, General James Craddock, requested the authority to draw up defense plans for Poland, Estonia, Latvia, and Lithuania, including guarantees of NATO's military response to outside attacks. Other NATO newcomers have also requested defense plans from the NATO alliance. However, the preparation of such plans requires the approval of all NATO members, and although the measures were reportedly supported by the United States and Britain, Germany and France initially opposed Craddock's request for fear of antagonizing Russia.

Some CEE governments support the preparation of contingency plans in case of instability in Ukraine or Belarus as this could have a spillover effect on nearby NATO members. They also seek more regular military exercises with the United States and the West European allies to demonstrate common commitments to mutual defense. Deliberations have also intensified over the potential hosting of U.S. and NATO military infrastructure, following the Polish and Czech acceptance of components of the U.S. missile defense system in the summer of 2008 and the subsequent approval in the fall of 2009 of Obama's alternative missile defense plans. Some capitals have also proposed NATO army, air force, and naval bases in CEE together with the reorientation of force structures to cope with conventional threats.

Moscow's threats to deploy nuclear missiles in Kaliningrad and to target Polish and Czech missile defense sites provoked a response that was opposite to the one intended. Instead of backing down from the missile defense system, Warsaw and Prague campaigned more assiduously for NATO contingency plans to defend their countries from a potential Russian attack. Following the Georgian war, a priority for Poland became the implementation of the provisions of the Strategic Cooperation Agreement with the United States, irrespective of the status of the missile defense system. Poland offered to become a partner in developing the new SM-3 anti-missile system announced by President Obama in September 2009. This was reaffirmed during Vice President Biden's visit to Warsaw in October 2009.

Washington committed itself to modernizing the Polish armed forces and to providing Warsaw with additional security assurances. In the immediate wake of the August 2008 war, Poland gained Washington's agreement to deploy 96 Patriot missiles in the country together with an American contingent to operate it. The battery was delivered in the last week of May 2010 along with a 100-man U.S. military team and positioned at a base in Morąg, a town in northeastern Poland just 37 miles from the Russian enclave of Kaliningrad. Moscow maintains a sizable military presence in Kaliningrad, with more than 200 aircraft, 23,000 troops and half of Russia's Baltic fleet.

Despite Russia's threatening stance, Poland's Donald Tusk government has played down prior conflicts and sought to improve relations with Moscow after assuming office in November 2007. Indeed, several CEE capitals believe that the Obama administration may be taking too much credit for improving their relations with Moscow, whereas the Polish case demonstrates that such bilateral revivals were already under way before the U.S. "reset."⁵⁴

There are several reasons for the Polish-Russian rapprochement. On the Polish side at least three factors are involved. First, cordial ties boost Warsaw's stature inside the EU, whose major West European states seek closer relations with Russia. Second, lessened U.S. involvement with the new allies under the Obama presidency has contributed to convincing Polish policymakers that

54. A point made repeatedly to the author during meetings with officials and analysts in Warsaw, Poland, between July 1 and 3, 2010.

Warsaw needs to primarily strengthen its position within the EU. And third, Russia is seen as a sizable market for growing Polish exports and a potential destination for Polish investments.

For Russia, improved relations with Poland could bring several benefits. First, Russia's leaders calculate that cordial contacts may prevent Warsaw from blocking EU-Russia initiatives as it has in the past in response to Moscow's assertive policies toward post-Soviet neighbors. Second, this may constrain Warsaw from striving to bring the post-Soviet states into Western institutions. The Polish authorities have become less active with Ukraine, especially after the election of President Viktor Yanukovich in February 2010 and the evident demise of the 2004 Orange Revolution.⁵⁵ Third, the prospective importance of Poland as a shale gas producer may transform it into a potential energy competitor with Russia. Hence, Moscow seeks to be part of the development process for new sources of energy.

Warming trends were assisted by the death of President Lech Kaczynski, together with more than 90 prominent Polish leaders and activists, in a plane crash in Russia in April 2010. The group was on its way to commemorate the 70th anniversary of the Katyn forest massacre of Polish officers by Soviet security services. Premier Putin made efforts to assist in crash investigations and publicly condemned the Katyn slaughters though stopping short of acknowledging that they were a war crime.⁵⁶ The rapprochement was largely driven by strategic considerations because Moscow views Poland as a rising power within the EU, as evident in the revival of the Weimar Triangle, a French-German-Polish initiative to coordinate their European policy. It is therefore offering closer business and energy connections between the two states to increase Russia's influence within the Union.⁵⁷ However, the bilateral thaw is not irreversible—a great deal depends on Russia's internal developments and its external behavior during a period of outreach in pursuit of economic modernization.⁵⁸ Additionally, a new crisis in U.S.-Russia relations is likely to have negative ramifications in parts of CEE, particularly in Poland.

Estonia was especially outspoken about Russian actions in August 2008 and wanted the EU to revise its strategy by acting more resolutely in the eastern neighborhood. It also denied Russian media claims that Tallinn had dispatched combat troops to Georgia, while asserting that it would contribute to an international peacekeeping force in the country.⁵⁹ Estonia placed emphasis on

55. Government critics in Poland contend that Poland's real weight inside the EU depends on the success of its regional policy, especially toward its eastern neighbors, which has been neglected under the Tusk government. Although Warsaw may be currently downplaying its support for NATO and EU enlargement, largely because neither organization has the stomach for further expansion and the potential candidates are making little progress in qualifying, Poland's will remain focused on its "eastern question" as this is vital for its national security.

56. Janusz Bugajski, "The Katyn Curse," *Washington Times*, April 14, 2010. Some Polish officials and analysts view Putin's Katyn maneuver and his attendance on September 1, 2009, at the commemoration of the outbreak of World War II in Westerplatte, Poland, as a form of tactical and emotional appeasement designed to "Finlandize" or neutralize Poland within the EU and NATO.

57. Adam Newman, "Is Russian Energy Dependence Threatened by Poland?" *O&G Next Generation*, May 2, 2010, <http://www.cisoilgas.com/news/polands-shale-gas-deposits>. Moscow is concerned that exploitation of vast reserves of Polish shale gas could challenge the economic viability of Nord Stream. Hence, it is seeking new energy deals with Warsaw. With an estimated 1.36 trillion cubic meters of shale gas, Poland has the potential to increase the EU's reserves by almost half and offer a long-term alternative to Gazprom as a major energy provider to the EU.

58. Based on the author's meetings with officials and nongovernmental experts in Warsaw, Poland, between July 1 and 4, 2010.

59. Agence France Presse, Tallinn, Estonia, August 15, 2008.

NATO defense planning against conventional dangers and together with its neighbors viewed Russia's military exercises (Zapad 2009) close to Baltic borders in September 2009 as a form of pressure to which NATO needed to respond. Additional Lithuanian proposals included the formulation of a joint Baltic defense plan working closely with NATO and the United States and utilizing the U.S.-Baltic Charter and closer defense coordination with Poland.

The Latvian government stated that the country's national and security policy needed revising following the August 2008 war.⁶⁰ In reaction to the Russian invasion, Lithuania's conservative opposition proposed an immediate blockage of any Russian military transit to the Kaliningrad enclave.⁶¹ Several parties underscored that the government should examine the condition of the national defense system and the combat readiness of Latvia's armed forces, with some voices criticizing insufficient allocations for the defense budget. Calls were also made for continuing with a conscripted army in addition to the professional force so that a broader segment of the population would be prepared for national defense against a conventional threat. Nonetheless, during the past year Moscow has toned down its disputes with the Baltic capitals over history, ethnicity, and energy, evidently calculating that marginalizing their impact within the EU may be better served by ignoring them rather than confronting them.

The Czech response to the August 2008 war was divided.⁶² While President Vaclav Klaus declared that Russia was not the aggressor and was supported in his stance by the social democrats and communists, the center-right government led by Prime Minister Mirek Topolánek condemned Moscow's actions. Topolánek also believed that Moscow's invasion was encouraged by NATO's failure to offer Georgia a MAP. The leftist-nationalist coalition in Slovakia led by Prime Minister Robert Fico initially blamed Georgia for the conflict, but after Moscow recognized South Ossetia and Abkhazia support for Russian policy was muted as this was seen as continuing the dangerous "Kosovo precedent" that could apply to Hungarian minority regions of Slovakia.⁶³ The opposition Slovak Democratic and Christian Union, led by former foreign minister Eduard Kukan, condemned Moscow from the outset for violating Georgian territory. Although the Romanian government was outspoken against Moscow's actions in Georgia, responses from other CEE countries, including Hungary and Slovenia, were more muted.

Balkan Inroads

Moscow continues to be active in the Balkans to regain political influence, especially in states that have no immediate prospect of Western integration. Russia's leaders focus on three major tools: diplomatic assertiveness, conflict prolongation, and economic dependence. Diplomatically, Moscow is outspoken in support of Serbia, especially in its struggle over Kosovo and in blocking Pristina's membership in major international institutions such as the UN and the OSCE. Serbia remains the Kremlin's most reliable political link in the region, not because of any Slavic-Orthodox fraternity but as a consequence of cold political calculation. Belgrade has consistently appealed to

60. Baltic News Service (BNS), Riga, Latvia, August 15, 2009, <http://www.bns.lt>.

61. Baltic News Service (BNS), Vilnius, Lithuania, August 12, 2008, and September 8, 2009, <http://www.bns.lt>.

62. "Czech Premier, President at Odds over Russia-Georgia Conflict," CTK, Prague, Czech Republic, August 19, 2008.

63. "Political Parties Divided over Georgia," Sme Online, Bratislava, Slovakia, August 14, 2008, <http://www.sme.sk>.

Russian solidarity, whether over preserving Yugoslavia's integrity, creating a Greater Serbia, or retaining control over Kosovo. Moscow in turn exploits Serbia's grievances against the United States and NATO to demonstrate that Russia remains a major factor in European affairs and in resolving intra-European disputes. Such symbiosis has proved beneficial for both governments.

In terms of conflict prolongation, the limited international recognition of Kosovo has provided Russia with an opportunity to depict itself as the defender of international legality and the promoter of state sovereignty and territorial integrity. Concurrently, it also promulgates the thesis of a pan-Albanian fundamentalist menace in attempts to forge pan-Slavic Orthodox unity under Russian patronage. Moscow is also turning its attention to the struggle over Bosnia-Herzegovina by supporting the leaders of the Serbian entity in their determination to resist streamlining the state and providing greater powers to the central government in Sarajevo. Having recognized the independence of Georgia's two separatist regions—Abkhazia and South Ossetia—Russia retains the option of recognizing Bosnia's autonomous Serb Republic as an independent state.

Through their staunch opposition to U.S. and EU policy over Kosovo and Bosnia-Herzegovina, Russian authorities contribute to prolonging disputes and uncertainties within the region. The calculation is that Western preoccupation with interethnic reconciliation and state-building will slow down or terminate the region's integration into NATO and the EU. This will also justify President Medvedev's contention that NATO cannot guarantee European security and that a new structure is needed in which Russia would play a major role. Regional conflicts provide Moscow with political leverage to advance its state ambitions.

The third Kremlin tool in the Balkans is the promotion of economic dependence by using energy resources, state loans, and business investments to gain political influence. Plans to build major energy transportation systems between the Black Sea and the Adriatic Sea and Central Europe place the Balkans at the center of Russia's south European strategy. It seeks to monopolize the supply of gas and oil passing through the region to Western Europe. Supply contracts and investment incentives provide the Kremlin with significant inroads in a targeted country's economy and substantial influence over its foreign policy. The planned South Stream pipeline is calculated to place Serbia and Bulgaria at the center of Russia's energy ambitions and prevent the construction of an all-European energy network linking Central Asia, the South Caucasus, and Europe that would be independent of Russia's control.

Medvedev's visit to Belgrade on February 2010 reaffirmed Moscow's three pressure points. He restated Russia's support for Serbia and against Kosovo's statehood, backed the Bosnian Serbs in their struggle with Sarajevo and with Western representatives, and proposed further Russian economic inroads in Southeast Europe. Gazprom owns the major share of Serbia's NIS oil company, and Belgrade is eager to host the southern "hub" of the South Stream gas pipeline as this would contribute to ensuring the redundancy of the Nabucco project.

A fourth Russian tool of influence may also be emerging—the prospect of a Russian security foothold in the region that could challenge what Moscow views as NATO hegemony. A Russian security structure in Serbia was the most significant result of Medvedev's visit to Belgrade in October 20, 2009.⁶⁴ Russia's emergency situations minister Sergei Shoigu signed an agreement with Serbian deputy prime minister Ivica Dacic regarding the establishment of a logistical center for response to natural and technological catastrophes. The center is to be located near Nis in south-

64. Vladimir Socor, "Medvedev Exploits Past-Oriented Nationalism in Belgrade," *Eurasia Daily Monitor* 6, issue 197 (October 27, 2009).

ern Serbia, with plans for development into a larger operation to serve the entire Balkan region for disaster prevention and response.

The agreement with the fully militarized Emergency Situations Ministry allows for Russian uniformed personnel and dual-purpose supplies to be deployed in Serbia on a long-term basis. Medvedev announced that Russia would redouble support for Serbia's "territorial integrity" with regard to Kosova and described Kosova's independence as reversible. He also held a meeting with the Bosnian Serb Republic's prime minister Milorad Dodik, encouraging him to resist proposals that would strengthen the authority of Bosnia's central government and pledging that Russia would reject any "imposed solutions" by the United States and EU.

Medvedev's Serbian sojourn also fortified Serbia's economic orientation toward Russia.⁶⁵ Belgrade decided to provide additional energy assets to Russian companies while seeking their involvement in infrastructure projects and joint enterprises in Serbia. A protocol on the Serbian section of South Stream was signed in October 2009 with Gazprom holding 51 percent and Serbian Gas 49 percent of shares in the project company. The pipeline is planned to cross from Serbia into Hungary while Russia discusses with Croatia and Slovenia the prospect of including these countries in South Stream.

Moscow is seeking to open Croatia for its energy penetration in the Adriatic. GazpromNeft has offered lucrative deals to Zagreb to enable it to use the Adria oil pipeline (JANAF) in reverse, for Russian oil exports, instead of Middle Eastern oil flowing into Central Europe from Croatia.⁶⁶ Such a reversal would cut CEE access to international oil markets, leaving the region more dependent on Russian oil from the Druzhba pipeline. By offering a pipeline extension from the planned South Stream project to Croatia, Gazprom also intends to block the Adria LNG terminal project on Krk Island, which could undercut Gazprom's monopolistic ambitions. The intention is to preempt LNG development along the Adriatic coast. Leaders of Bosnia's Serb entity have also sought to attract Russian energy deals while Prime Minister Dodik capitalized on Russia's partition of Georgia as a rallying cry for opposing any moves to strengthen Bosnia's central government.

65. Vladimir Socor, "Gazprom, Gazpromneft, in Serbia's Oil and Gas Sector," *Eurasia Daily Monitor* 6, issue 198 (October 28, 2009).

66. Vladimir Socor, "Gazprom Wooing Croatia Ahead of Putin-Kosor Meeting," *Eurasia Daily Monitor* 7, issue 9 (January 14, 2010).

5

U.S.-RUSSIA: LIMITS OF NORMALIZATION

For Russian officials, the defeat of Georgia in the five-day war in August 2008 was a symbolic victory over the West in general and over the United States in particular.¹ Washington had cultivated the Georgian government for several years under the George W. Bush administration, and the Kremlin viewed the country as a NATO outpost that undermined Russia's dominance in its self-declared sphere of security. The conflict over Georgia highlighted that Russian officials defined their core interests in competition with the West.² In marked contrast, U.S. administrations seek broad international alliances to combat threats to American and Allied interests, such as international terrorism, WMD proliferation, collapsing states, regional wars, energy disruptions, or economic blockades, regardless of any country's relations with Russia, which is not depicted as an adversary.

Due to the pro-Western stance of its democratic government, Georgia became a valuable location in the South Caucasus for pursuing NATO and U.S. security goals in the broader region under the Bush administration. It also became an important venue for Russia to demonstrate its regional assertiveness and its intent to rollback American influence. Disputes between Russia and the United States were not precipitated by lingering "Cold War mentalities" but by "two very different visions of the post-Cold War world, as well as by the sharp asymmetries in power that emerged when the Soviet Union imploded."³ However, under the Obama administration, the emphasis on building cooperative relations with Moscow for assistance in a range of problem areas, such as nuclear proliferation and securing Afghanistan, has downgraded U.S. involvement in regions claimed by Russian officials including the South Caucasus and the Black Sea littoral.

Russia's Encirclement Myth

Russia's rulers are preoccupied with the United States and assess Moscow's position by counterposing it with that of its key competitor. While Russia seeks to construct a multipolar world, it also engages in "limited bipolarity" as it still views the United States and Russia as the two indispensable powers in maintaining global stability.⁴ To strengthen its own global position, Moscow needs

1. Emil' Pain, "The Russian-Georgian Armed Conflict: An Acute Case of Poisoning with Imperial Illusions," *Russian Politics and Law* 47, no. 5 (September–October 2009): 16, New York: M.E. Sharpe.

2. The former legislator and independent activist Vladimir Ryzhkov has stated that "the ideological foundation of Putin's regime strictly follows Soviet models. It issues antiliberal, anti-American, and anti-Western propaganda, and it discredits liberal values and democracy." See Gregory Feifer, "Fears Rise Obama's Russia Reset May Run Aground in Former Soviet Bloc (Part 2)," RFE/RL Analysis, September 8, 2009, http://www.rferl.org/content/Fears_Rise_Obamas_Russia_Reset_May_Run_Aground_In_Former_Soviet_Bloc/1817731.html.

3. James Goldgeier, "A Realistic Reset with Russia," *Policy Review*, no. 156 (August–September 2009), Hoover Institute, Stanford University, Palo Alto, California, p. 15.

4. Marcin Kaczmarski, *Russia's Revisionist Policy towards the West*, Prace OSW Studies No. 33 (Warsaw: Centre for Eastern Studies, December 2009), pp. 64–65.

to weaken that of Washington, and successive governments have promulgated the notion that the country is a besieged fortress against Western encroachments. Moscow has interpreted NATO enlargement as well as the U.S. campaign against international terrorism as a cover for encircling Russia. The building of American military bases in the former Soviet imperium is portrayed as the imposition of a strategic plan to surround Russia with antagonists and NATO infrastructure.

Feigning victimization by the West helps to justify Russia's assertiveness. Contrary to Moscow's revisionist history, all U.S. administrations and EU institutions have sought to "integrate Russia into Western political and security circles as a partner" that would eventually "embrace democratic values and common interests."⁵ Membership in the G-8, the NATO-Russia Council, the Council of Europe, and the EU-Russia Partnership and Cooperation Agreement (PCA) were all designed to help Russia integrate westward and to avoid sidelining the country. Nonetheless, under the George W. Bush administration, Russia was increasingly estranged from Western institutions, and Moscow charged that the United States was imposing its own national interests.⁶ In this interpretation, Washington cynically pursued its expansionist ambitions under the cover of promoting democratic values. Instructively, the Obama administration has partly acceded to Moscow's views by asserting that it would no longer preach about democracy to its Russian counterpart or base its policies on spreading democratic systems along Russia's borders.

According to Moscow, the West lost its right to promote democratic values after its military attacks on Serbia (1999) and Iraq (2003). Russian officials also claim that democracy promotion was instrumentalized to gain control over certain governments and undermine Russia's strategic interests, as in Ukraine and Georgia where Washington supported the Orange and Rose Revolutions in 2003–2004. In the case of Georgia, Kremlin leaders claim that unconditional support for the Saakashvili government, even though it allegedly backtracked on democratic freedoms, indicated that Washington was more concerned about its own strategic position in the Caucasus than about the state of democracy in Georgia.

To undermine U.S. credibility, Moscow also claimed that Washington was unable to defend Georgia in August 2008 and to ensure its territorial integrity despite alleged assurances by President Bush. Even though the U.S. administration denied that it militarized Georgia either before or after the war, Moscow has continued to make spurious charges with the aim of undermining Georgia's right to self-defense. Foreign Minister Sergei Lavrov also claimed that Russia was deliberately lured into the Georgian war in order to force Moscow "to switch to the path of militarization and to curtail modernization."⁷ However, despite its forceful intervention in Georgia, Moscow allegedly refused to be diverted from its domestic and foreign policy priorities.

Officials in Moscow blamed the global financial crisis of 2008 on the United States and initially claimed that Russia was immune from its effects.⁸ According to Foreign Minister Lavrov,

5. Eugene B. Rumer and Angela E. Stent, *Repairing U.S.-Russian Relations: A Long Road Ahead* (Washington, D.C.: Institute for National Strategic Studies, April 2009), p. 3, <http://www.amamcad.org/russia/report.pdf>.

6. For a pro-Kremlin interpretation of U.S. policy, see Aleksandr Dugin, "After Tskhinvali: Interests and Values," *Russian Politics and Law* 47, no. 3 (May–June 2009): 61–70, <http://www.mesharpe.com/mall/results1.asp?ACR=rup>. According to Dugin, "the values of the market, liberal democracy, and social progress, as the West interprets these, are not taken for granted in Russian history and by Russian society" (p. 64).

7. Sergei Lavrov, "Face to Face with America: Between Confrontation and Convergence," *Russian Politics and Law* 47, no. 3 (May–June 2009): 49.

8. Arkady Ostrovsky, "Reversal of Fortune," *Foreign Policy*, March/April 2009, <http://www.foreignpolicy.com>.

both the financial crisis and the war in the Caucasus in the summer of 2008 were caused by Washington.⁹ When the financial crisis began to impact inside Russia, the United States continued to be blamed as the root cause to mask government mismanagement and poor economic performance.

Following the election of President Obama in November 2008, Russian spokesmen believed that it was mainly Washington's obligation to rebuild trust with Moscow. Indeed, some clearly stated that the White House needed to offer far-reaching concessions if it genuinely wanted to improve relations with Russia.¹⁰ In particular, Washington had to drastically change its policies in the "post-Soviet space" by not supporting pro-Western political forces in Georgia and Ukraine, by terminating efforts to incorporate any ex-Soviet states in NATO, and by desisting from developing bilateral military-political partnerships with former Soviet republics.

Contrasting U.S. and Russian Spheres

President Obama has dismissed the notion of spheres of influence as a nineteenth-century view together with the supposition that great powers must forge competing blocs to balance each other.¹¹ Although admirable, such a position does not preclude adversaries from pursuing precisely such an approach to international relations. Differences between U.S. and Russian spheres of influence are overlooked by most analysts; for a better understanding of Moscow's objectives, it is useful to consider five significant contrasts with Washington's policies.¹²

First, U.S. administrations accept the right of each state to choose its alliances, while Russia's officials attempt to impose security arrangements on neighboring governments. Countries enter the U.S. sphere or the NATO alliance voluntarily as it helps ensure their security and is not seen as a threat to their sovereignty. States invariably enter the Russian sphere as a result of inducement, threat, pressure, or political corruption. Oftentimes, there are no viable alternatives to the Russian alliance because of energy dependence and other forms of entrapment. Governments seek to avoid potential destabilization by Moscow in partially acquiescing to Kremlin demands. Nonetheless, disputes continue to simmer as various capitals from Belarus to Kazakhstan resist surrendering the most important elements of their national sovereignty to Russia.

Second, NATO and the EU have not created spheres of influence orbiting around one power center but voluntary alliances operating on a consensual basis and, in the case of the EU, pooling elements of their sovereignty. Critics positing equivalence between the United States and Russia point to the U.S. Monroe Doctrine as a demonstration of Washington's zone of influence in Latin America. In fact, the Monroe Doctrine formulated in 1904 was largely defensive and in response to threats that conservative European monarchies could install similar systems in Latin America. Apart from a short period under President Theodore Roosevelt, it was not used by Washington to claim the right to intervene in the internal affairs of other American states. By contrast, Russia has developed a post-Soviet version of the Brezhnev doctrine, whereby countries within Russian-

9. See <http://www.rian.ru/politics/20090411/167838247.html>.

10. Pavel Felgenhauer, "Before the Summit, the U.S. Forgives Russia for Invading Georgia," *Eurasia Daily Monitor* 6, issue 127 (July 2, 2009).

11. President Barack Obama's speech at the New Economic School in Moscow on July 7, 2009 during his visit to Russia. Check *New York Times online*, <http://www.newyorktimes.com/2009/07/09/world/europe>.

12. A good example of such muddle can be found in Joe Barnes and Lauren Smulcer, "Emerging U.S. Policy toward Russia," James A Baker III Institute for Public Policy, Rice University, May 6, 2009.

sponsored institutions such as the CSTO have limitations on their sovereignty, particularly in their foreign policy and security choices.

Third, though the United States promotes cordial relations between its own allies and Russia, Moscow remains fixated on its own primacy or exclusivity. For instance, Washington supports closer bilateral relations between Poland or other CEE countries and Russia as it believes this generates regional stability and lessens the need for U.S. security guarantees. In stark contrast, the Kremlin does not support closer relations between Ukraine or other CIS states and the United States, calculating that this deprives Moscow of its political leverage and privileged interests and could be the harbinger of a political and military alliance.

Fourth, Russia promotes conflicts between its allies and the United States to weaken America's influence or seeks to capitalize on disputes between Washington and third parties. For example, Moscow has endeavored to buttress the Hugo Chavez government in Venezuela into a more assertive regional player in Latin America that can create security problems for the United States and potentially forge a Russia-Venezuela pact to undermine U.S. interests in the region. Moscow has signed multibillion-dollar energy and arms contracts with Caracas, and Chavez pledged to support Russia's foreign policy by recognizing South Ossetia and Abkhazia as independent states. Similarly, Moscow does not want any U.S.-Iranian rapprochement as this could marginalize Russia's role in the Middle East and the Persian Gulf. For Russia, Iran is both a tactical ally vis-à-vis the United States and a potential rival if there was an American-Iranian accord.¹³ Russia's use of energy as a political weapon vis-à-vis neighboring states would be undermined if sanctions on Iranian energy exports were lifted by the West.

Washington does not encourage disputes between Moscow and its former satellites. Moreover, it is not obsessed with alleged Russian encirclement when Moscow sends military vessels to Cuba or Venezuela or signs contracts to deliver attack helicopters to Mexico. This is in stark contrast to Russia's reaction when a U.S. ship sails into the Black Sea or Washington sells military equipment to Georgia. For Russian officials, alliances and partnerships are in themselves zero-sum calculations in competition for influence and advantage with the United States.

Fifth, NATO membership or a close relationship with Washington does not ultimately preclude accession to other multinational organizations, including the CIS or the CSTO in a potential "multiple-partner" approach to security. By contrast, Russia views NATO and the CIS or NATO and the CSTO as mutually exclusive international organizations between which memberships cannot overlap as this would undermine Moscow's hegemony and its role as a regional integrator.

Interpreting Common Interests

U.S. officials and their EU counterparts often project onto Moscow what they believe are Russia's mutual interests with the West, including the combating of *jihadi* terrorism, the permanent stabilization of Afghanistan, and eliminating nuclear weapons stocks. However, as Stephen Blank points out, "Russia regards the preservation of its neo-imperial patrimony as more urgent a task than the defeat of terrorism."¹⁴ For instance, optimistic commentators viewed U.S. and Russian

13. Marcin Kaczmarek, "Iran's Position in Russian Foreign Policy and Russian-American Relations," *CES Commentary*, issue 24 (April 15, 2009), Centre for Eastern Studies, Warsaw, Poland, p. 1.

14. Stephen Blank, "What Does Moscow Want in Afghanistan?" *Perspective* 19, no. 1 (April 2009): 3, Institute for the Study of Conflict, Ideology, and Policy, Boston University.

nonintervention during the Kyrgyz crisis in June 2010 as an indication of a blossoming partnership between Washington and Moscow. A more sober analysis would indicate that the Kremlin did not want to become embroiled in an internal conflict in southern Kyrgyzstan as long as the central government maintained its loyalty toward Russia and Washington was in no position to take advantage of its military absence by dispatching NATO peacekeepers to the country. Nonetheless, Moscow sought U.S. acceptance of a permanent Russian mandate to lead peacekeeping operations in Central Asia and other post-Soviet areas when it deemed them necessary, as this would effectively exclude NATO from these regions.

The Kremlin may be cooperative in allowing supplies for NATO troops in Afghanistan to cross Russian territory, but it also serves its goals to have the United States and NATO embroiled in a quagmire and to be seen as failing to stabilize the country. Indeed, the more the United States becomes mired in places such as Afghanistan the fewer resources it will have to deploy in Russia's "privileged spheres" and the more pertinent will be Medvedev's proposals for a new continental security structure. From Moscow's perspective, an outright NATO success in Afghanistan would enhance U.S. influence throughout Central Asia, which Moscow covets as its zone of special interests.

Moscow manipulates the Islamic terrorist stereotype to convince the West that it is simply combating the common threat of *jihadism* in the North Caucasus and elsewhere on Russian-controlled territory. As a result, large-scale massacres of Chechen civilians, wanton destruction of property by Russia's military and security forces, and other egregious human rights abuses are largely ignored by Western governments, and the Kremlin is given a free hand to violently combat independence movements inside the Russian Federation.¹⁵

U.S. officials seem convinced that it is in Russia's national interest to significantly reduce its nuclear weapons stocks together with U.S. stocks. Moscow's strategic forces are rapidly decreasing because the delivery systems are being retired at a rate that exceeds production of new systems. As a result, the gap with the United States is steadily increasing, and Washington has an absolute advantage in high accuracy weapons. However, though Moscow agrees in arms treaties to cut its arsenal in order to eliminate aging or obsolete systems, its conventional military inferiority makes Russia increasingly dependent on nuclear weapons capabilities that it will not surrender. One of Russia's fundamental security postulates is the capability to destroy each of its European neighbors through a nuclear strike. This is a major reason why Moscow opposes any missile defense system in the CEE region that could threaten Russia's offensive posture.

Some analysts criticize the Nunn-Lugar program enacted by Congress in 1991 and designed to assist Russia in destroying its nuclear weapons.¹⁶ When the Soviet Union dissolved, there were fears that nuclear warheads and radioactive material might be stolen. Hence the program, which was intended to eliminate existing nuclear stocks, has cost the United States several hundred million dollars annually. However, the rationale for continuing the program has evaporated as Russian military spending is soaring, having quadrupled between 2001 and 2007. President Medvedev announced in March 2009 that Russia is embarking on a "comprehensive rearmament" that includes new Topol-M intercontinental ballistic missiles, the sea-launched Bulava ballistic missile, and

15. Charles King, *The Ghost of Freedom: A History of the Caucasus* (New York: Oxford University Press, 2008), p. 239.

16. Gabriel Schoenfeld, "Why Should We Underwrite Russian Rearmament?" *Wall Street Journal*, August 24, 2009, <http://online.wsj.com/article/SB10001424052970203706604574368524278888240.html#printMode>.

the Tupolev-160 supersonic strategic bomber. As Moscow modernizes its strategic nuclear force, Washington is in effect assisting the program by bankrolling the dismantling of Russia's obsolete nuclear weapons.

During President Obama's visit to Moscow in July 2009, negotiations were launched on a new arms control treaty to succeed the START accord. They were designed to reduce operationally deployed strategic warheads by up to one-third of the 2,200 maximum established by the Strategic Offensive Reductions Treaty (SORT). In December 2009, with the formal expiration of START, Prime Minister Putin claimed that U.S. plans for the renovated missile defense system were holding up the disarmament agreement. He sought a clause in the renewed treaty that would limit the development of any new U.S. defense shield, claiming that such a system would upset the nuclear balance. Putin's statements were part of a negotiating ploy to pressurize Washington to make further concessions by only deploying a small-scale missile defense system and excluding CEE from the network.

The New START treaty was eventually signed in Prague by Obama and Medvedev on April 8, 2010, when Moscow lifted its last minute objections. The treaty cuts by about a third the nuclear weapons that the United States and Russia will deploy, significantly reduces missiles and launchers, and includes a rigorous verification regime. It does not contain any overt constraints on the testing, development, or deployment of current or planned U.S. missile defense programs or long-range conventional strike capabilities. Nonetheless, Russian officials warned that they could pull out of START if they decided that U.S. missile defense plans threatened Russia's security.

Critics of the treaty believed that it fundamentally lowered U.S. nuclear stocks while simply eliminating obsolete Russian weapons. Supporters of the treaty asserted that it could be the launching pad for deeper nuclear weapons reductions and would build confidence between Washington and Moscow. However, ratification by the U.S. Congress was not guaranteed, and several senators objected to references to missile defense in the New START preamble that could limit U.S. actions for fear of spoiling relations with Moscow. They also demanded a fully funded nuclear weapons modernization program.

Regardless of reductions in strategic weapons, the CEE capitals remain concerned about Russia's Tactical Nuclear Weapons (TNW) or short-range missiles, deployed close to their borders, particularly as Moscow's military policy places substantial reliance on the first use of such weapons in the event of a perceived threat or a conventional conflict. In early 2010, Sweden and Poland launched an initiative designed to include tactical warheads in the nuclear disarmament dialogue. In February 2010, Konstantin Kosachev, head of the Duma committee for international relations, rejected calls by Warsaw and Stockholm for Russia to withdraw tactical nuclear weapons from EU borders in Kaliningrad and the Kola peninsula.¹⁷

Polish and Swedish foreign ministers have called on both the United States and Russia to withdraw their arsenal of TNW from Europe: 200 out of 500 U.S. active warheads are stored in Western Europe (in Belgium, the Netherlands, Germany, Italy, and Turkey), whereas the vast majority of Russia's 2,000 warheads are located in the western part of the country. However, a unilateral withdrawal of U.S. TNW is opposed by several CEE states who view the U.S. nuclear presence as an important element of NATO's security guarantees, even though the United States can deter a

17. "Nuclear Arsenal on the EU Border Will Remain—Russia," *RT*, February 3, 2010, <http://rt.com/Politics/2010-02-02/sweden-poland-nuclear-weapons.html>.

nuclear attack on its allies with weapons positioned outside Europe. The Obama administration stated its intention to place TNW on the agenda of subsequent rounds of arms control talks after the ratification of START. However, negotiations are likely to be difficult as Moscow sees TNW as offensive weapons to be employed in conventional wars. For instance, during a purely conventional exercise in the summer and fall of 2009, Russia's air force launched simulated nuclear strikes against Poland on a first-strike basis.¹⁸

Missile Defense Controversies

The planned U.S. missile defense system in CEE has been exploited by Russia to menace its former satellites with nuclear strikes. This increased the stakes for CEE capitals not to withdraw from the planned shield as this would have delivered a strategic victory to Russia that threatened to station Iskander missiles near the Polish border if Washington continued with its missile defense plans.¹⁹ Tellingly, Russia has not warned any West European state that hosts elements of the American shield, including Britain and Denmark. Moreover, the United States possesses a far more credible threat to Russia's strategic nuclear forces—the Aegis-equipped missile defense system based on U.S. cruisers and destroyers.²⁰ Moscow has thus far voiced little concern about this system because it does not defend the CEE states close to Russia's borders.

If the Obama administration was viewed as comprehensively yielding to Russia's threats against CEE, American security guarantees to Europe would be imperiled and frictions within NATO could escalate over an alleged U.S. withdrawal. The Kremlin would also conclude that applying military pressure on Europe is a “powerful instrument for achieving foreign policy goals.”²¹ In September 2009, the White House announced that it was canceling the MD system planned by the previous administration and would build an alternative sea-and-land-based interceptor system to counter short- and medium-range Iranian missiles instead of the land-based anti-ICBM system pursued by President Bush. Unfortunately, Washington did not consult or coordinate its decisions with the two countries most affected (Poland and the Czech Republic) or with its NATO allies, thus perpetuating the perception of American unilateralism.

Subsequently, Medvedev announced that he would cancel the plan to deploy new missiles in Kaliningrad. Nonetheless, Moscow remained suspicious about Washington's alternative anti-missile plans, claiming that its nuclear weapons could still be threatened by the reconfigured scheme.²² Russia's envoy to NATO Dmitry Rogozin asserted there were no guarantees that the sea-based

18. Stephen Blank, “European Proposal on Tactical Nuclear Weapons Highlights Russian Nuclear Dilemmas,” *Eurasia Daily Monitor* 7, issue 33 (February 18, 2010).

19. Other CEE countries asserted that they would not be protected by the planned MD system and wanted its reach extended. In particular, Romania asked NATO to commit itself to covering the entire Alliance territory with a missile shield. See “Basescu: Romania, NATO Country Affected by Lack of Anti-Missile Shield,” *Agerpress*, Bucharest, Romania, April 3, 2009.

20. Alexander Kharamchikhin, “Russian-U.S. New Nuclear Agreement: Too Many Emotions,” RIA Novosti, Moscow, Russia, July 31, 2009. Kharamchikhin is the head of the analytical department of the Institute of Political and Military Analysis in Moscow.

21. Albert Zulkharneev, “European Security and Iskanders in Kaliningrad,” *Review of Recent World Events, Russian Journal on International Security*, no. 2 (87), vol. 15 (December 2008–February 2009): 120, <http://pircenter.org/data/publications/sieng2-09/107-132%20Events.pdf>.

22. Conor Sweeney, “Russia Still Cool on New US Anti-Missile Scheme,” Reuters, September 29, 2009, <http://www.reuters.com/article/topNews/idUSTRE58S2YY20090929>.

anti-missile system would not be positioned in Arctic waters, the North Sea, or the Baltic Sea, and this would mean that the trajectories of Russia's ballistic missiles could be tracked.

The revised U.S. plan envisages the deployment of SM-3 interceptor missiles on the sea-based Aegis medium-range system by 2011. In early 2010, Washington initiated talks with the Czech Republic, Poland, and other CEE countries about hosting a land-based version of the SM-3 by 2015 and considered positioning early warning radars in other countries such as Ukraine, Azerbaijan, and Georgia. Poland and Romania agreed to host U.S. missile interceptors on their territories and precipitated harsh criticisms from Moscow. On July 3, 2010, Washington and Warsaw signed an agreement for the deployment of an SM-3 missile-defense system on Polish territory; the move was routinely criticized by Russia's deputy foreign minister Sergei Ryabkov. Other CEE countries also expressed an interest in the U.S. facilities that were due to become operational by 2015. Such developments could generate new confrontations with Moscow even if Russia is included in a new missile defense system that covers most of Europe.

Obama's Calculations

The George W. Bush administration did not consider Russia as a major international player but as a relatively weak post-imperial state that could be ignored in many policy decisions. Although Russia regained some of its strength during the last decade, it still contributed little to international problem solving, exaggerated its capabilities, and resisted constructive engagement.²³ Indeed, Russia could be viewed as a declining power benefiting from a brief resurgence driven by temporarily high energy prices and with a leadership that sought to stifle the development of a more secure Europe tied to NATO and the United States.

During the first year and a half of the Obama administration, Russia has been publicly depicted as a key partner for the United States. However, in looking more closely at Obama's approach, Russia is courted in a narrow range of security-related issues and is not viewed as strategically or economically ascendant. Washington's purpose in highlighting the partnership with Russia appears aimed at placating its elite's elevated sense of global importance while tapping Moscow's cooperation and preventing its leaders from sabotaging U.S. interests.²⁴ Nonetheless, the absence of extensive economic connections, where trade with Russia amounts to less than 1 percent of the U.S. total, indicates that in the event of renewed political conflicts common material interests are unlikely to reduce tensions.²⁵

The notion has been widely disseminated that improved U.S.-Russia relations enhanced security throughout the wider Europe. This is certainly true if it helps restrict Russia's aggressive moves in undermining the sovereignty of neighboring states and generates a less confrontational relationship with NATO. However, the practical long-term impact of the U.S.-Russia détente needs to be more thoroughly assessed and counterarguments may also be valid.

23. Thomas Graham, *Resurgent Russia and U.S. Purposes* (New York: The Century Foundation, 2009), p. 3, <http://www.tcf.org/publications/internationalaffairs/Graham.pdf>.

24. For a valuable analysis of Obama's foreign policy concepts, see Constanze Steltzenmuller, *End of a Honeymoon: Obama and Europe, One Year Later*, Brussels Forum Paper Series (Washington, D.C.: German Marshall Fund, March 2010).

25. Marcin Kaczmarek, "Rosja-USA: Ograniczone Zmiany," *Tydzien Na Wschodzie*, no. 23 (141) (June 30, 2010): 3, Centre for Eastern Studies, Warsaw, Poland.

For instance, Moscow may calculate that bilateral cooperation over Afghanistan and Iran are such paramount U.S. interests that Washington would be willing to retreat in other arenas to make sure that it succeeds. The Obama “reset” button in itself raised Russia’s global stature. It was initially viewed with some suspicion and distrust in Moscow, although several pro-Kremlin analysts claimed that Washington had finally acknowledged that Russia had recovered from its post-Cold War torpor and would again be treated as a great power.²⁶ A number of analysts believed that the “reset” actually indicated U.S. weakness in the midst of two wars (in Iraq and Afghanistan) and an economic recession.

Some security analysts even asserted that Obama’s policies signaled a “grand bargain” with Moscow in which the United States would permanently halt further NATO enlargement and accede to a Russian sphere of primary influence in the former Soviet Union in return for Russia’s diplomatic and practical help with Iran, Afghanistan, North Korea, and other security concerns. To demonstrate closer consultations at high official levels, a U.S.-Russia Bilateral Presidential Commission with 13 working groups was established in the aftermath of President Obama’s visit to Moscow in July 2009. When Washington announced in May 2010 that Russia’s military occupation of Georgia presented “no obstacle” to U.S.-Russian civilian nuclear cooperation and other collaborative ventures, Moscow understood that the new *détente* was clearly working to its advantage.²⁷

Warming U.S.-Russia ties raised suspicions in parts of CEE over Washington’s potential concessions to Moscow. As a result, U.S. officials made strenuous efforts to underscore that they did not support direct security trade-offs with Russia or the consolidation of Russian and American spheres at the expense of other states. Vice President Biden’s visit to Kyiv and Tbilisi in July 2009 was intended to reinforce such arguments. Biden’s remarks that Russia was a country in economic crisis and needed an arms control agreement much more than the United States was interpreted in Moscow as “plan B” to the Obama “reset button.” Russian analysts believed that if Moscow did not make the required compromises and the United States did not gain benefits from the Kremlin over Afghanistan and Iran, then Washington would aim to push Russia to the periphery of world politics.²⁸

However, Biden’s assumptions that Russia’s economic difficulties ensured that the government will be more accommodating are debatable. Indeed, Moscow could become more belligerent to disguise its internal problems even if treated as an important international player. Furthermore, the White House left unclear what it viewed as “red lines” in Russia’s attempts to reestablish a demarcated sphere of influence. Red lines become blurred and diluted where Russia’s influence seeps in through unconventional instruments such as energy blackmail, corrupt business connections, conflict manipulation, and peace-keeping deployments.

26. Check the analysis of Russia’s reactions to the Obama “reset” in Yury E. Fedorov, “Brief Analysis No. 104: Russia’s View of the ‘Reset,’” *Central European Digest*, July 1, 2009, Washington, D.C.: Center for European Policy Analysis, http://www.cepa.org/ced/view.aspx?record_id=182.

27. Barack Obama, “Message from the President Regarding a Peaceful Nuclear Agreement with Russia,” Office of the Press Secretary, May 10, 2010, <http://www.whitehouse.gov/the-press-office/message-president-regarding-a-peaceful-nuclear-agreement-with-russia>.

28. Vladimir Milov, “The Latest American Insinuation,” *gazeta.ru*, July 27, 2009, <http://www.gazeta.ru/column/milov/3227830.shtml>. For excerpts of Biden’s remarks, see Peter Spiegel, “Biden Says Weakened Russia Will Bend to U.S.,” *Wall Street Journal Online*, July 25, 2009, <http://www.online.wsj.com/article/SB124848246032580581.html>.

Obama's announcement of a new *détente* with Russia in early 2009 had little immediate impact on concrete policymaking in Moscow. The Kremlin eventually approved the transit of logistical supplies across Russia to NATO forces in Afghanistan and backed a new set of UN sanctions against Iran in June 2010. However, Moscow reserved the right to close its territory to NATO passage and continued developing economic relations with Tehran. Moreover, Russia's leaders periodically tested American reactions by ratcheting up tensions with selected pro-Western neighbors, such as drafting legislation to make it easier to send troops abroad to avowedly defend Russian citizens.

Michael McFaul, the U.S. National Security Council's senior director for Russian and Eurasian affairs and the chief architect of Obama's Russia policy, stated that Washington harbored no illusions about the worldview of Russian officials who consider the United States as the primary adversary.²⁹ Given this official assessment, U.S. policy was presumably intended either to pacify Moscow through strategic engagement or to outmaneuver Moscow through diplomatic cunning. Leaders in Moscow may not fully grasp that Russia no longer occupies a central position in American strategic thinking or in its foreign and security policy.³⁰ However, an open acknowledgment of its reduced status in the U.S. worldview may encourage Russia's hostility to provoke Washington's reaction. And this may be a useful argument for the Obama team in purposively raising Russia's esteem through bilateral arms control agreements and other forms of cooperation and thereby deflating Moscow's anti-American and conflict promoting agendas.

Rather than elevating Russia to a global power, the war with Georgia in August 2008 may have demonstrated Russia's preoccupation with relatively minor territorial issues and its limited military capacities. Additionally, in the post-war setting, the Obama White House was much more concerned about gaining Moscow's support in pressing international disputes and forging strategic arms agreements than about challenging Russia's neighborhood influence. For instance, in May 2010 Washington revived an accord with Moscow in which the two countries would cooperate on civilian nuclear energy; the initiative had been shelved after the August 2008 war.

An effective and durable U.S. policy toward Russia needs to combine cooperation in arenas of common interest while tempering Moscow's assimilationist approach toward its neighbors. A failure to oppose Russia's assertive regional behavior could revive several dormant conflicts. At the same time, Washington should not exaggerate what the Russians can offer in reducing regional threats and global crises.³¹ For instance, it was doubtful whether the diplomatic energy expended in gaining Moscow's support for moderate sanctions against Iran through the UN Security Council in June 2010 actually made any major difference to Tehran's intent to develop nuclear weapons. At some point the White House needs to take full stock of what the new *détente* has accomplished for international security and for U.S. and NATO strategic interests.³²

29. "The Russia/America Summit," *The Economist*, July 11, 2009, http://www.economist.com/world/europe/displaystory.cfm?story_id=E1_TPJJPSN.

30. Andrei Zagorski, "Russia and the U.S.: The Kabuki Dancing Over?" *EU-Russia Centre Review*, issue 8 (October 2008): 109, Brussels, Belgium, <http://www.eu-russiacentre.org>.

31. Damon Wilson in "Russia Must Also Hit the Reset Button," April 1, 2009, Atlantic Council, Washington, D.C., http://www.acus.org/new_atlanticist/russia-must-also-hit-reset-button.

32. Friedman contends that "START talks are from a world long passed. The issues now revolve around Russia's desire for a sphere of influence and the willingness and ability of the West to block that ambition." George Friedman, "The Western View of Russia," *Stratfor*, September 10, 2009, http://georgiandaily.com/index.php?option=com_content&task=view&id=14443&Itemid=132.

The notion of a “strategic partnership” between the United States and Russia is premature. It assumes that Moscow and Washington share strategic objectives in terms of their global role.³³ Strategic partners not only cooperate in particular endeavors, they are also bound by common interests, values, and goals. While Russia can be a tactical partner with the NATO alliance in dealing with specific threats such as nuclear proliferation or in negotiating arms control accords, the government in Moscow does not concur with the long-term strategic targets of either NATO or the EU. NATO allies respect the will of sovereign states to enter multinational institutions of their choice. They also favor and support the development of democratic systems and legitimate governments that combine national stability with respect for human and civil rights. The same principles do not apply for the Russian authorities.

In addition to an assertive Russia that views the new relationship with Washington as an opportunity to gain strategic advantages, the Obama White House has had to contend with two influential domestic foreign policy streams—the idealist and the realist. The idealists seek to bring Russia closer to the West in terms of its political model and its involvement in common institutions and processes. Instructively, such an approach is rejected by Moscow itself, which claims it does not want to be embraced and incorporated by the West. Obama has resisted pressure from human rights lobbies and democracy-promoting institutions to be more active while pledging to reach out to nondemocratic governments such as Russia’s.

Conversely, the realists contend that U.S. and Russian national interests are equally valid and should be respected and that collaboration on common concerns is more important than defending the national interests of smaller countries.³⁴ Many realists either acquiesce to a Russian sphere of influence in the eastern half of Europe and Central Asia or favor a bilateral dialogue to decide the future of Russia’s neighbors while striking a “grand bargain” on more important strategic questions.³⁵ The realist position studiously avoids criticism of Russia’s human rights record and focuses on the security arena.³⁶ It also promulgates the notion that U.S. disputes with Russia are aberrations caused by misunderstandings, insufficient dialogue, or poor policy decisions rather than a product of enduring, differing, and often conflicting geostrategic interests and ambitions.³⁷

33. Robert Legvold, “The Russia File,” *Foreign Affairs* 88, no. 4 (July/August 2009): 78–93. Legvold asserts that Russia needs to “invest in promoting progressive change in its neighborhood,” but does not specify what that would entail and why Moscow would support democratization among adjacent states if this pulls them away from Russia’s orbit.

34. Foreign policy “realism” is a condescending appellation, reminiscent of the “correct” or “scientific” approach in communist parlance. Assessments of what is realistic or achievable can vary enormously, depending on goals, ambitions, and capabilities as well as the strengths and susceptibilities of other parties, whether partners or adversaries. Dissidents in Eastern Europe were often dismissed as unrealistic idealists as they pushed for the demise of communism and Sovietism.

35. Stephen Sestanovich, “What Has Moscow Done? Rebuilding U.S.-Russian Relations,” *Foreign Affairs* 87, no. 6 (November/December 2008).

36. Arthur Herman, “Putin and the Polite Pundits,” *Commentary*, October 2008. Russia’s democrats contend that only a U.S.-Russia relationship built on both interests and values will survive because it is ultimately in Russia’s national interests to create a democratic system of governance based on the rule of law. See the appeal to U.S. experts by Lilia Shevtsova, Lev Gudkov, Igor Klyamkin, and Georgy Satarov, “What Will Obama Bring to Moscow?” American Academy of Arts and Sciences, <http://www.amacad.org/default.aspx>. The authors criticize American “realists” for urging Washington to treat Russia as a country “that is in principle incapable of democratic transformation,” thereby making some realists appear to be “simply lobbyists for the corrupted Russian elite.”

37. Gottemoeller believes that the major unresolved problem at the end of the Cold War was how to “weave Russia, and Russian security interests, into the full fabric of European security.” See Rose Gotte-

Wider Europe in the Crossfire

One shortcoming of the Obama approach has been its inability or unwillingness to clearly articulate U.S. security interests and strategic goals in the wider European, Caucasian, and Central Asian regions, even if these are not currently overarching national priorities. These interests can be encapsulated in at least four policy objectives: first, consolidating bilateral partnerships and regional alliances to prevent the emergence of weak, fractured, or conflicted states that undermine regional security; second, precluding the expansion of any dominant regional power or regional alliance that challenges broader American interests and even the American presence; third, involving a diverse array of states to assist Washington and NATO in combating common threats stemming from the broader Middle East and South Asia; and fourth, ensuring the development of energy resources and their secure transportation from the Caspian Basin to Europe via the Caucasus and Black Sea region to uphold the stability of America's European allies.

Despite its reassurances that it will not support the delineation of interest spheres, in practice the Obama administration concluded that it would not vigorously challenge Moscow in its immediate neighborhood and could share influence in some regions. It calculated that even if Ukraine and other countries slipped under Russia's security and economic umbrella, this would not damage U.S. interests, which center on much more vital concerns over Afghanistan, Iran, and nuclear proliferation. Indeed, closer Russian supervision over the post-Soviet republics was considered beneficial by some Western officials as such arrangement would purportedly generate fewer conflicts with Moscow. In effect, this constituted an informal concordat with Russia over respective zones of interest. However, the effectiveness of such an agreement will be tested, particularly where resistance to Moscow's pressures and encroachments results in a major political rift, violent conflict, or impacts more directly on one of the new NATO members.

According to Russian commentators supportive of the Kremlin, détente in U.S.-Russian relations will flourish depending on how Washington behaves in the "post-Soviet space" and whether it can avoid threatening Russia's self-defined security interests.³⁸ In September 2008, before Obama was elected, the Russian military staged major strategic exercises (Stability 2008) as a warning to Washington. It involved a local conflict in the CIS area escalating into an all-out air, sea, and land war between Russia and the West. This in turn erupts into a global nuclear conflict as Russia's military planners envisage the limited first use of nuclear cruise missiles against targets in Europe and the United States. To maintain this sense of impending threat, Russian officials continue to claim that Georgia has been rearming since the August 2008 war and was preparing to retake its separatist territories.³⁹ Deputy Foreign Minister Grigory Karasin has charged the United States with

moeller, "Russian-American Security Relations after Georgia," Carnegie Endowment for International Peace, Washington D.C., October 2008, p. 7. The main thread of her argument rests on the assumption that Russia's leaders see their national interests as negotiable and complementary with those of the U.S. and its NATO allies. The Kremlin is very clear that Russia's national interests hinge on limiting American influence in Europe, eviscerating NATO as a mutual defense and security organization, and determining the security and foreign policies of former Soviet republics and satellites.

38. Andranik Migranyan, "At Last We Can Sum Up the Results of the Moscow Summit," *Rossiyskaya Gazeta*, Moscow, Russia, July 29, 2009. Migranyan is the director of the New York office of the Russian Institute of Democracy and Cooperation Foundation.

39. Viktor Yadukha and Mikhail Chernov, "Premonitions of August," *RBC Daily*, no. 101 (June 15, 2009), Moscow, Russia.

arming Georgia, thereby elevating Moscow's confrontation with Tbilisi to a proxy standoff with the United States and NATO.⁴⁰

To counter Moscow's pressure, during his visit to Moscow in July 2009, President Obama signaled that any new attack against Georgia would precipitate American involvement with unspecified "grave consequences."⁴¹ American military support for Georgia has been limited to providing training and equipment primarily for counterterrorism operations rather than for homeland defense against a conventional invasion.⁴² For several years prior to the August 2008 war, a substantial portion of the U.S. assistance budget was earmarked for training and equipping the Georgian military to meet NATO standards and supporting Tbilisi's contributions to international peace-keeping operations as well as improving the country's border police and customs service.

Soon after the August 2008 war, a Georgia-NATO Commission was created at U.S. insistence as it became clear that Tbilisi would not obtain a NATO MAP in the immediate future. The commission established an Individual Partnership Action Plan (IPAP) with NATO to foster institutional reform.⁴³ Nonetheless, such an initiative was widely seen as a substitute for membership, indicating that Moscow may have achieved one of its objectives by halting further NATO enlargement. It seemed unlikely that Georgia would receive significant assistance in building an effective air defense system or a permanent U.S. military base as this was perceived as too disruptive of U.S.-Russia relations. Some have argued that the absence of firmer U.S. commitments to Georgia lessened Washington's leverage with Tbilisi on the eve of the August 2008 war and may have contributed to the escalation of hostilities with Russia.⁴⁴

At the close of 2008, the Bush administration formulated a U.S.-Georgia Charter on Strategic Partnership that revolved around helping Georgia fulfill the criteria for NATO membership and providing economic, political, and limited military support. Obama decided to pursue a delicate balancing act by maintaining cooperative momentum with Russia while implementing phased defense cooperation with Georgia.⁴⁵ The Pentagon's timeline toward Georgia was predicated on postponing the transfer of anti-tank and anti-aircraft weapons that could provoke Moscow's annulment of the transit agreement across Russian territory that was becoming indispensable for supplying coalition troops in Afghanistan. Some analysts have proposed a more visible Western role that could act as a deterrent to further conflict by deploying a NATO military mission in Georgia as a counterweight to Russian bases in Abkhazia and South Ossetia.⁴⁶ Arms supplies to

40. Pavel Felgenhauer, "Nuclear Submarines Deployed to Deter U.S. Interference in Russia's Confrontation with Georgia," *Eurasia Daily Monitor* 6, issue 151 (August 6, 2009).

41. Brian Whitmore, "Reset 2.0," Radio Free Europe/Radio Liberty, July 28, 2009, http://rferl/content/Reset_20/1787366.html.

42. Richard Giragosian, "Georgian Planning Flaws Led to Campaign Failure," *Jane's Defense Weekly*, August 20, 2008, <http://www.jdw.janes.com>.

43. "NATO-Georgia Joint Press Statement," September 15, 2008, http://cps/en/natolive/news_46438.htm. Ukraine also obtained Annual National Programs (ANP) from NATO, which were largely equivalent to annual MAPs.

44. Marcin Zaborowski, "Back to the Future? U.S.-Russia Relations after Georgia," *ISS Analysis*, European Union Institute for Security Studies, September 2008, p. 3.

45. Alexander Melikishvili, "Parameters of U.S. Military Assistance to Georgia Emerge from Congressional Hearings," Jamestown Foundation Blog on Russia and Eurasia, August 6, 2009.

46. Pierre Razoux, "What Future for Georgia?" *Research Paper* 47 (June 2009), Research Division, NATO Defense College, Rome, p. 5.

Tbilisi also cannot be excluded as the rebuilding of Georgia's military as an effective deterrent in the framework of territorial defense is essential for ensuring the country's independence.⁴⁷

Russia's invasion exposed major gaps in Georgia's defenses as Tbilisi had focused on counterinsurgency operations in distant theaters and neglected deftness against conventional military threats. The Obama administration affirmed its commitment to the long-term security of Georgia by gradually assisting in defense sector reform, training, education, and force structure development that would enable Tbilisi to acquire a "modern, western-oriented, NATO-interoperable armed forces capable of territorial defense and coalition contributions."⁴⁸ To be effective, U.S. military assistance must include air defense, anti-tank capabilities, command, control, communications, equipment, intelligence systems, operational training for territorial defense, officer training, and reservist training and mobilization. This would enable Georgia to raise the cost of another Russian attack without necessitating the use of U.S. firepower.

Analysts contend that in the absence of a Western military commitment to Georgia, the country should focus on economic development to make it more attractive for foreign investors. The contrast between Georgia and the breakaway regions would thereby substantially expand and make a return to Georgian sovereignty a more attractive future proposition. After the Russo-Georgian war, Tbilisi was promised a \$1 billion U.S. assistance package focused on repairing the country's infrastructure and restoring economic growth. Much of U.S. aid has also been earmarked for developing the rule of law, media, and institution building.

The U.S.-Georgia Charter, formally launched on January 9, 2009, involved establishing a joint council to focus on four areas of cooperation: defense and security; trade and economy; democracy and human contacts; and cultural exchanges. The first council meeting, held in Washington on June 23, 2009, was cochaired by U.S. deputy secretary of state James B. Steinberg and Georgia's foreign minister Grigol Vashadze. The European Commission also launched an assistance package of up to €500 million for Georgia to cover the period 2008–2010, subject to review based on the pace of economic recovery.

Perceptions that President Obama has disengaged from the south Caucasus grew during 2010, as evident in several missteps, including the failure to appoint a U.S. ambassador to Azerbaijan; public indifference or lack of a coherent strategy regarding Moscow's purchase of a French Mistral ship that will help project Russian power in the Black Sea; a fixation on opening the Armenian-Turkish border without tackling the more important and interlinked territorial disputes between Armenia and Azerbaijan; and a growing perception that the United States favored Armenia in the conflict over Nagorno-Karabakh because of pressures on the White House from America's Armenian lobby.⁴⁹

47. Jon E. Chicky, *The Russian-Georgian War: Political and Military Implications for U.S. Policy* (Washington, D.C.: Central Asia–Caucasus Institute and Silk Road Studies Program, Johns Hopkins University, February 2009), p. 8.

48. Testimony of Ambassador Alexander Vershbow, Assistant Secretary of Defense for International Security Affairs, "Georgia: One Year after the August War," Senate Foreign Relations Committee, Subcommittee for Europe, August 4, 2009.

49. Vladimir Socor, "Is the United States Losing Azerbaijan? (Part Four)," *Eurasia Daily Monitor* 7, issue 80 (April 26, 2010). Socor points out that "the linkage between border opening and troop withdrawal had been a fundamental element in the negotiating process for almost a decade, and is Turkish policy since 1993 (when Armenian forces crossed from Karabakh into Azerbaijan's interior). Breaking that linkage—as per the October 2009 Turkey-Armenia protocols, strongly encouraged by the U.S.—would undermine Baku's

In the wake of the Georgia war, Washington did not use the opportunity to intensify its security cooperation with either Azerbaijan or Armenia or provide more impetus in mediating the Nagorno-Karabakh dispute. Baku in particular felt frustrated that it had been taken for granted by Washington despite its stellar record in providing transit for coalition forces to Central Asia and Afghanistan; contributing troops to U.S.-led operations; and spearheading Caspian energy development. U.S. secretary of state Hillary Clinton's visit to Baku, Yerevan, and Tbilisi in the first week of July 2010 was intended to dispel perceptions of U.S. disengagement, but the practical results remained uncertain.

Additionally, in a joint statement released on June 27, 2010, by Presidents Medvedev, Obama, and Sarkozy, the three cochairs of the OSCE's Minsk Group urged their Armenian and Azeri counterparts to pursue the peace process on the basis of the OSCE's Helsinki Principles. However, these principles include two diametrically opposed positions: the territorial integrity of states, which indicates that Nagorno-Karabakh should return to Azerbaijan, and peoples' right to self-determination, which would signify the region's independence or incorporation in Armenia.

In the case of Ukraine, during Vice President Biden's visit to Kyiv in July 2009, the Charter on Strategic Partnership, signed by Presidents Bush and Yushchenko in December 2008, was renewed, and a bilateral commission was announced to focus on economics, trade, energy, security, and rule of law. It remained unclear how the partnership would function under the Yanukovich presidency, especially as the new president placed the EU and Russia at the forefront of Kyiv's foreign policy and the United States and NATO on a back burner.

During the first half of 2010, U.S. reactions were barely audible to the closer integration of Russia and Ukraine, as evident in plans to absorb key sectors of the Ukrainian economy and extending the presence of Russia's Black Sea Fleet. While President Yanukovich endeavored to bring Kyiv closer to Moscow, calculating that a less disruptive relationship would enhance the country's economic performance, both Washington and Brussels calculated that such moves did not threaten Western interests and could bring stability to Ukraine. Limited Western engagement in turn emboldened the Russian authorities and weakened Kyiv's potential bargaining position vis-à-vis Moscow. Such a short-sighted approach by the United States and the EU ignored the potential radicalization of Ukrainian politics precipitated by Yanukovich's policies and the likelihood of serious domestic conflicts in the years ahead.

Impact of Obama's Policies

A careful evaluation is needed of the conventional wisdom that improved U.S.-Russia relations are automatically advantageous for all European and post-Soviet states.⁵⁰ Closer ties may encourage some capitals to seek less confrontational relations with Russia and to develop their bilateral agendas, but this largely depends on Moscow's approach. Indeed, two potential negatives may result from the U.S.-Russia détente. First, it may generate profound anxieties that Washington has abandoned East European, South Caucasian, and Central Asian national interests to obtain

patiently constructed diplomatic strategy for a peaceful resolution of the conflict. Baku proposes opening all borders to trade and transit as part of the first stage in the conflict resolution process, linked with the Armenian troop withdrawal.”

50. In response to the comment by James M. Goldgeier, *The Future of NATO*, Council Special Report No. 51 (Washington, D.C.: Council on Foreign Relations, February 2010), p. 5.

Moscow's cooperation in combating security threats in Afghanistan and Iran. This could either worsen relations with Russia as fears of domination increase or it could encourage greater official acquiescence to Moscow because of the absence of sufficient Western protection or leverage. The latter scenario can polarize and radicalize domestic politics as witnessed in Ukraine since the election of President Yanukovich in February 2010.

And second, Moscow itself will feel emboldened by a perception that Washington may be willing to disregard the security interests of East European and Central Asian states in order to ensure cooperation with Russia. Indeed, the Kremlin has been testing Washington's response to a range of assertive moves toward neighbors, such as pressuring Belarus through sudden increases in oil and gas prices and intensive propaganda attacks against President Lukashenka; extending the presence of the Russian fleet on Ukrainian territory and pushing to absorb Ukraine's gas industry under a Russian monopoly; threatening Georgia with further conflict and partition; supporting the violent replacement of the Kyrgyz government with a potentially more pliant administration; and increasing pressure on Azerbaijan to supply Moscow's energy networks.

In general, the CEE states were not as enthusiastic about the Obama presidency as many of their West European counterparts. During the Bush years, which were viewed relatively favorably, the CEE states became an integral part of the Alliance and were courted and praised for providing military assistance for the missions in Iraq and Afghanistan. Some disenchantment became visible during the latter part of the Bush presidency when CEE did not receive the economic and military benefits or inclusion in the U.S. Visa Waiver Program that several capitals expected for supporting the U.S. war efforts. Subsequently, Obama was an unknown quantity who appeared to view Russia as his number one priority in Eurasia. Rightly or wrongly, a "Russia-first" policy is perceived in some capitals as a "Russia-only" policy, and the new administration has been widely viewed as making cordial relations a strategic priority regardless of Moscow's neo-imperial designs on its neighborhood.

Support for NATO also dipped in parts of CEE following the Georgia war and according to a German Marshall Fund (GMF) survey published in September 2009, the CEE publics were less supportive of upgrading their contributions in Afghanistan, evidently concluding that NATO should do more to ensure the security of its own members.⁵¹ There was disillusionment with the Bush presidency over U.S. failure to defend Georgia, falling enthusiasm for U.S. security policy after the prolonged Iraq war where several states had made significant contributions, and uncertainty about America's global leadership under the Obama presidency. In 2009, fewer people in CEE (53 percent) than in Western Europe (63 percent) viewed America in a positive light and were (25 percent) less likely than West Europeans (43 percent) to believe that relations between the United States and Europe improved during the previous year. Nonetheless, more respondents in CEE (45 percent) than in West Europe (39 percent) considered that the security and economic partnership between Washington and the EU should become closer, indicating a desire for better ties with Washington.

President Obama's meeting with 11 government leaders from CEE during his trip to Prague on April 8, 2010, was intended to project "strategic reassurance" and convince them that upgrading contacts with Russia did not entail downgrading ties with the new democracies or closing the

51. German Marshall Fund of the United States, "Survey: Support for U.S. leadership skyrockets in Europe," *Transatlantic Trends*, September 9, 2009, http://www.gmfus.org/press/article.cfm?id=191&parent_type=R.

door to NATO's growth eastward. For their part, the Central Europeans have sought Washington's commitment to five strategic "no's": no weakening of NATO's security guarantees; no U.S. military withdrawal from Europe; no redivision of the continent into spheres of influence; no termination of NATO enlargement; and no grand bargains with Moscow over the heads of former Soviet satellites.

The fact that President Obama needs to periodically "reassure" the new NATO allies that they have not been abandoned indicates that several capitals remain troubled not just about Russia's aspirations but about U.S. and NATO policies. For this reason, they will be looking closely at several significant landmarks. First, the content of NATO's new Strategic Concept is important for defining the role of the Alliance over the coming decade and its commitment to collective defense. In particular, how Russia is depicted in the document, as a partner or a potential adversary, or both, will be closely monitored in CEE capitals. Second, NATO's Summit in Lisbon on November 19–20, 2010, will be important with regard to any recommitments to mutual defense and enlargement. And third, the contours of the new missile defense system will need to be fleshed out with more specificity on how Russia will be included in the planned system.

CEE states remain concerned about Russia's ambitions in countries such as Ukraine, Belarus, Moldova, and Georgia, and about the pressure this can exert on their own security at a time when Washington no longer viewed the wider European project as a strategic priority. Indeed, by the summer of 2010 there was a growing sense that the White House was gradually withdrawing from the post-Soviet region and placing greater emphasis on such instruments as the OSCE in conflict prevention and crisis management.⁵² Although the OSCE had no proven track record in resolving conflicts, as it possessed no hard power deterrents or military instruments and depended on multinational consensus, Washington evidently calculated that a more prominent role for OSCE could prevent new confrontations with Moscow. Such an approach could simultaneously indicate that the United States and NATO were not prepared to surrender the post-Soviet region to Russian hegemony under a CSTO umbrella, even though the Alliance itself was not playing an assertive role.

In a longer perspective, Washington's détente with Moscow may prove to be a window of opportunity for Russia, and the Medvedev-Putin authorities will seek to extract as many advantages as possible from the Obama "reset." If Russia cannot deliver on U.S. requests for substantive and sustained assistance vis-à-vis Iran, North Korea, and Afghanistan, or becomes embroiled in new conflicts around its borders, it will prove to be of negative strategic value to Washington. Moreover, at the close of 2012 the Obama presidency may be replaced by a less Russia-focused administration, and Putin may return to the Kremlin with a more expansionist agenda.

52. Joseph R. Biden Jr., "Advancing Europe's Security," *New York Times*, May 6, 2010.

6

NATO-RUSSIA: COOPERATIVE ADVERSARIES

In the long-term aftermath of the Georgian war, it is valuable to assess the impact of Russia's assertive foreign policy on NATO commitments to enlargement, security, and the defense of member states. NATO-Russia cooperation is an ambiguous enterprise as Moscow endeavors to both work with and weaken a political-military alliance that it ultimately views as a strategic adversary. Since its victory in the Cold War, NATO has not defined Russia as an enemy and has avoided any outright confrontation with Russia following Moscow's intervention in Georgia in August 2008. Although NATO leaders declared that Moscow's actions were "disproportionate" and most military and political contacts were frozen, the reaction was largely symbolic. In March 2009, NATO's foreign ministers decided to resume dialogue and cooperation even though Russian forces had not been withdrawn from Georgia in compliance with the EU-brokered armistice of August 12, 2008.

The Perennial Enemy

Russia's leaders have persistently claimed that NATO expansion is their main security threat. They studiously ignore the fact that over the past 20 years NATO has significantly reduced the number of military forces in Europe, eliminated all ground-based short-range and medium-range nuclear missiles, and adopted a security strategy that is not focused on containing Russia. Despite these moves, the Kremlin depicts NATO as an existential threat to Russia's self-identification as a great power. According to James Sherr:

To the Russian military establishment and by now the overwhelming majority of the political establishment, NATO was and remains an anti-Russian military alliance. Claims that it has become a political-military alliance dedicated to strengthening common security are regarded as risible and insulting . . . Whereas Western security elites define threat in terms of intention and capability, Russia's official Concept(s) of National Security and Military Doctrine(s) define it by the "presence" of foreign forces in areas in the vicinity of Russian territory—whatever their ostensible purpose and irrespective of whether the host countries have invited them or not.¹

Russia's new military doctrine, released on February 9, 2010, describes NATO as "the main external military danger" to the Russian Federation.² The document lists several NATO actions that allegedly threaten Russia's security, including the drive for "global functions carried out in

1. James Sherr, "The Implications of the Russia-Georgia War for European Security," in Svante E. Cornell and S. Frederick Starr, eds., *The Guns of August 2008: Russia's War in Georgia* (Armonk, N.Y.: M.E. Sharpe, 2009), p. 203. Sherr is head of the Russia and Eurasia Program at Chatham House in London.

2. "Text of Newly Approved Russian Military Doctrine," February 9, 2010, p. 3, http://news.kremlin.ru/ref_notes/461.

violation of international law,” moving NATO’s military infrastructure closer to Russia’s borders, expansion of Alliance membership, attempts to “destabilize the situation in individual states and regions and to undermine regional stability,” the build-up of troops in territories and waters adjacent to Russia, and the deployment of strategic missile defense systems and non-nuclear precision weapons systems. According to the doctrine, these developments provide evidence that NATO has an ambition of “all-embracing domination.”

Despite its depictions of NATO as the primary antagonist, Moscow has an increasingly ambivalent position toward the Alliance. It cooperates with NATO in the NATO-Russia Council (NRC) and helps provide logistical support to NATO troops in Afghanistan, evidently calculating that a NATO withdrawal would destabilize the wider South and Central Asian regions. At the same time, it claims to fear Alliance activities close to its borders and is resolutely opposed to further NATO enlargement. If a more cooperative relationship is to be pursued, Russian officials will need to adjust their definition of partners and enemies in key national documents and desist from depicting NATO as a destabilizing global force. In fact, Moscow will need to abide by the U.S.-Russia Strategic Framework Declaration signed in April 2008, which clearly states that “the era in which the U.S. and Russia considered one another an enemy or strategic threat has ended.”³

Russia’s Security Proposals

Russia seeks to terminate NATO’s role in European security and to diminish the U.S. position in Europe. Its officials misleadingly complain that Europe has become fragmented into two blocs because NATO seeks to expand its influence. In reality, two blocs no longer exist; there is one multinational alliance (the North Atlantic Treaty Organization) that most of Europe has voluntarily joined and that several other states seek to enter, together with a number of nonmembers and states that are constrained from petitioning for closer links with NATO because of potential Russian sanctions. Moscow’s efforts to establish an effective security replacement for NATO have failed as Alliance enlargement has been a core component of the process of European unification.

President Medvedev has proposed establishing a pan-European organization under which all major international structures would be subsumed. In effect, Russia is seeking to replace the 1990 Charter of Paris for a New Europe and the 1999 Istanbul Charter for European Security, eliminate the Conventional Forces in Europe (CFE) Treaty, overhaul the Organization for Security and Cooperation in Europe (OSCE) and the 1975 Helsinki Final Act on which it is based, and eviscerate NATO as Europe’s principal security structure.

Paradoxically, Moscow is proposing a new framework while it has failed to comply with existing security arrangements, including the CFE Treaty. Moscow’s notion of a new “security architecture” was launched by Medvedev in Berlin on June 5, 2008, when he called for a legally binding European Security Treaty. The proposal was partly fleshed out in a speech at the World Policy Conference in Evian, France, on October 8, 2008,⁴ where Medvedev claimed that a structure must be found to “guarantee equal security” and the “common security space.” Couched behind the rhetoric was an agenda for emasculating NATO.

3. U.S.-Russia Strategic Framework Declaration, *Essential Documents*, Council on Foreign Relations, April 6, 2008, http://www.cfr.org/publication/16193/usrussia_strategic_framework_declaration.html.

4. President Dmitry Medvedev’s Speech at the World Policy Conference, Evian, France, October 8, 2008, <http://natomission.ru/en/society/article/society/artnews/21/>.

In Medvedev's words: "No state or international organization can have exclusive rights to maintaining peace and stability in Europe." In effect, Moscow proposes a Russian veto over NATO both as a mutual defense organization and as a security body engaged in peacekeeping and humanitarian relief. Russia also claims veto powers over EU involvement in conflict prevention in any part of Europe. At the OSCE Annual Security Review Conference in Vienna on June 23, 2009, Russia's foreign minister Sergei Lavrov outlined the "systemic drawbacks of Euro-Atlantic security."⁵ He claimed that at the end of the Cold War no "sustainable and effective system" that would embrace both East and West emerged. He also asserted that NATO has tried to ensure its own security "at other's expense" and backed Medvedev's proposal for a European Security Treaty to "ensure the unity of the whole Euro-Atlantic space."⁶

Lavrov bemoaned that the OSCE was not institutionalized into a "full-fledged regional organization" with "an open collective security system." Instead, the OSCE's democracy-promoting Office for Democratic Institutions and Human Rights (ODIHR) had allegedly become too independent, shifted the focus away from hard security issues, interfered in the internal affairs of sovereign states, and was penetrated by Western intelligence services.⁷ The Russian proposal for a legally binding security treaty is designed for several purposes:⁸ sideline NATO and subsume it under a broader umbrella; provide Moscow with a veto over NATO policy and an "equal role" over wider security arrangements in Europe; preclude any external interference in Russia's simmering internal problems in the North Caucasus; raise the stature of the CSTO on a par with NATO; consolidate Moscow's "spheres of influence"; legitimize Russia's position as a regional superpower in Eurasia; and underscore Russia's status as "a great power on a par with the U.S. and the totality of European states."⁹

The notion that no state or international organization can have the "exclusive rights to maintain peace and stability" in the Euro-Atlantic region is intended to debilitate NATO's Article 5 clause of mutual defense and to prevent the Alliance from collectively securing any part of Europe without Russia's approval. Although Moscow counterposes the notion of "equal security" with that of "intra-bloc approaches," in practice Russia is drawing new dividing lines by pressuring its neighbors not to accede to NATO, by creating the CSTO as a counterpart to NATO, and by pushing for a clear division of "spheres of responsibility" between the two organizations.

Moscow accuses NATO of generating insecurity in various parts of Europe, failing to point out that it was the absence of early NATO action during the break-up of Yugoslavia that left the terrain

5. Address by Sergei Lavrov at the Opening of the OSCE Annual Security Review Conference, Vienna, Austria, Ministry of Foreign Affairs of the Russian Federation, Vienna, June 23, 2009, http://www.in.mid.ru/brp_4.nsf/0/9EB56F1ECAAD3AB5C32575DF00362CC9.

6. Medvedev's plan is reminiscent of the general proposal by the last Soviet leader Mikhail Gorbachev who sought a new security system in Europe extending "from Vancouver to Vladivostok" but provided no details of its structure and operations. Through its actions in Georgia in August 2008, Moscow broke all five principles outlined in Medvedev's security proposals.

7. See the section on the OSCE in Bill Browring, "Russia and International Law," *EU-Russia Centre Review*, issue 8 (October 2008): 125–126, Brussels, Belgium, <http://www.eu-russiacentre.org>.

8. For a valuable analysis, see Marcel H. Van Herpen, "Medvedev's Proposal for a Pan-European Security Pact: Its Six Hidden Objectives and How the West Should Respond" (Paris/Maastricht: The Cicero Foundation, October 2008), http://www.cicerofoundation.org/lectures/Marcel_H_Van_Herpen_Medvedevs_Proposal_for_a_Pan-European_Security_Pact.pdf.

9. Bobo Lo, "Medvedev and the New European Security Architecture," *Policy Brief*, July 2009, p. 3, Centre for European Reform, London, England, <http://www.cer.org.uk>.

open to war and mass murder.¹⁰ Through its eventual intervention in Bosnia-Herzegovina (1995) and Kosovo (1999), NATO managed to terminate the armed conflicts and civilian slaughters. Even NATO exercises are deemed by Russia to be provocative as was the case with the Cooperative Longbow/Lancer-09 exercises in Georgia in May 2009 under NATO's Partnership for Peace (PfP) program. Moscow accused Tbilisi of remilitarization, but in reality it was angered because the NATO drill, involving a mere 700 soldiers, demonstrated that Georgia continued to be viewed as a NATO partner despite Russia's occupation of Georgian territory.

The August 2008 war is described by Russian officials as a vindication of their contentions that Europe remains insecure, omitting to point out that it was Moscow's support for separatism in Georgia and its *de facto* dismemberment of the country that generated insecurity. Its actions violated core European security principles prohibiting aggression against small states. In effect, Russia was promoting instability among its neighbors in order to assume a greater role in European security. Ironically, the country that engaged in an armed attack on a neighbor and violated various international laws has proposed a new European security structure. Instructively, the Russian-dominated CSTO has failed to ensure the security of member states as the political and ethnic conflicts in Kyrgyzstan during the summer of 2010 clearly testified.

The core of Russia's security proposals is a legally binding European Security Treaty. Its purpose is to enshrine Moscow's triple veto: prevent further NATO enlargement; block the repositioning of NATO infrastructure, and nullify NATO's Article 5 guarantees. According to the draft released by the Kremlin on November 29, 2009, Russia seeks an "equal role" in wider security arrangements in Europe, including NATO, by enacting the principles of "indivisible, equal, and undiminished security" (Article 1).¹¹ Loose formulations such as "a Party to the Treaty shall not undertake, participate in or support any actions or activities affecting significantly the security of any other Party" (Article 2, section 1) or not allowing the use of territory for "any actions affecting significantly the security of any other Party" (Article 2, section 3) can be used to enact each of the three vetoes against NATO.

Although Washington has avoided dismissing Moscow's proposal outright at a time when it seeks to improve relations, in January 2010 U.S. secretary of state Hillary Clinton in effect rejected any new security arrangements while confirming that American forces will remain on the continent to "deter attacks and to respond quickly if any occur."¹² Clinton asserted that "common goals are best pursued in the context of existing institutions, such as the OSCE and the NATO-Russia Council, rather than by negotiating new treaties." She also rejected any moves to establish "spheres of influence in Europe in which one country seeks to control another's future" and underscored that "NATO must and will remain open to any country that aspires to become a member and can meet the requirements of membership."

Most NATO capitals have been lukewarm to Moscow's security proposals. French president Nicolas Sarkozy insisted that the U.S. needed to be brought into any dialogue over new security structure and that NATO has primacy in European security.¹³ The Corfu Process was initiated on

10. Zoltan Barany, "NATO at Sixty," *Journal of Democracy* 20, no. 2 (April 2009): 114, National Endowment for Democracy and the Johns Hopkins University, Washington, D.C.

11. President of Russia, Official Web Portal, "European Security Treaty," November 29, 2009, <http://eng.kremlin.ru/text/docs/2009/11/223072.shtml>.

12. "Clinton Rejects Russia's Call for New Europe Security Treaties," Bloomberg, January 29, 2010, <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aT4J8BFC2vEs>.

13. From President Nicolas Sarkozy's speech at the World Policy Forum, Evian, France, October 8, 2009 Paris: French Embassy in the United Kingdom official Web page, October 8, 2008, [NATO-RUSSIA: COOPERATIVE ADVERSARIES | 85](http://ambafrance-</p></div><div data-bbox=)

June 27–28, 2009, by several OSCE states during the Greek presidency in order to debate Moscow’s security proposals and place them in a broader examination of security threats. Russia does not view the OSCE as a serious security player and has sought separate discussions on a European pact limited to hard security issues.¹⁴ Washington calculated that placing the Russian proposal within an OSCE format will minimize its anti-NATO thrust and prevent it from being a thorn in U.S.-Russia relations.

On some occasions the Kremlin has adopted a more conciliatory position in its security proposals in order to entice the Obama administration. At a speech in Helsinki in April 2009, Medvedev conceded that any new security architecture should involve all Euro-Atlantic states and organizations, thus hinting that NATO still had a role to play.¹⁵ However, a serious debate on Russia’s security proposals would first need to examine fundamental divisions in relations between Moscow and the West, including the persistent competition over the post-Soviet states and Russia’s refusal to accept NATO’s legitimacy as the primary transatlantic security organization. The objective should be to strengthen Euro-Atlantic capabilities against existing security threats rather than weakening them by adopting Moscow’s proposals or creating some nebulous new “European security architecture” that would amount to little more than a miniature replica of the United Nations.¹⁶

Alliance Enlargement

For Moscow, NATO enlargement is an intrinsically hostile act. However: “Russia’s indictment is tautological: because NATO is deemed to be fundamentally an anti-Russian alliance, its expansion allegedly proves that it is aggressive in character.”¹⁷ Moscow’s position is encapsulated in the new military doctrine approved by President Medvedev on February 5, 2010.¹⁸ It defines NATO’s eastward growth as the main external military danger facing Russia. NATO deployment near Moscow’s territory and Alliance support for military modernization and interoperability in states neighboring Russia are depicted as threats to its security. The doctrine also declares Moscow’s right to use military force beyond its borders to “protect the interests of the Russian Federation and its citizens, and to maintain international peace and security.”

Moscow adds a number of twists to the threat of NATO enlargement to convince Western capitals that expansion challenges their own security. It claims that NATO embroils them in new crises, dilutes the identity of the West by bringing in unstable and unpredictable small states,

uk.org/President-Sarkozy-s-World-Policy.html?var_recherche=osce.

14. Dov Lynch, “The Corfu Process,” in Andrew Monaghan, ed., *The Indivisibility of Security: Russia and Euro-Atlantic Security*, a Non-Paper produced by the NATO Research Division, NATO Defense College, Rome, December 2009, pp. 15–25.

15. Dmitri Medvedev, “Keynote Address,” Helsinki University, Helsinki, Finland, April 20, 2009, http://eng.kremlin.ru/speeches/2009/04/20/1919_type82912type82914type84779_215323.shtm.

16. For a recent proposal to include Russia in a grandiose “emerging multilateral global, Euro-Atlantic order,” see Jeffrey Mankoff, “Reforming the Euro-Atlantic Security Architecture: An Opportunity for U.S. Leadership,” *The Washington Quarterly* 33, issue 2 (April 2010): 79.

17. Sherr, “The Implications of the Russia-Georgia War,” p. 204.

18. Roger McDermott, “New Russian Military Doctrine Opposes NATO Enlargement,” *Eurasia Daily Monitor* 7, issue 27 (February 9, 2010). The Kremlin also announced that Medvedev had endorsed another document: “The Principles of the State Policy of Nuclear Deterrence until 2020.” This document is shrouded in secrecy, and analysts believe that it may contain the provision of “preventive nuclear strikes” to defend Russia against “conventional aggression.”

and undermines relations with Russia. On February 6, 2010, at the 46th Munich Security Policy Conference, NATO secretary-general Anders Fogh Rasmussen criticized the Kremlin's military doctrine and its negative depiction of NATO as a danger to Moscow, which contradicted ongoing efforts to improve NATO-Russia relations.¹⁹

Following West European opposition to affording Membership Action Plans, or MAPs, to Ukraine and Georgia at the NATO summit in April 2008, the question of enlargement has been placed on hold. Several allies expressed doubts that further expansion eastward was in NATO's strategic interest. Reservations over enlargement were reinforced after the Russo-Georgian war in August 2008 when a number of West European capitals calculated that NATO growth could undermine already tense relations with Russia and that MAPs could not be offered to unstable states. In contrast, several CEE allies argued that if Georgia had been a NATO member or even included in the MAP process, this would have restrained Tbilisi from forcefully seeking to retake South Ossetia in August 2008 and dissuaded Russia from launching a military assault on Georgia.

NATO's decision not to offer MAPs to Georgia or Ukraine were perceived as a victory in the Kremlin and could encourage Moscow to incite a crisis with any country that aspired to NATO integration in order to freeze the process.²⁰ Russian officials concluded that Georgia's chances of joining NATO disappeared because of opposition by key European allies and Obama's efforts to warm relations with Moscow.²¹ Instead of MAPs, NATO foreign ministers approved annual national review programs both for Ukraine and Georgia to promote military reform. Despite parliament's decision on July 1, 2010, to abandon the objective of NATO accession, Kyiv asserted that it would maintain its involvement in Alliance programs.

Proposals about associate NATO membership for aspirant states have also been floated, but the core question remains whether Article 5 security guarantees would be valid. Without such guarantees, the importance of association would be significantly diminished. This could also bring into question the value of collective defense obligations by tempting Russia to stage a military provocation against a NATO associate to highlight Alliance impotence.

Russian officials claim that NATO is in crisis and compensates for failure by engaging in enlargement motivated by an "obsession with mechanical eastward expansion."²² Enlargement and the integration of new democracies are presented as "nipping off" pieces of former Warsaw Pact territory in order to surround Russia's borders. Such a policy allegedly provokes new instabilities as it encourages included governments to embark on "political and military adventures." In a twist

19. "Russian Doctrine Does Not Reflect Real World: NATO," Reuters, February 6, 2010, <http://www.reuters.com/article/idUSTRE6150NI20100206>.

20. Marek Madej, "NATO after the Conflict," in "Business as Usual? Consequences of the Russian-Georgian Conflict," *PISM Research Papers*, no. 11 (May 2009): 50–51, Polish Institute of International Affairs (PISM), Warsaw, Poland. The concluding statement at the NATO summit in Bucharest in April 2008 did affirm that Ukraine and Georgia would one day become NATO members, but it did not offer any timetables.

21. See "Mass Media: America Will Have to Tolerate Saakashvili in Georgia. He Is Already Asking for Weapons," *Newsru.com*, July 22, 2009, <http://www.newsru.com/world/22jul2009/bidengeorgia.html>. Russian analysts misleadingly warned that NATO was preparing to bring Azerbaijan into the Alliance so the United States could strengthen its position in the Caucasus following the Georgian fiasco. This would consolidate the security of the proposed Nabucco energy corridor. Check "Chances of Azerbaijan to Join NATO Are More Preferable than Ukraine's or Georgia's," *Nezavisimaya Gazeta*, Moscow, Russia, June 8, 2009.

22. Sergei Lavrov, "How to Bring the Cold War to a Conclusive End?" *Mezhdunarodnaya Zhizn*, Moscow, May 2009. One purpose of the article is to depict the Soviet Union as a moral and political equal of the West and to sidestep the most important differences between the two systems.

on the danger theme, Russia's representative to NATO, Dmitry Rogozin, claimed in May 2009 that the Kremlin does not view NATO itself as a threat to Russia's security. However, the process of Alliance enlargement and the "approach of its military structure to Russian borders" could pose a threat in the future.²³ Indeed, Russian officials have warned repeatedly that if Ukraine was to join NATO, then Moscow would be forced to intervene militarily and precipitate the country's partition, thereby confirming that NATO enlargement provokes instability.²⁴

Although there is less concern about the inclusion in NATO of West Balkan states, any growth in the Alliance is viewed negatively, especially as Moscow promulgates the thesis that NATO has crested and its enlargement has ended. The possible inclusion of Austria, Sweden, and Finland, if there is political and public support for such a move, is likely to be loudly protested by Russia as it views these states as classic neutrals. Their NATO entry would send a strong message that neutralism is a Cold War relic—there are no more military blocs from which to be neutral as Europe consolidates into a single security sphere.

Some Western observers propose eventual NATO membership for Russia itself through a MAP process, and the idea has been discussed by Russian analysts.²⁵ Such a proposition, though well intentioned to promote Russian democracy and neutralize its imperial agenda, has several problems. Moscow would need to meet basic criteria for a MAP as did other CEE states; to give Russia preferential treatment over its former satellites would devalue the process. Moves toward NATO entry would also highlight Russia's profound democratic deficit, and the notion that the NATO alliance promotes democratization would be discredited. Integration of a potentially unstable authoritarian state would also import new problems into the Alliance, especially one that has territorial disputes with its neighbors and is on the verge of potential fragmentation.

It is unlikely that the Kremlin will seek NATO accession as it has no aspirations to be an equal partner of numerous smaller states. Moscow has regularly rejected the principle of Alliance membership although the idea was raised provocatively by Putin in June 2001 during his first summit meeting with President Bush in Slovenia. In July 2009, Russia's envoy to NATO dismissed as "not serious enough" a suggestion by a U.S. official that Russia could join NATO if it met the criteria for inclusion and contributed to common Alliance security.²⁶ Russia's cooperative position toward NATO would best be demonstrated by ending its opposition to Alliance enlargement so it can include any post-Soviet state that meets the criteria for accession. Instead, Moscow may seek a "bargain" with NATO whereby the Alliance would permanently desist from enlarging eastward and Moscow would gain a veto over alliance decisions on matters that affect Russia.²⁷ In exchange, NATO would obtain improved cooperation from Russia on missile defense, Afghanistan, and other security questions. It appears that instead of trying to browbeat NATO into submission, the Kremlin currently believes it can accomplish more through charm offensives and strategic transactions.

23. "NATO Starting to 'Reset' Relations with Russia, Envoy Says," Interfax, Brussels, May 27, 2009.

24. Andrey Makarychev, "Russia, NATO, and the 'Color Revolutions,'" *Russian Politics and Law* 47, no. 5 (September–October 2009): 46–47, New York: M.E. Sharpe.

25. Richard Krickus, "Medvedev's Plan: Giving Russia a Voice but Not a Veto in a New European Security System," Strategic Studies Institute, United States Army War College, December 2009.

26. "Russia Dismisses NATO Membership Suggestions," RIA Novosti, Moscow, July 30, 2009.

27. Tomas Valasek, "Membership for Russia a Step Too Far for NATO?" *Insight*, July 9, 2010, Center for European Reform, London.

Deciding NATO's Future

Internal debate about the future of the Alliance assumed urgency in the wake of the Russo-Georgia war, especially for new members concerned about the effectiveness of territorial defense and the viability of NATO's security guarantees.²⁸ The importance of defining NATO's *raison d'être* was reinforced by the focus of the Obama administration on pacifying Afghanistan. Two main positions emerged—the traditionalist and the globalist. For traditionalists, a regionally anchored NATO must focus on its main functions of defending allies and securing the European theater. Traditionalists do not believe that NATO is equipped or capable of effective nation building; they think failure could discredit the Alliance. In contrast, globalists assert that the Alliance must manage a range of crises and unconventional threats and engage with non-NATO countries and international organizations; otherwise the organization would lose its rationale.

Supporters of NATO enlargement include several globalists, such as the United States and the United Kingdom, while some traditionalists such as Germany and Belgium oppose further expansion. The CEE states are both enlargers and traditionalists although willing to participate in a globalist framework primarily to maintain an active alliance with the United States. In the European context, one can distinguish between enlargers, who support an expanding and effective NATO that can defend its members, and restrictors, or proponents of a smaller and less militarized organization with a reduced American role and more primacy given to European security structures.²⁹

Concerns are evident in CEE that the transformation of NATO into a globally active organization could undermine the validity of Article 5 guarantees and the future of European security. Paradoxically, many of these countries have contributed significantly to U.S. and NATO operations in Iraq and Afghanistan to demonstrate that they are dependable allies and as an insurance payment for their own future security. They fear that any perceived failure of the International Security Assistance Force (ISAF) mission in Afghanistan could endanger U.S. commitments to NATO in general as a credible security and defense organization.

Even while NATO debates its future role, it faces internal problems stemming from the limited political and financial commitments of member states. In February 2010, U.S. defense secretary Robert Gates challenged European allies to stop cutting support for NATO in the face of current and emerging threats.³⁰ In his estimation, “the demilitarization of Europe, where large swaths of the general public and political class are averse to military force and the risks that go with it,” has become an obstacle to long-term security. Shortfalls in funding and capabilities make it difficult for the Alliance to operate in confronting security threats. According to Gates, only 5 of 28 allies have achieved the established target of spending 2 percent of GDP on defense, and the militaries of most NATO members have limited mobility and self-sustainability.

28. Among the numerous studies and policy recommendations for NATO's future, see Jolyon Howorth, “A New Institutional Architecture for the Transatlantic Relationship?” *Europe Visions* no. 5 (June 2009), French Institute for International Studies (IFRI), Paris; Daniel Hamilton (lead author), “Alliance Reborn: An Atlantic Compact for the 21st Century,” The Atlantic Council, Center for Strategic and International Studies (CSIS), Center for Technology and National Security Policy, National Defense University, and Center for Transatlantic Relations (Johns Hopkins University, SAIS), Washington D.C., February 2009.

29. For an analysis of the differing streams within NATO, consult Rokas Grajauskas, “The Future of NATO—A View from Lithuania,” *CEGS Report 2009*: 1, pp. 1-9, Centre for Eastern Geopolitical Studies, Vilnius, Lithuania, <http://www.cegs.lt>.

30. Viola Gienger, “Gates Presses Allies to Bolster NATO as Major Threats Loom,” Bloomberg, February 24, 2010, <http://www.post-gazette.com/pg/10055/1038079-82.stm>.

Voices on both sides of the Atlantic have been calling for closer NATO-EU cooperation, and several CEE governments see the forging of a deeper partnership as essential for deterring threats against any European state. Such collaboration would need to be enacted at both the consultative and operational levels so there is no competition between NATO and the EU in the security arena. Ideally, NATO's hard power and the EU's soft power capabilities could be combined in conflict prevention, counterinsurgency operations, peace enforcement, and post-conflict reconstruction. However, relations between the two organizations remain undeveloped in terms of joint planning and integrated operations, while the financial crisis has refocused attention on the limited resources available and the necessity to avoid duplication in military capabilities. In addition, some West European capitals remain suspicious that a closer NATO-EU partnership would enable Washington to play a more prominent role in European affairs.

Reassessing Security Guarantees

In the view of several CEE governments, the core reason for NATO membership is to protect their independence and territorial integrity, especially from possible Russian encroachments. However, a perplexing problem confronting the Alliance is the inability to reach consensus on defining and defending against perceived threats.³¹ Central European officials interpreted the Russo-Georgia war as a direct challenge to NATO's security, but failed to galvanize the Alliance against Russia's actions. By contrast, most West European governments were not prepared to allow the August 2008 war to sour relations with Moscow and believed it was an exceptional event that would not be repeated elsewhere.

After August 2008, the urgency of making NATO an effective force deterring attacks and ensuring mutual defense was heightened for the new member states. Several CEE capitals viewed a resurgent Russia as the principal threat to their security and proposed a more effective NATO deterrence policy.³² They also pointed out that a heightened sense of security would make them less suspicious and more willing to cooperate with Moscow. The Russo-Georgia war convinced several capitals to raise the issue of continental defense and contingency planning, but it also exposed a number of intrinsic deficiencies.

There is a glaring disconnect between NATO potential and its actual capabilities. Of approximately 2.5 million soldiers available to Alliance members, only about 300,000 are considered to be deployable, with half available at any one time because of rotation requirements.³³ About 110,000 are capable of being deployed abroad, while NATO's ability to project its power is inhibited by Europe's shortage of strategic transport planes. During its growth, NATO may have entered defense commitments without a commensurate growth in capabilities among the European allies.

Although often cited as a pledge of protection by all NATO allies, Article 5 of NATO's founding document, the North Atlantic Treaty, is ambiguous. It states that if one ally is attacked, NATO

31. Andrew Michta, *Central Europe and NATO: Still Married, But in Need of Counseling*, Report no. 29 (Washington, D.C.: Center for European Policy Analysis, December 2009). Some experts have proposed that NATO issue a binding declaration on the inviolability of borders in Europe and oblige itself to react when violations occur.

32. Jens Rinsmase and Sten Rynning, "Come Home, NATO?" Danish Institute for International Studies (DIIS), DIIS Report 2009:04, Copenhagen, Denmark, p. 17.

33. Andrew A. Michta, "NATO Enlargement Post-1989: Successful Adaptation or Decline?" *Contemporary European History* 18, no. 3 (2009): 369, Cambridge University Press, England.

would take actions “deemed necessary,” which may not include the use of armed force. Each ally would be at liberty to interpret the article in any way they choose amidst doubts that West European governments would be prepared to send combat troops to assist new members in the event of outright conflict with Russia.

There are also concerns that the NATO treaty and other documents fail to specify an appropriate reaction against nontraditional challenges, such as the use of irregular forces, terrorist proxies, minority rebellions, or cyber assaults.³⁴ NATO’s article six only mentions the responsibility to defend an ally against an armed attack on the territory of members. Dealing with cyber attacks, as witnessed in Estonia during its dispute with Russia in April 2007, is especially vexing. If a country under sustained cyber assault against its governmental institutions, critical infrastructure, and power networks calls for NATO Article 5 protection, it may prove difficult but vital to ascertain the source of the attack and to reach agreement on the appropriate collective response.

Because of concerns in CEE about NATO’s security guarantees and the possible veto of a collective military response by some member states, President Obama felt compelled at a speech delivered in Prague on April 5, 2009, to reiterate that common defense remained an indelible Alliance principle. He subsequently reiterated that Washington opposed the creation of spheres of influence anywhere in Europe and would not accommodate Moscow’s ambitions to gain its cooperation in other security arenas.³⁵ The new administration evidently did not want to be perceived as disengaging from CEE or offering strategic concessions that would encourage Moscow to be more belligerent in gaining further advantages.

Poland’s defense minister Bogdan Klich asserted that collective defense should remain NATO’s core function even while it develops expeditionary capabilities and conducts operations outside Europe. Moreover, clearly stated defense priorities must be matched by real capabilities. For instance, Klich stressed that the NATO Response Force (NRF) launched in 2002 must become a credible instrument for “strengthening member states should they be threatened with invasion.” Moreover, NATO needs to develop operational plans to reinforce all allies in the event of Article 5 threats and focus on the “equal distribution” of NATO installations among all allies:

The current geographic range of the Alliance is different now than in the 1990s. These changes must be reflected in the development of NATO’s structures and military infrastructure. Hosting such elements on the territory of the newer members is crucial for the cohesion and effectiveness of the Alliance. It more deeply anchors those nations to NATO’s structure, as well increases their ability to contribute to the Alliance’s operation and development.³⁶

NATO Defense Planning and Infrastructure

CEE leaders have urged the Alliance to give NATO more visibility by conducting contingency planning and military exercises, while preparing appropriate forces and logistics for all scenarios

34. Tomas Valasek, “NATO, Russia and European Security,” Working Paper, November 2009, Centre for European Reform, London, p. 11.

35. Tomas Valasek, “Obama, Russia, and Europe,” June 2009, Centre for European Reform, London, <http://www.cer.org.uk>.

36. Bogdan Klich, “A Strong Alliance,” speech given at an international conference in Warsaw, Poland, in March 2009 entitled “NATO: Challenges and Tasks Ahead” and organized by the Center for International Relations, Warsaw, pp. 23–30.

including a potential conflict with Russia.³⁷ Such planning was scaled back in the early 1990s when the Soviet Union disintegrated. The absence of updated threat assessments and detailed defense plans reduces Alliance credibility in protecting its members, whereas the existence of such plans serves as a deterrent because it indicates that NATO is prepared to honor its security commitments. Germany and Italy in particular have been opposed to such an initiative, arguing that Russia is not an enemy and that NATO defense planning will damage relations with Moscow. Other countries such as the UK and Holland believe that preparing contingency plans vis-à-vis Russia would distract NATO from focusing on its mission in Afghanistan.

There is also disagreement about whether such planning should be announced publicly or conducted discretely as any open declaration could be exploited by Moscow to claim that NATO harbored aggressive intentions and was preparing to attack Russia. Observers argue that NATO has been so preoccupied with the war in Afghanistan that there is little monitoring of threats closer to home, little planning for the defense of NATO's borders, and no creation of a dedicated force to protect NATO members.³⁸ Nonetheless, at the close of 2009, President Obama reportedly asked NATO's Supreme Allied Commander, U.S. Admiral James Stavridis, to draft defense plans for the Baltic countries, specifying the potential threats and calculating the appropriate responses.³⁹

The CEE capitals argue that NATO's deterrence capabilities need to be reinforced as collective defense requires elements of territorial defense together with some expeditionary elements. It would be beneficial for NATO members positioned near unstable zones to have greater defense capabilities and smaller expeditionary forces and thus be capable of defending their territories for several days against a conventional attack before a collective NATO military response materializes. Credible defense plans must include establishing bases for storage of military hardware so that rapid reaction forces could be more quickly deployed. It would also need to involve the upgrading of CEE military facilities, enabling them to receive military reinforcements from other NATO members in the event of armed conflict.

Territorial defense among new allies would need to entail anti-armor, anti-tank, and anti-aircraft capabilities in order to build up an effective deterrence. In a positive move, a small U.S. military base, along with a battery of Patriot missiles, was deployed in Poland in May 2010 near the town of Morąg under the U.S.-Polish Supplemental Status of Forces Agreement (SOFA) signed in December 2009. U.S. troops were scheduled to conduct 30 days of training in Poland every three months for the next two years and to exercise alongside Polish soldiers.⁴⁰

While officials in Warsaw claimed the presence of U.S. forces on Polish soil gave more credence to NATO's security guarantees, the deployment was condemned by Moscow. Foreign Minister Lavrov demanded "plausible explanations" from Washington and Warsaw, claiming that the emplacement of Patriots could provoke a new arms race in Europe. Officials asserted that radars at the U.S. facility could be used to spy on Russian military activities in Kaliningrad, and in retaliation Moscow announced that its Baltic navy would be reinforced with surface, underwater, and air components. Warsaw countered Moscow's accusations—that the deployment violated NATO as-

37. Based on the author's discussions in NATO Headquarters, Brussels, in October 2009.

38. Ronald Asmus, Stefan Czum, Chris Donnelly, Aivis Ronis, Tomas Valasek, and Klaus Wittmann, "NATO, New Allies and Reassurance," *Policy Brief*, May 2010, Centre for European Reform, London.

39. Valasek, "NATO, Russia and European Security," p. 32.

40. Gordon Fairclough, "U.S. Joins Poland for Exercises," *Wall Street Journal*, May 25, 2010, <http://online.wsj.com/article/SB10001424052748704792104575264453676832086.html>; in February 2010, the U.S. administration also approved the opening of an Office of Naval Research in Prague.

surances not to permanently station troops or equipment among new members—by pointing out that the Patriot missile arrangement was a bilateral U.S.-Polish initiative and not a NATO project. Moscow was clearly frustrated that it could not exercise a veto over the deployment of U.S. military forces on the territory of former Warsaw Pact members.

Proposals by several CEE capitals to strengthen NATO's visibility and deterrence have included improved NATO intelligence gathering and surveillance; placement of NATO military infrastructure, hardware, training centers, and other facilities among new members; more frequent joint military exercises focused on combat rather than peace-keeping; regular NATO air patrols in the Baltic region; clear contingency plans for mutual defense; and the presence of U.S. liaison officers in CEE military establishments. Several CEE capitals want such proposals to be reflected in NATO's new Strategic Concept to be released at the November 2010 summit in Lisbon, the first major strategy document since the Alliance expanded eastward.

In October 2009, Estonian president Toomas Hendrik Ilves called for large-scale exercises by NATO ground forces in the Baltic region.⁴¹ This was an immediate response to the Zapad 2009 military drills conducted by Russia and Belarus near Alliance borders between September 8 and 29, 2009, involving 13,000 soldiers, 63 airplanes, 40 helicopters, 470 infantry fighting vehicles, 228 tanks, and 234 artillery pieces. Since March 2004 when the Baltic states joined NATO, the NATO alliance has only displayed its presence in the region through the air-policing mission, consisting of four fighter aircraft, within the Quick Reaction Alert (QRA) operation. Secretary-General Rasmussen confirmed that NATO would consider staging military exercises to demonstrate the alliance's "visible presence" in the Baltic region.⁴² In March 2010, NATO's fifth annual Baltic air exercises, the Baltic Region Training Event (BRTE), were held. More significantly, NATO leaders decided to organize military maneuvers in Latvia in October 2010 styled as the U.S.-Baltic "Sabre Strike 2010." Over 2,000 American, Lithuania, Latvian, and Estonian troops were due to participate as well as transport ships in the first ground exercises in the Baltics since they joined the Alliance. Governments in the region sought to make these into regular events that could involve a broader array of NATO members.

Romania, Bulgaria, Georgia, and Ukraine have called for Operation Active Endeavor (OAE), a NATO-led maritime security program, to be extended from the Mediterranean into the Black Sea despite resistance by Russia and Turkey.⁴³ Russia and Turkey have unofficially divided the eastern part of the Black Sea into their zones of predominance. Russia keeps a low naval profile in the southern part while holding uncontested naval sway beyond its own maritime borders in the waters around Ukraine's Crimea and along Georgia's coastline. By occupying Abkhazia, Moscow has unilaterally changed maritime borders in the eastern Black Sea at Georgia's expense and has raised the prospect of repeating this in the Crimea at Ukraine's expense.

CEE states neighboring Russia have sought closer military links with the United States and eventual bilateral security guarantees largely because they lacked confidence in NATO's collective defense provisions. Hence, the missile defense system pursued by the Bush administration was viewed in Warsaw as a method for developing military ties and U.S. commitments to Poland's de-

41. "Estonia urges NATO to hold land-based drills in the Baltic," RIA Novosti, October 13, 2009, <http://www.defencetalk.com/estonia-urges-nato-to-hold-land-based-drills-in-the-baltic-22557/>.

42. James G. Neuger, "NATO Considers Baltic Military Maneuvers to Reassure Region," Bloomberg, October 19, 2009.

43. Vladimir Socor, "Russian Naval 'Mission Creep' in the Black Sea," *Eurasia Daily Monitor* 6, issue 172 (September 21, 2009).

fense. In response, Russian officials accused certain CEE capitals of embroiling the United States in confrontations with Moscow. Some observers forecast that bilateral U.S.-CEE arrangements could also increase competition between NATO governments for American involvement and contribute to dividing the Alliance.

Having suspended compliance with CFE provisions in December 2007, if Moscow were to fully abandon the treaty and its limitations on conventional military deployments, this would reinforce the arguments of new NATO members pushing for defense contingency plans and more effective territorial defense capabilities.⁴⁴ They could also urge the Alliance to review the NATO-Russia Founding Act that accepts limitations on the permanent deployment of substantial combat forces throughout CEE. Additionally, some analysts believe that if Russia positioned short-range nuclear missiles in Kaliningrad to threaten Poland, such an action could cause the United States to reinforce its forces in Europe or even deploy intermediate-range missiles.

Limitations in NATO's military capabilities have been evident over the past decade. At the November 21–22, 2002, Prague summit, Alliance leaders declared the NATO Response Force (NRF) as a top priority, with a force goal of 25,000, including land, air, and sea components and a capability to deploy 10,000 troops within five days anywhere in the world in dealing with humanitarian disasters and other emergencies. A scaled-down version of the NRF was declared operational at NATO's Riga summit in November 2006, but apart from some small maritime elements, it remained largely stillborn amidst disagreements over its basic mission. As several member countries were unwilling to provide troops, NATO has been considering a "core" NRF consisting of a reinforced battalion of under 15,000 troops that is mobile and self-sustainable.

The NATO defense ministers meeting in Krakow, Poland, on February 19–20, 2009, discussed transforming the NRF from theory to reality, but various capitals continued to disagree over its size, missions, deployments, and national troop contributions.⁴⁵ While some members favor committing the NRF to "out of area" operations, most new members want to assign it for the defense of Alliance territory and to maintain it in a state of permanent readiness. In 2009, British defense secretary John Hutton proposed drawing on the NRF to create a 3,000-strong "allied solidarity force" committed to defending Alliance territory against conventional attacks. However, limited NATO resources will disable the creation of any new military units. CEE capitals also criticize the contention that mobile NATO forces and equipment developed for Afghanistan would be valuable in any European conflict. Confronting a dispersed guerrilla movement is markedly different from dealing with a traditional conventional force.

NATO-Russia Debate

The NATO ministerial in Brussels on March 5, 2009, decided to reactivate the NATO-Russia Council (NRC) after its suspension in August 2008 following Russia's invasion of Georgia. Despite its mandate for consultation and confidence building, the NRC was not used either before or during the Russo-Georgia war to try and resolve the crisis. In December 2008, NATO foreign ministers agreed to pursue a phased reengagement with Moscow. In effect, the suspension was merely a ritualistic move as NATO leaders viewed the NRC as a useful mechanism to keep Russia engaged

44. Chicky, *The Russian-Georgian War*, p. 15.

45. Vladimir Socor, "NATO's Response Force, Other Planned Capabilities Stillborn," *Eurasia Daily Monitor* 6, issue 38 (February 26, 2009).

in cooperative endeavors such as counterterrorism, nonproliferation, and land transit to the ISAF mission in Afghanistan.⁴⁶ NRC meetings at the chief-of-staffs level resumed in January 2010 despite the fact that NATO leaders initially opposed any resumption of military cooperation until Moscow withdrew its troops in Georgia to positions they held before the August 2008 war. Russia's leaders viewed this decision as an indication of NATO's political weakness.

Critics charged that the NRC, created in 2002, was more symbol than substance and primarily a technical arrangement that did not deal with the most contentious issues in NATO-Russia relations. Russian spokesmen complain that the NRC was supposed to act in crisis situations, but NATO has excluded Moscow from its most important decisions. In fact, NATO leaders do not want the NRC to block Alliance decisionmaking or Russia to have any veto over NATO policies. Nevertheless, NATO secretary-general Rasmussen, who assumed office on August 1, 2009, underscored that building productive relations with Russia was an Alliance priority guided by shared interests rather than common values.⁴⁷ He was eager to develop a common agenda with Russia focusing on counterterrorism, Afghanistan, nuclear nonproliferation, and combating maritime piracy. He also suggested injecting new energy into the NRC as a forum for open dialogue on European security.

Moscow has also been eager to purchase NATO weaponry to enable it to modernize its armed forces. The sale of a French Mistral-class amphibious assault ship to Russia in March 2010 was denounced by the Baltic states because it aided Moscow in threatening their security. The purchase constituted the largest and most sophisticated transfer by a NATO country to Russia as the vessels, which can carry 16 helicopters, several dozen tanks, and up to 700 combat troops, would be ideal for military actions against Russia's maritime neighbors. Georgian officials asserted that the Mistral deal signaled Western acceptance of Russia's military presence in Georgia while raising its military capabilities. The French sale could also be a useful method for dividing NATO by precipitating various arms deals outside the Alliance's control and consultative procedures.⁴⁸

In February 2010, President Sarkozy approved the sale of one Mistral-class warship pending a decision to sell three more vessels. Evidently Paris had felt excluded by well-developed business ties between Berlin and Moscow and viewed the warship deal as a means for developing a lucrative partnership with Russia. Some analysts warned that this could set a precedent for other NATO members to establish bilateral military connections with Moscow without Alliance consultations and allow Russia to use modern NATO equipment to menace its neighbors.⁴⁹

Despite all the mechanisms of cooperation, Moscow continues to disseminate disinformation about the Alliance. In particular, NATO activities in the High North or Arctic region are denounced as a threat to Russia's national interests.⁵⁰ Even Western reports that there are territorial challenges by Russia in the region are portrayed by the Kremlin as an offensive posture. Persistent

46. For a useful summary of NATO-Russian cooperation through the NRC, see "NATO's Relations with Russia," http://www.nato.int/cps/en/natolive/topics_50090.htm.

47. Ian Traynor, "Relations with Russia a Priority, Says Rasmussen," *Irish Times*, August 9, 2009, Dublin, Ireland.

48. Vladimir Socor, "Laissez Faire, Laissez Passer: NATO Takes Cue from French Warship Deal with Russia," *Eurasia Daily Monitor* 7, issue 49 (March 12, 2010).

49. Vladimir Socor, "Franco-Russian Naval Sale Is a Challenge to NATO," *Eurasia Daily Monitor* 7, issue 29 (February 11, 2010).

50. Katarzyna Bozena-Zysk, "Russian Military Power and the Arctic," *EU-Russia Centre Review*, issue 8 (October 2008): 80–85, Brussels, <http://www.eu-russiacentre.org>.

claims have been issued that Norway and other NATO allies are intent on undermining Russia's position in the Arctic. Oslo has been accused of seeking to dislodge Russia's presence from the strategically located Svalbard archipelago and undermining its economic and military interests. According to Russian officials, NATO is determined to secure the bulk of Arctic energy resources, forcing the Kremlin to threaten to deploy its Northern Fleet. A military conflict in the Arctic cannot be discounted as there are unresolved maritime delineation disputes over areas containing substantial oil and gas reserves. Putin himself has claimed that the Arctic is a "disputed territory, rich in natural resources, where a serious fight of interests between rivals is taking place."⁵¹

Conventional and Nuclear Forces

In the wake of the Georgia war, it will be difficult for many NATO allies to ratify the Adapted Conventional Forces in Europe, or CFE, Treaty especially as Russian troops remain on Georgian territory. Russia itself was unlikely to accept any additional limitations on deployments on its own territory or within states where it is intent on exerting dominance. The Kremlin has vehemently criticized the CFE Treaty for freezing restrictions on its military while remaining unrati ed by NATO capitals. It seeks to eliminate requirements for international notification and inspection of its military and is proposing the forging of a new treaty.

The CFE was originally intended to prevent the outbreak of a large-scale conventional war between NATO and the Warsaw Pact by capping the total number of arms and equipment that either side could station between the Atlantic and the Urals. In 1999 in Istanbul, the CFE signatories updated the treaty and imposed new arms limits, including Moscow's commitments to withdraw its bases from Georgia and Moldova. NATO agreed to ratify the adapted treaty once Moscow fulfilled those obligations which it subsequently failed to do. Although the Russian parliament ratified the adapted CFE Treaty in 2004, the Kremlin increasingly attacked the accord as detrimental to Russia's interests. The U.S. administration maintained that all NATO members including Slovenia and the three Baltic states would ratify the Adapted CFE Treaty once Russia evacuated its military units from Georgia and Moldova. Moscow in turn claimed that the United States exerted pressure on its allies not to ratify the treaty.⁵²

At the OSCE conference in Vienna in June 2007, Russia endeavored to renegotiate conventional arms control agreements to its unilateral advantage.⁵³ It demanded new arms limitations for NATO states to compensate Russia for Alliance enlargement and the creation of U.S. military installations in Romania and Bulgaria. It also canvassed to remove limits on Russian deployments in the North Caucasus and Russia's northwest region. In fact, the overall military dispositions of NATO member states remain below the ceilings agreed in the CFE Treaty in 1990. Clearly, Moscow wanted a freer hand for the movement and emplacement of its troops in the southern flanks. As no concessions were offered, Moscow withdrew from the CFE Treaty in December 2007 and exempted itself from

51. "Arktika–Bogataia Spornaia Territoria, Za Kotorolu Vedesta Borba, Zalavil Putin," *Izvestia*, Moscow, September 27, 2004.

52. Denis Zhuikov, "The Americans Recollect the CFE Treaty," *RBC Daily*, May 28, 2007, Moscow.

53. Vladimir Socor, "Russia Demands a Totally Changed Treaty on Conventional Forces in Europe," *Eurasia Daily Monitor* 4, issue 115 (June 13, 2007); and "NATO Holds Firmly at Extraordinary CFE Conference with Russia," *Eurasia Daily Monitor* 4, issue 118 (June 18, 2007).

the treaty's quantitative force ceilings, mutual inspections, and information exchanges.⁵⁴ Putin linked this decision to the failure of NATO signatories to ratify the CFE Treaty or respect its provisions as well as to the proposed missile defense system and NATO's eastward enlargement.⁵⁵

In November 2007, Russia's parliament suspended implementation of the CFE Treaty because it purportedly no longer corresponded to its interests.⁵⁶ Foreign Minister Lavrov vowed that Moscow planned to "restore strategic stability and the military and political balance on the European continent" and expected the adoption of a new agreement that would modernize the CFE Treaty.⁵⁷ The suspension removed all limits on the deployment of Russian troops and equipment in the North Caucasus in preparation for the war against Georgia. In fact, Moscow's actions were illegitimate as unilateral CFE suspensions were not envisaged in the original treaty. Prospects for resolving the CFE standoff became even more problematic following the August 2008 war and Russia's recognition of Abkhazia and South Ossetia. The possibility of the full collapse of the CFE Treaty has caused consternation among Russia's neighbors with the possibility that Moscow will upgrade its conventional weaponry close to their borders. Several states would then demand to revise their CFE-related national weapons quotas and force structures.⁵⁸

Russia has also revised its military doctrine to allow preventative nuclear strike against alleged aggressors. Nikolai Patrushev, secretary of Russia's Security Council, has asserted that conditions under which Russia could resort to nuclear weapons are being reworked in strategy documents.⁵⁹ According to Patrushev, "In a critical situation for national security, a preventative nuclear strike on an aggressor is not ruled out." Under its previous military doctrine, Russia declared that it would only conduct a nuclear strike if it was attacked with weapons of mass destruction or became the victim of "large-scale aggression" using conventional arms.

Amendments to Russia's Law on Defense creates a broader range of alternatives for employing military force beyond Russia's borders at the discretion of the president. The *Duma* adopted these amendments on September 9, 2009, creating a wide array of conditions where the Kremlin can unilaterally defend the "rights and dignity" of Russian citizens and Russian-speakers in other countries. Additionally, one of the five "guiding foreign policy principles" announced by President Medvedev in September 2008 was the protection of Russian citizens residing abroad.⁶⁰

54. In April 2007, Putin announced a moratorium on Russian observance of the CFE treaty, and in July 2007 he signed a decree suspending Russia's participation to take effect after 150 days. Consult President Putin's Annual Address to the Federal Assembly on April 26, 2007, at the Marble Hall in the Kremlin, <http://www.kremlin.ru/eng/speeches/2007/04/26/1209>.

55. "Full Text of Putin's Decree to Suspend Operation of CFE Treaty," Interfax, July 14, 2007, Moscow, and Radio Free Europe/Radio Liberty, *Newsline* 11, no. 128 (July 16, 2007), Part I. Russia's military leaders called for steps to beef up the military presence in northwestern Russia and the Caucasus, as CFE would no longer hamper Moscow.

56. "Duma Votes Unanimously to Suspend CFE Treaty," Radio Free Europe/Radio Liberty, *Newsline* 11, no. 208 (November 8, 2007), Part I. Also consult "Reasons for Russia's Suspension of CFE Treaty Listed in Explanatory Note," RIA Novosti, July 14, 2007, Moscow.

57. "Federation Council Votes to Suspend CFE Treaty," Radio Free Europe/Radio Liberty, *Newsline* 11, no. 214 (November 19, 2007), Part I.

58. Zdzislaw Lachowski, "The CFE Treaty One Year after Its Suspension: A Forlorn Treaty?" *Policy Brief*, January 2009, pp. 1-7, Stockholm International Peace Research Institute (SIPRI), Solna, Sweden.

59. "Russia to Adopt First Strike Nuke Policy: Official," Agence France Presse, October 14, 2009.

60. "New Russian World Order: The Five Principles," BBC, September 1, 2008, <http://news.bbc.co.uk/2/hi/europe/7591610.stm>. In Medvedev's words: "Our unquestionable priority is to protect the life and dignity of our citizens, wherever they are. We will also proceed from this in pursuing our foreign policy. We will also

NATO and CSTO: Collaborators or Rivals?

Russian officials have canvassed for NATO recognition of the Collective Security Treaty Organization, or CSTO, as an organization equal to the Alliance and operating in the “post-Soviet space.” Indeed, the creation of the Russian-dominated CSTO was intended to divide Euro-Eurasia into two distinct and coequal blocs, and Moscow envisages the same role for itself within the CSTO as the United States allegedly possesses in NATO. In its exclusive zone, Russia would initiate and lead combat, peacekeeping, humanitarian, or antiterrorism operations. The CSTO thereby raises Moscow’s status as leader of a security bloc and provides it with a bargaining chip in seeking a closer role in European security.

Russian officials have made numerous attempts to entice NATO into cooperating with the CSTO as an equal body and obtaining recognition of the CSTO as a regional security organization according to Chapter 8 of the UN Charter. NATO leaders are aware that bestowing regional legitimacy to CSTO would undermine the sovereignty of member states, especially in Central Asia, and give credence to Russia’s drive for a sphere of influence. Proposals have been floated by some Western capitals for NATO and the United States to gain observer status in the CSTO or even initiate some cooperative endeavors on condition that NATO does not recognize CSTO as the exclusive security organization in the post-Soviet region and that each state retains the freedom to enter the organizations of its choice.

On March 18, 2010, in Moscow, UN secretary-general Ban Ki-moon and CSTO secretary-general Nikolay Bordyuzha signed a declaration on cooperation between the two secretariats.⁶¹ The document can be interpreted as UN recognition of the Russian-led bloc in Eurasia, and some observers believe the agreement with the UN will allow the CSTO to act beyond its borders in peacekeeping and counterterrorist operations.⁶² Russia claims that it possesses a peacekeeping monopoly throughout CSTO territory and that the organization’s decisions will be determined solely by its Collective Security Council (the top political authority) and not by UN mandates. Secretary-General Bordyuzha also stressed that UN legitimacy will draw the CSTO closer to NATO.

The UN accord indicates the growing importance that the Kremlin attaches to using the CSTO as a foreign policy tool even though its development is resisted by several members apprehensive about Russian leadership. NATO’s recognition of the CSTO as a guarantor of security in Russia’s sphere of interest may be one major condition that Moscow increasingly attaches to deeper cooperation with Washington in Central and South Asia. Russian leaders are also likely to insist on CSTO control over supply routes to NATO forces in Afghanistan during the operation of the Northern Distribution Network across Central Asia as this would ultimately make the NATO mission dependent on Moscow.

protect the interest of our business community abroad. And it should be clear to everyone that if someone makes aggressive forays, he will get a response.”

61. Vladimir Socor, “The UN Accepts CSTO as a Regional Security Organization,” *Eurasia Daily Monitor* 7, issue 54 (March 19, 2010).

62. Roger McDermott, “Moscow Pushes for Formal Cooperation between UN, CSTO,” Radio Free Europe/Radio Liberty, October 16, 2009, http://www.rferl.org/content/Moscow_Pushes_For_Formal_Cooperation_Between_UN_CSTO/1853405.html.

7

EU-RUSSIA: TENTATIVE PARTNERS

It is unlikely that the European Union's response to the August 2008 war would have been any more effective if the Lisbon Treaty, which is supposed to streamline the EU's foreign policy apparatus, had already been in place. Every member state brings its own foreign policy priorities into EU decisionmaking, and deep divisions have been especially evident in how to manage relations with Russia and what "soft power" instruments the EU should employ toward Russia's neighbors. In sum, the EU does not possess a comprehensive and integrated Russia policy that stresses democratization, the rule of law, human rights, and respect for the sovereignty of neighbors. The relationship is driven primarily by business interests and diplomatic partnerships.

Russia's leaders do not view the EU as a major strategic power but as a valuable twofold instrument: an economic engine from where Russia can tap investment, technology, and trade; and a U.S. partner that Moscow can help decouple and maximize its own influence to decrease the American role in Europe. Russia's policy toward the EU is built around three approaches. First, it seeks direct relations with EU institutions not as a candidate or member state in which its influence would be diluted but as an equal partner. Second, it concentrates on bilateral ties with larger EU states that are more accommodating toward Russia; this also undermines the emergence of an assertive common EU policy.

And third, the EU is viewed as a potential competitor in Russia's "near abroad" as it can lure various post-Soviet capitals away from Moscow's orbit. For instance, in the Black Sea region, Moscow is not interested in collaborative neighborhood projects under an EU umbrella as it seeks to maintain a more exclusive zone of influence and has criticized the EU's Eastern Partnership Program (EaP) as a mechanism for undermining Russia's alliances. Because of its emphasis on human rights and pluralistic democracy, the EU also threatens the Kremlin's sovereign democracy model and even the long-term survival of the Russian Federation.¹

The Georgian Interlude

The only concession Russia made to the EU during the August 2008 Georgia war was to allow French president Nicolas Sarkozy to mediate a cease-fire between Russian and Georgian forces in August 2008 and to adopt a six-point postwar plan that Moscow subsequently failed to implement. However, EU involvement was permitted by Russia not because of the EU's stature and strength in the security realm but precisely because of its weakness. The objective was to raise the EU's profile vis-à-vis NATO, to sideline the U.S. role in the South Caucasus, to undermine the position

1. Ivan Krastev, "The EU, Russia, and the Crisis of the Post Cold War European Order," *Europe's World*, Summer 2008, <http://www.europesworld.org/NewEnglish/Home/Article/tabid/191/ArticleType/articleview/ArticleID/20551/Default.aspx>.

of EU member states who sought a more combative response against Russia's aggression, and to strengthen those capitals inside the EU—such as Paris, Berlin, and Rome—that were more accommodating toward Moscow's state ambitions.

The August 2008 war underscored for Moscow that the EU was neither a determined “hard power” nor a coordinated and effective “soft power.” The EU did not react strongly and in a concerted fashion to the Russian invasion and partition of Georgia, and even its soft sanctions were irrelevant. For instance, discussions on renewing the Partnership and Cooperation Agreement (PCA), a mechanism primarily designed to enhance economic ties with Moscow, were temporarily suspended in August 2008. This caused Russia's ambassador to the EU, Vladimir Chizhov, to remark that Moscow had been waiting 18 months for the talks to resume and the delay made little difference.² The talks were officially restarted on December 2, 2008, exposing the limits of EU conditionality even while Russia consolidated its stranglehold over the two secessionist regions of Georgia.

As with other international crises, the August 2008 war and its aftermath underscored EU divisions on the appropriate response while NATO was largely left on the sidelines because of U.S. and Allied indecision or unwillingness to provoke a Russia-NATO confrontation. While the presidents of several CEE states, including Poland and Lithuania, visited Tbilisi during the August war to condemn the Russian invasion, French president Sarkozy was engaged in mediation efforts between Moscow and Georgia that had not received unanimous EU approval or had even been consulted with France's new EU partners.

Sarkozy seemed to legitimize Moscow's actions by posing as the main arbitrator between Moscow and Tbilisi, agreeing to a cease-fire plan that favored the Kremlin by creating “security zones” outside the separatist regions and controlled by Russian troops and taking no action in protest against Russia's violation of the cease-fire provisions regarding its troop withdrawals. Moscow sought to curry French favor by making Sarkozy the center of attention and allowing him to negotiate and take credit for the peace deal that supposedly ended the war.

In October 2009, there were conflictive interpretations of the EU Tagliavini Commission report on the August 2008 war, with Moscow claiming it vindicated its policy and castigated Georgia for starting the conflict. Andrey Illarionov, former adviser to the Russian president, warned that the report demonstrated that the EU was in essence supporting Moscow's aggression. It adopted the version, terminology, and chronology of events created by Moscow; ignored most data on Russia's military penetration of Georgia long before August 2008; and did not recognize Georgia's right to defend its sovereignty and territorial integrity by military means against aggression from abroad. The report only acknowledged as illegal the actions of Russian forces beyond the borders of South Ossetia, thus exonerating their legality in crossing the Russian-Georgian border. In essence, the Tagliavini document supported the aggressor, condoned Russia's intervention, and offered a quasi-legal justification for future acts of aggression.³

In a contrasting analysis, Svante Cornell concluded that although Georgia was censured by the Tagliavini Commission, the report apportioned most responsibility on Moscow.⁴ The document detailed the extended period of Russian provocations that precipitated the war. It also dismissed

2. “EU Leaders Suspend Russian Talks Until Troops Withdraw,” Agence France Presse, Brussels, September 1, 2008.

3. Paul Goble, “Window on Eurasia via Georgian Daily,” October 1, 2009, http://georgiandaily.com/index.php?option=com_content&task=view&id=14958&Itemid=132.

4. Svante Cornell, “Europe Exposes Russia's Guilt in Georgia,” *Wall Street Journal*, October 1, 2009.

Kremlin allegations of genocide in the contested territories, concluding that Moscow's actions "cannot be regarded as even remotely commensurate with the threat to Russian peacekeepers in South Ossetia." Additionally, the commission castigated Russia's recognition of the independence of the two breakaway regions as illegal and as a dangerous erosion of the principles of international law. It concluded that "notions such as privileged spheres of interest . . . are irreconcilable with international law. They are dangerous to international peace and stability. They should be rejected."⁵

Nonbinding Ties

Russia's new foreign policy doctrine of 2008 is an assertive document that rules out any prospect of EU membership or any surrender of Russia's state sovereignty.⁶ Instead, Russia's leaders view the country as a distinct "pole of power" that can sometimes collaborate with EU bodies but prefers to deal with individual states to pursue its unique political, economic, energy, and security interests. Some EU leaders have favored affording Russia a "privileged partner" status with the Union that would in effect accept Moscow's claims that it has special interests in the former Soviet region. Other officials, especially in CEE and Scandinavia, have argued that relations with Russia should be developed but without sacrificing the national interests of aspirants for EU and NATO accession.

At the core of this dispute is the notion among some EU leaders of Russia as a singular entity that should not be held to the same standards as other countries and whose national interests must be seen as predominating over those of its smaller neighbors. For instance, German authorities remained skeptical about providing defense plans for the Baltic states, and relief was visible in Berlin when Viktor Yanukovich won the Ukrainian presidential elections in February 2010 because his "non-bloc" policies and dismissal of any aspirations for NATO entry were less likely to unsettle German-Russia relations.⁷

The absence of a unified and consequential EU policy toward Russia reinforces Kremlin contentions that the country has a special historical role that places it outside of any existing political models or multinational institutions.⁸ Such a position is opposed by Russia's CEE neighbors who consider the approach of EU partners in Brussels, Berlin, Paris, and Rome as being too accommodating of Russia's domestic authoritarianism and external expansionism.

Russia and the EU are increasingly interdependent in terms of trade. The EU as a whole is Russia's main trading partner, accounting for more than 51 percent of its overall trade turnover. Half of Russian exports are directed to the EU, the most important investor in Russia with up to 75 percent of foreign direct investment (FDI) coming from EU member states.⁹ For the EU, Russia is its third largest trading partner, accounting for around 9 percent of overall trade. Business

5. Consult http://georgiamediacentre.com/content/tagliavini_commission_report.

6. "Conception of the Foreign Policy of the Russian Federation," <http://president.kremlin.ru/text/docs/2008/07/204108.shtml>.

7. Based on discussions by the author with German policymakers and independent analysts in Berlin, Germany, June 28–30, 2010.

8. Tunne Kelam, "An EU Realpolitik to Unravel the Riddle of Unruly Russia," *Europe's World*, Spring 2009, <http://www.europesworld.org/NewEnglish/Home/Article/tabid/191/ArticleType/articleview/ArticleID/21348/Default.aspx>.

9. Check the European Commission Web site, http://ec.europa.eu/trade/issues/bilateral/countries/Russia/index_en.htm.

links between several EU states and Russia have contributed to muting government criticisms of its policies. The most obvious example is Germany, for which Russia is one of the most important export markets especially for its automotive and engineering sectors.¹⁰ In 2008, German-Russian trade amounted to more than €68 billion, ensuring that the industrial lobby actively campaigns for cordial relations with Moscow.

Trade relations have been tarnished in recent years by disputes over Moscow's rising customs duties and uncertainty about Russia's desire to become a member of the World Trade Organization (WTO). Although the EU seeks to develop a free trade area with Russia, such a formula has not been supported by Moscow. If fully implemented it would open up the economy to Western competition, and various industries such as agriculture, metallurgy, and machine building would be especially vulnerable. In particular, Kremlin leaders seek to protect strategic sectors and industries that the state or its agents directly or indirectly control, including energy, armaments, machinery, and aviation.¹¹ In addition, the government does not want to open up the economy to EU standards of transparency, safety, business competition, environmental responsibility, and the rule of law that could delegitimize various Russian enterprises.

Economic links between the EU and Russia are believed by some Union officials to herald the onset of other forms of convergence in terms of education, common values, and even political systems. Moscow is increasingly dependent on the West for investment and technology, and the 2008–2009 financial crash allegedly demonstrated that Russia's economic fate is intimately bound to that of the West. Some EU leaders believe that the economic downturn in Russia combined with Medvedev's support for modernization will open up the country to greater EU influence in the years ahead and that Russia will eventually integrate into transatlantic structures. However, as Katinka Barysch points out, "Any strategy that is predicated on positive change within today's Russia carries a big risk of failure. Vested interests and weak democratic institutions have left the Putin regime inflexible."¹² Moscow views the EU primarily as a source of capital, technology, and skills, not as a political or economic model to be emulated or with which Russia aspires to be integrated. Unless and until Russia genuinely reforms in a liberal and pluralistic direction, any economic partnerships will be limited to economic transactions and a few EU programs but without visible impact in Russian society or the country's political structure.

The PCA, which was initially depicted as a major initiative to develop close relations with Russia, has lapsed. Moreover, it contained no legally binding commitments for Moscow to respect human rights and democratic practices or the equality of its relations with neighbors. Negotiations on a new PCA were suspended after the Georgia-Russia war but resumed in November 2008 at the urging of France and despite the opposition of several CEE capitals. However, there was little progress on the new accord at the EU-Russia summit on May 21–22, 2009; talks on a new PCA entered a seventh round without any substantive agreements.

President Medvedev has sought to involve the EU in Russia's efforts to modernize and diversify its economy. At an EU-Russia summit in Rostov-on-Don on June 2, 2010, Medvedev and EU

10. Cornelius Ochmann, "The Future of the Eastern Partnership Seen from a German Perspective," Bertelsmann Stiftung, Berlin, May 2010, p. 4.

11. Rokas Grajauskas, "Assessing Russia's Interest in a Closer Partnership with the EU," *EU-Russia Pulse*, No. 1(5), December 2, 2008, p. 2, Centre for Eastern Geopolitical Studies, Vilnius, Lithuania, <http://www.cegs.lt>.

12. Katinka Barysch, "Can and Should the EU and Russia Reset Their Relationship?" *Policy Brief*, February 2009, Centre for European Reform, London, p. 1.

president Herman Van Rompuy signed a joint declaration on a modernization partnership, which is supposed to give Russia easier access to Western technology while committing the country to more democratic reforms and combating corruption.¹³ Van Rompuy cautioned that the program needed political will from Moscow to succeed and must avoid economic protectionism.

The Partnership for Modernization (PfM), one of Medvedev's planned "modernization alliances" with the West and with which Moscow seeks to replace the PCA, envisages more substantial investment by European companies in high-technology sectors. In exchange, EU institutions are expecting improvements in the rule of law and in strengthening civil society. However, one needs to be cautious in equating a Kremlin-directed campaign of government efficiency and technological modernization with a genuine and lasting liberalization of the political structure. In the existing system, what is allowed from the top can also be rapidly prohibited in the future.

Energy Insecurity

By gaining monopoly positions in the transit and supply of natural gas and crude oil to Europe, Moscow aims to enhance its political leverage within the EU. The dispute between proponents of the EU-supported Nabucco pipeline, part of the projected Southern Corridor project, and backers of the Russia-sponsored South Stream proposal is the most glaring indication of the struggle for energy security in Europe. On July 13, 2009, an official Nabucco signing ceremony took place in Ankara with the participation of five countries (Turkey, Bulgaria, Romania, Hungary, and Austria) along the pipeline's projected route. However, no gas-producing and exporting states signed on to the arrangement, and Azerbaijan's pledging of its gas for Nabucco was not considered sufficient to make the project viable.

If constructed, Nabucco could carry about 30 billion cubic meters of gas per year, about one fifth of what Russia exports to Europe. Moreover, it is scheduled to be completed only by 2015, while the source of its gas remains to be settled; Moscow has tried to tie both Azerbaijan and Turkmenistan into its supply stream, undermining Nabucco's viability. Supplies from Turkmenistan to Nabucco would necessitate a pipeline under the Caspian Sea, an expensive proposition that could be vetoed by Russia and Iran as the Caspian has not been territorially delineated between the littoral states. However, a new proposal emerged in early 2010, which envisaged linking Turkmenistan with Azerbaijan at their narrowest point in uncontested waters in the Caspian Sea, thus easing the transmission of Turkmen gas into the Nabucco stream.

Although Moscow continues to manipulate energy resources that increase Europe's economic and political dependence, it has suffered several setbacks since the onset of the financial crisis brought on by stagnant European demand and the emergence of viable energy alternatives. The capacity of Russia's South Stream project, designed to pump an annual 31 billion cubic meters of Central Asian and Russian gas under the Black Sea and through the Balkans to Central Europe, was expected to eventually increase to 63 billion cubic meters yearly. However, there are grave doubts that necessary investments can be found for the escalating cost of the pipeline, that sufficient gas will be earmarked from the Caspian Basin to make it profitable, or that demand will rise according to initial estimations.

13. Nikolaus von Twickel, "EU Calls for 'Fast-Forward' with Russia," *Moscow Times*, June 2, 2010, <http://www.themoscowtimes.com/news/article/eu-calls-for-fast-forward-with-russia/407331.html>.

Since the financial meltdown in late 2008, demand for oil and gas has dropped throughout Europe. The EU is more committed to diversifying its supplies, building gas and electricity interconnectors to the more vulnerable CEE states, increasing storage capacities, locating and investing in alternative energy sources, increasing interstate cooperation in ensuring energy security, rooting out corruption in the energy sector, and investing in energy-saving programs.¹⁴ All these factors have diminished Russia's opportunity to use energy as a strategic weapon, even though persistent promises about the benefits of South Stream to various Balkan governments are aimed at forestalling the development of Nabucco and diminishing private sector investment in the EU-sponsored project.

Following the election in July 2009 of a new center-right government in Bulgaria led by Prime Minister Boyko Borisov, Sofia began to reassess its commitments to Russian-controlled gas and oil routes and the planned nuclear plant on the Danube River.¹⁵ In June 2010, the Bulgarian government formally pulled out of the Burgas-Alexandroupolis pipeline project with Russia and Greece, citing serious environmental concerns and damage to the Black Sea tourist industry. Observers believed that Sofia calculated it would have limited economic benefits from the project. It also voiced skepticism over the South Stream project and sought more favorable terms with Moscow while openly favoring the EU's Nabucco alternative.

While intensifying its efforts to lure Romania into its energy schemes, Gazprom also offered greater concessions to Sofia, including lower gas prices and the removal of intermediary companies in financing the project. Some Russian officials accused the United States of pressuring the Bulgarian government to withdraw from South Stream, thus demonstrating how Moscow views energy as an element of its strategic competition with Washington.¹⁶ Ultimately, lessened European dependence on Russian supplied energy, whether acquired from diverse sources or using alternative energies, will undercut Moscow's political leverage throughout the continent.

Over the coming years, Russia faces a potential gas supply crunch over its level of extraction in relation to its extensive supply commitments. The 2008–2009 global economic downturn lowered demand for energy and temporarily disguised Russia's shortfalls, but any sustained economic recovery will reveal the gaps between demand and supply. These shortfalls will need to be compensated by supplies from other sources, and in this context Azerbaijan becomes important as a transit location between Central Asia and Europe. If Russian interests predominate in Baku, then Turkmenistan and Kazakhstan will be less able to supply gas to Europe. Indeed, Moscow has offered to buy the entire surplus of Azeri gas, including the reserves earmarked for Nabucco.

Despite the growing criticisms over the viability of South Stream, Moscow continues to employ various tactics to scuttle Nabucco or diminish its importance, whether by locking gas-producing countries into long-term supply contracts, undermining stability in the South Caucasus to discourage foreign investors, or offering lucrative deals to potential transit countries. On June 29, 2009, Medvedev signed an agreement in Baku with Azerbaijan's president Ilham Aliyev concerning Azeri gas deliveries to Russia.¹⁷ The initial volumes were projected to be small, but the

14. For details, see Keith C. Smith, *Bringing Energy Security to East Central Europe: Regional Cooperation Is the Key* (Washington, D.C.: Center for Strategic and International Studies, April 2010).

15. *Moscow Times*, September 3, 2009, <http://www.moscowtimes.ru/business/article/382227/>,

16. Vladimir Socor, "Bulgarian Government Disavows Three Russian Energy Projects," *Eurasia Daily Monitor* 7, issue 114 (June 14, 2010).

17. Vladimir Socor, "Azerbaijan-Russia Gas Agreement: a Wakeup Call to Brussels and Washington," *Eurasia Daily Monitor* 6, issue 127 (July 2, 2009).

agreement served as a message that the Nabucco project depends essentially on Azeri gas. Moscow calculates that its agreement with Baku will undermine confidence in Nabucco and further delay, if not postpone, the project.

Moscow is seeking either to revise or replace the existing Energy Charter, which it has failed to ratify, to enable its monopolistic companies to operate in Europe by strengthening the rights of energy-exporting countries. The proposal was announced by President Medvedev at an energy summit with the EU and the United States on April 24, 2009. By contrast, EU bodies have been seeking to introduce more competition between energy companies and implementation of the original Transit Protocol to undercut Gazprom's monopoly over energy pipelines. However, the EU-Russia summit in Khabarovsk, Russia, on May 21–22, 2009, yielded no results on this issue.

Moscow also launched a Eurasian Energy Forum (EEF) intended to represent the interests of energy industries and to draft new international energy standards together with a new Energy Charter Treaty.¹⁸ The EEF, with its headquarters in Moscow, is designed to advocate for Russian projects such as Nord Stream, which was officially launched in April 2010 to supply Russian gas under the Baltic Sea to Germany. Although the first part of Nord Stream operations appeared feasible, gas supplies for expanding the project remained uncertain, and growing competition was projected with alternative energy resources within and to the EU.

Eastern Partnership and EU Enlargement

The EU's Eastern Partnership Program, or EaP, is intended to enhance the previous European Neighborhood Policy (ENP) by deepening bilateral ties between the Union and six eastern neighbors—Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. It grew out of a proposal by the Polish government to create an East European Union to include all former Soviet republics in Eastern Europe aside from Russia. EaP evolved into a joint Swedish-Polish initiative in which Oslo's involvement and that of the European Commission ensured that it was not dismissed as a primarily CEE effort.¹⁹

The European Council formally adopted the EaP on May 7, 2009. However, not all EU states have been enthusiastic about the initiative. While France and Spain are more focused on the Union's Mediterranean policy, Germany and Italy seek to minimize any actions that can be perceived as anti-Russian and want the EaP to run parallel with enhanced relations with Russia and for Moscow to participate in certain EaP projects.

The EaP consists of five “flagship initiatives” including border management, small and medium business development, promotion of regional electricity markets and energy efficiency, construction of the southern energy corridor, and cooperation on natural and man-made disasters. The framers of the initiative also envisaged an eventual free trade zone, easier travel to the EU, and unhindered regional mobility for all citizens.²⁰ Initial proposals to remove all EU visa require-

18. Vytautas Sirijos Gira and Zivile Dambrauskaite, “Russian Interests behind the Review of the Energy Charter,” *EU-Russia Pulse*, No. 2(9), March 23, 2009, p. 3, Centre for Eastern Geopolitical Studies, Vilnius, Lithuania, www.cegs.lt.

19. A valuable survey of the EaP can be found in Beata Wojna and Mateusz Gniazdowski, eds., *Eastern Partnership: The Opening Report* (Warsaw, Poland: Polish Institute of International Affairs, April 2009), http://www.pism.pl/zalaczniki/Report_EP_2009_eng.pdf.

20. For details on EaP, see “Communication from the Commission to the European Parliament and the Council: Eastern Partnership,” Commission of the European Communities, Brussels, December 3, 2008,

ments were scaled back by Germany and other governments fearing an influx of workers from the east. Instead, the EaP offered partners a simplified visa application and processing system. The EaP also included proposals for Association Agreements with the EU, depending on progress in implementing legal reform, good governance, and democratic procedures. However, though similar arrangements with the Western Balkans states included language about eventual EU membership, it remains unclear whether the EaP's agreements would include such a prospect.

Soon after its announcement, Russian officials harshly criticized the EaP, viewing it as an EU tool for building a sphere of influence in territories where Russia asserted its predominance.²¹ Officials attacked the initiative as an attempt to create a buffer zone and to force these countries to choose between Europe and Russia.²² Some analysts asserted that the EaP was designed as a strategic counterweight to Russia's actions in Georgia, and an EU invitation for Moscow to join EaP region-wide projects was rejected. In actuality, the Kremlin objected to any moves by the EU to offer alternative social, economic, judicial, political, and integrationist models to its "near abroad." All of Russia's neighbors welcomed the EaP, especially in the wake of the August 2008 war. For them it was a safer outlet to establish closer links with the EU as a soft counter to Moscow's pressure rather than provoke the Kremlin outright by calling for closer ties with NATO or the United States.

The EaP initiative has been criticized in some EU capitals by those who believe it is still premised on the model of "integration without membership" or "everything except institutions," which will have limited long-term momentum.²³ The absence of a clear membership perspective may fail to motivate reform while the lack of sufficient domestic reform will inhibit deeper structural integration with the EU. In addition, it is unclear when the EaP countries would be able to achieve a level of harmonization and legal and regulatory approximation that would enable them to establish a free trade zone with the EU or even among themselves. And some local officials complain that the EaP lumps together six very disparate states, several of whom have almost no prospect of EU membership in the foreseeable future.²⁴ Hence, a number of capitals will seek to develop their bilateral relations with the EU beyond the EaP format.

Critics also point out that the EaP is underfunded, with a four-year budget of only \$600 million and only half this amount consisting of fresh funds with the rest simply reprogrammed from the previous ENP project. EaP also lacks high-level attention from leaders of the larger EU states. For instance, the absence of several EU heads of state, including the French, Spanish, and Italian, at the EaP's launch summit in Prague on May 7, 2009, exposed divisions within the Union regarding the importance of the "eastern neighborhood." West European capitals seemed relieved that Ukraine under President Yanukovich has veered closer toward Russia as this would limit EU responsibilities for a country beset by seemingly irresolvable political divisions. Such sentiments are undergirded by a recurring geopolitical hypocrisy visible in several states, in which the rela-

COM(2008)823final. The EaP is also designed in a multilateral fashion, with regular meetings scheduled between EU representatives and EaP countries at the level of heads of state or government.

21. "Russia: Sergei Lavrov Criticizes the Eastern Partnership," *EastWeek*, no. 12 (162) (March 25, 2009): 5, Centre For Eastern Studies, Warsaw.

22. Kirill Koktysh, "When There's No Reason to Pull Together," *Gazeta.ru*, June 18, 2009.

23. For an instructive critique of the EaP, see Rokas Grajauskas and Vytautas Sirijos Gira, "Is the Eastern Partnership a Significant Improvement of the ENP?" *Eastern Pulse* 5(20), Centre for Eastern Geopolitical Studies, <http://www.cegs.lt>, June 4, 2009.

24. Check the interview with Ukrainian deputy foreign minister Kostyantyn Yeliseyev, "Ukrainian Minister Interviewed about Pros, Cons of EU's Eastern Partnership," *Glavred*, Kyiv, Ukraine, April 30, 2009.

tionship between the EU and the United States is promoted as a “partnership of equals” while the same principle is not applied to Russia’s relations with its post-Soviet neighbors.

Popescu and Wilson point out that while the EU continues to dampen prospects of EU entry for the remaining European states, Moscow seeks to entice its neighbors into the Russian orbit through economic enticements and institutional mechanisms such as the Customs Union.²⁵ Although several post-Soviet states trade more with the EU than with Russia, the latter focuses its investments in strategic areas such as energy and infrastructure in order to gain greater political traction. Although the EU restricts entry of citizens from the CIS states, Moscow does not require its neighbors to acquire visas in order to work in Russia, thereby benefiting local economies through billions of dollars in remittances from migrant workers.

Russia’s neighbors may become increasingly desperate if the financial and economic turmoil continues, if trade and investments decline, and if an increasing number of migrant workers return home from abroad. Some countries will become more susceptible to Russia’s economic inroads, infrastructure buyouts, and political influences, particularly where the “road to Europe” appears to be blocked. Indeed, protectionist policies in various parts of Europe could frustrate plans for deeper economic integration with the EU by the six eastern neighbors.

In exhibiting their skepticism about EU accession, several EaP beneficiaries treat their relations with the Union as a means of obtaining economic and political advantages rather than fundamentally reforming the state. Belarus views the EaP as a useful way to break out of its international isolation, balance its economic overdependence on an assertive Russia, and attract Western investment. Armenia and Azerbaijan have viewed EaP positively as both governments consider closer links with the EU as their “strategic choice” but realize that the prospect of membership remains remote. Tbilisi views the EaP as part of a broader EU agenda to involve itself in the country’s development but as falling short of offering tangible prospects for integration. Georgia’s chances for EU entry were also diminished after the August 2008 war as the ongoing conflict with Russia precluded Tbilisi’s progress.²⁶ In July 2010, talks were initiated to provide Georgia with an associate membership agreement with the EU to replace the accord on partnership and cooperation and enhance economic integration. The EU also sought to develop relations with Abkhazia and South Ossetia in order to promote reform and entice them back into Georgia’s orbit while excluding any prospect of recognition as independent states.

Moldovan authorities were initially skeptical of the EaP initiative, but reaffirmed their desire for eventual EU accession. President Vladimir Voronin ridiculed the paltry sums that the EU was prepared to spend on the project. As a reward for criticizing the EaP, Russia’s officials flew Voronin to Moscow for talks with Transnistria’s separatist leaders and sought to induce him to remain in the Russian orbit with the legacy of uniting the Moldovan state. By manipulating various economic levers and capitalizing on internal disputes, the Kremlin can influence Moldova and other countries to thwart political change that it sees as threatening Russia’s interests.

Ukrainian authorities under the Yushchenko presidency wanted the EaP initiative to further Kyiv’s bid for EU membership and for broad Union economic assistance. However, they expressed

25. Nicu Popescu and Andrew Wilson, *The Limits of Enlargement-Lite: European and Russian Power in the Troubled Neighborhood* (London: European Council on Foreign Relations, June 2009), p. 2–4.

26. Alvaro de Vasoncelos, “Russia and Georgia: European Destinies,” *ISS Analysis*, August 2008, Paris: European Union Institute for Security Studies, August 2008, http://www.iss.europa.eu/uploads/media/russia_georgia.pdf.

their apprehensions that the EaP could become a substitute for integration, especially as it did not explicitly specify future EU entry. Ukraine's new president Yanukovich has also described Kyiv's strategic goal to be EU membership but evidently has no illusions about a specific timetable. The EU is cognizant of looming separatist dangers in Crimea; the European Commission established a Joint Cooperation Initiative in Crimea to help develop the peninsula economically, reform local and regional governments, and raise the EU's profile among residents.²⁷ The EU has more credibility among the Russian majority population in the region, which is fed on a steady diet of anti-NATO propaganda, but EU membership is unlikely to be a strong magnet of attraction, given Moscow's opposition and the EU's hesitation.

Russian authorities are not concerned about the political contours or democratic standards of its neighbors as long as they do not seek entry into Western institutions or develop military facilities with NATO members. Incumbent governments in Eastern Europe invariably seek to balance various international influences and leverage their European and Russian connections to their national advantage, even playing the EU and Russia off against each other to gain economic benefits. Moscow can tolerate such strategies as it ensures that EU membership is neither a priority nor a realistic prospect among its neighbors.

In an indication of lessened EU focus on its eastern neighborhood, in June 2010, the EU's foreign policy chief Catherine Ashton proposed abolishing the posts of EU special representatives for the South Caucasus and Moldova.²⁸ Such measures are likely to downgrade the EU's presence, limit the access of national governments to Brussels, and send a signal to Moscow that neither Moldova nor the South Caucasus are EU priorities. This would reinforce Russia's contention that its privileged interests in these territories prevail over European ones. Once the EU's new External Action Service (EAS) becomes operational, the point man for the South Caucasus will reportedly only be a mid-level manager located in Brussels.

Soft Power Limitations

President Sarkozy's mediation efforts in Georgia, which served to legitimize Russian control of the two breakaway regions, were either an exercise in delusional naïveté or a dose of cynical realism. Paris signaled that it was intent on improving EU-Russia relations during its six-month EU presidency in the second half of 2008. The studious avoidance of confrontation with Moscow helps to explain Sarkozy's acceptance of a vaguely worded cease-fire during the Russian-Georgian conflict that allowed Moscow to expand its area of control inside Georgia and to *de facto* partition the country. For President Medvedev, Sarkozy's involvement was also a useful way to cultivate stronger bilateral ties with Paris and sideline Washington.

Sarkozy focused primarily on achieving a cease-fire that the Russian side urged after gaining control of the rebel territories in Georgia and establishing "buffer zones" around them. Although some military leaders in Moscow wanted to capture Tbilisi, Kremlin political heads decided not to pursue this option. The French-brokered six-point plan was actually forced upon the Georgian

27. Natalia Shapovalova and Balazs Jarabik, "Crimea: Next Flashpoint in the European Neighbourhood?" *Policy Brief*, no. 14 (July 2009), p. 2, Fundacion Para Las Relaciones Internacionales Y El Dialogo Exterior (FRIDE), Madrid, <http://www.fride.org>.

28. Ahto Lobiakas, "EU Plans to Scrap South Caucasus, Moldova Envoys," May 31, 2010, Radio Free Europe/Radio Liberty, June 4, 2010, http://www.rferl.org/content/EU_Plans_To_Scrap_South_Caucasus_Moldova_Envoys/2057672.html.

government while Moscow violated its provisions without any consequences as the EU had no enforcement mechanisms. In sum, Sarkozy and the EU mediation process helped to seal the *de facto* separation of Abkhazia and South Ossetia and accepted the unilateral use of force by Russia against a vulnerable neighbor.

After the war, the EU applied one of its soft security tools by establishing a small, weakly empowered EU Monitoring Mission (EUMM) along Georgia's internal borders with Abkhazia and South Ossetia. Russia vetoed an extension of the United Nations Observer Mission in Georgia (UNOMIG) in June 2009, thus ending its 16 years of activity, and cited its rejection of Georgian sovereignty over Abkhazia.²⁹ In the same month, Russia also terminated the small OSCE field presence in South Ossetia by using its veto in the organization.

In the absence of any UN or OSCE mission in the separated territories, Tbilisi wanted the EUMM to play a larger role and be transformed into a policing mission with a mandate to operate in Abkhazia and South Ossetia and eventually replace Russian forces in these regions.³⁰ Moscow resolutely opposed such developments as it had no intention of reversing its decision to recognize the independence of both entities. In sum, after the August 2008 war, the EU gained a greater stake and presence in the security of Georgia and the broader South Caucasus region but without the tools or political willpower to influence developments in the breakaway territories or to have any significant impact on Russia's policy.

Critics believe that the EU will need to find creative ways to lessen the two separatist regions' dependence on Russia and draw them closer to Georgia and the Union. Indeed, some EU newcomers, including Poland and the Baltic states, have been critical of the EU's Common Security and Defense Policy (CSDP) as being too focused on missions outside Europe aside from small operations in the Balkans. In the wake of the Georgian crisis, they would like to see the EU's military and civilian crisis response units deployed more effectively in European regions such as the South Caucasus.³¹

Several capitals point out that the EU has not managed to develop any effective instruments for preventing conflicts in its eastern neighborhood even though the Union will need to assume roles previously performed through U.S. leadership at a time when Washington is thinly stretched in missions around the globe.³² Although officials claim that the Union has developed effective soft power tools in helping to transform undemocratic regimes and preventing or containing conflicts, there are two glaring caveats. First, absent a concrete pathway to EU accession, soft power loses its shape and substance. Hence, the notion that the EU cannot absorb more countries in the predictable future will weaken the Union's attractiveness for potential candidates. And second,

29. Vladimir Socor, "UNOMIG, RIP: The Curtain Finally Falls on a Side-Show," *Eurasia Daily Monitor* 6, issue 116 (June 17, 2009). According to Socor: "With its limited resources and even more restricted political leash, UNOMIG failed to check, let alone rein in, Russia's abuse of 'peacekeeping' and its militarization of Abkhazia."

30. Based on the author's discussions with government officials and independent policy analysts in Tbilisi, Georgia, in July 2009.

31. Kai-Olaf Lang, "The Old Fears of the New Europeans," in Hans-Henning Schroder, ed. *The Caucasus Crisis: International Perceptions and Policy Implications for Germany and Europe* (Berlin: SWP, German Institute for International and Security Affairs, November 2008), p. 32. The European Security and Defense Policy (ESDP) was renamed as the Common Security and Defense Policy (CSDP) under the Lisbon Treaty and given expanded scope for crisis-management deployments, including peacemaking.

32. For an analysis of the ESDP, see Daniel Keohane and Tomas Valasek, *Willing and Able: EU Defense in 2020*, EU2020 Essay (London: Centre for European Reform, June 2008), pp. 1–51.

without a credible hard power component, EU enticements and incentives may prove insufficient in handling aggressive opponents or managing deep-rooted conflicts.

Moreover, the EU has yet to engage in outright combat operations, it possesses no specific military doctrine, does not plan for warfighting, and out of 1.8 million available military personnel, the Union can barely deploy and sustain 100,000 soldiers at any one time. Unlike NATO, the EU is not in a position to offer security guarantees of mutual defense to its own members, let alone protect nonmembers. In any direct confrontation with Russia or a major mission in the “eastern neighborhood,” it is unlikely that specific EU units would be deployed, not only because of their limited capabilities but also because of resistance from several West European capitals and the pervasive assumption that U.S. leadership is vital in times of violent crisis.

The Obama Factor

In general terms, when U.S.-Russian relations improve, pressure eases within Europe as the EU becomes potentially less divided in its Russia policy, especially if Moscow is not engaged in some stark new aggression in its neighborhood. This appeared to be the case after President Barack Obama took office in January 2009 and Washington stressed the importance of collaborating with Moscow in pursuing common security interests in Afghanistan and Iran and in the control of nuclear weapons. The new U.S. approach that downplayed the democracy agenda was seen as generating stability in Russia at a time when the EU also seemed less focused on promoting democratic reforms. For Berlin, Paris, and other EU capitals, stability in Russia was more important than the country’s systemic transformation.

Although some EU officials remained concerned that closer U.S.-Russia ties could lead to a downgrading of Moscow’s relations with the EU, countries that had upheld cooperative relations with Russia throughout the George W. Bush administration felt relieved, even vindicated, by Obama’s policies. Indeed, policymakers in Berlin and Paris believed that the previous U.S. government was the main culprit in unsettling relations with Moscow through its actions in the Middle East. Washington had allegedly provoked the war in Georgia by giving Tbilisi the prospect of NATO membership, which convinced the Saakashvili government to act with impunity against Russia’s professed national interests. German and French leaders chose to ignore Moscow’s intent to recreate a regional condominium under its supervision or considered it a benign hegemony that would unburden the EU of having to support and integrate the former Soviet republics.

In the wake of the White House “reset” with the Kremlin, several EU governments most outspoken about Russia’s policies appeared to soften their stance, and new avenues of cooperation were pursued. For example, since early 2009 London has focused on manageable problems with Moscow in seeking gradual bilateral improvements.³³ Several CEE governments were willing to give the new U.S. president the opportunity to curtail Russia’s aggressiveness and make it a more constructive international player. This was especially visible in the stance of Poland’s prime minister Donald Tusk, who sought to improve Polish-Russian relations even before Obama’s election.

Russian authorities calculated that it would be more difficult to drive political wedges between the EU and the United States under the Obama administration as there were fewer obvious points of disagreement that they could exploit, whether over Iraq, counterterrorism, human rights, or

33. Based on the author’s discussions with UK government officials in London in October 2009.

missile defense. On the other hand, a lessened U.S. focus on transatlantic relations could serve Russia's long-term goal of disconnecting the Alliance. Moscow also decided to settle some enduring disputes with selected European states in order to gain greater leverage within the Union or with particular European states outside the EU to further its strategic and economic ambitions.

For instance, on April 27, 2010, Russia finally reached, after 40 years of inaction, an agreement with Norway over the demarcation of borders in the Arctic and Barents Seas (Norway had been willing to conclude the accord for several years).³⁴ However, this was not a straightforward concession by Moscow but part of a broader calculation whereby Russian energy companies could tap new resources without being hindered by legal uncertainties. Moscow is also seeking alliances and leverage in claiming tracts of the Arctic Shelf that are also claimed by the United States, Canada, and Denmark. It may therefore count on some support from Norway to defend Russia's ambitions in the region during forthcoming negotiations on the division of Arctic resources.

Elusive Common Policy

In the longer term, the EU needs to reevaluate its global role and impact on major international developments. Some analysts have concluded that the EU, though respected for its internal stability, prosperity, and trading potential, is no longer viewed as an ascending power.³⁵ Indeed, the Obama administration appears frustrated over the Union's preoccupation with its internal problems and institutional arrangements, its persistent divisions in formulating a coherent foreign policy, its unwillingness to partner with the United States by assuming more onerous security burdens, and its faltering soft power capabilities.

Despite attempts to centralize and better coordinate EU foreign policy, the results of the Common Foreign and Security Policy, or CFSP, initiated under the Treaty of Amsterdam in 1997, have been limited. In an effort to ensure greater coordination and consistency in EU foreign policy, the Lisbon Treaty, which went into effect on December 1, 2009, created a High Representative of the Union for Foreign Affairs and Security Policy, *de facto* merging the post of High Representative for CFSP with the European Commissioner for External Relations. Additionally, the security-oriented European Security and Defense Policy (ESDP) was renamed as the Common Security and Defense Policy, or CSDP.

Unfortunately, these structural and institutional alterations may have generated more confusion than clarity concerning the Union's foreign policy decisionmaking and implementation. Although the EU's new High Representative for Foreign Affairs and Security Policy Catherine Ashton will eventually have at her disposal a separate diplomatic corps, the External Action Service (EAS), decisions on major foreign policy questions will remain tethered to the principle of consensus among 27 national foreign ministries rather than operating through qualified majorities.

The EU's most obvious security failure has been its inability to develop a large deployable combat force, even though it has conducted small-scale peacekeeping and humanitarian missions in several conflict zones. Defense budgets have shrunk across Europe, with only a handful of countries spending above 2 percent of GDP, and the CSDP has not encouraged EU governments to boost their military capabilities. Even while the Obama administration is open to NATO-CSDP

34. "Russia and Norway Divide the Arctic Sea," *Pravda*, April 29, 2010, Moscow, <http://www.pravda.ru>.

35. Charles Grant, "The Unravelling of the EU," *Prospect* 160 (July 2009), <http://www.prospectmagazine.co.uk/2009/07/theunravellingoftheeu/>.

cooperation, the latter lacks sufficient credibility and muscle and avoids “hard power” tasks. Its main point of complementarity with NATO seems to be in post-conflict peacekeeping, policing, and humanitarian response.

The EU has planned for several years to develop a Europe Rapid Reaction Force (ERRF) with readily available battle groups. However, despite formal EU approval for such units in 2004, progress has not been rapid. The initial idea was for member states to contribute 60,000 combat troops to assemble for training and specific operations outside the EU, including civilian assistance, contributions to UN peacekeeping forces, and intervention to separate warring factions. In all these areas, the EU would deploy forces if NATO decided not to be involved. The ERRF force, consisting of several units of 1,500 deployable troops, was supposed to be available by 2007, and planning was initiated to prepare 13 battle groups ready for action within ten days of a policy decision.

However, problems have bedeviled the ERRF from the outset. It is difficult to convince EU members to mobilize forces for EU missions while they are simultaneously boosting contributions to NATO operations around the world. NATO itself has not been able to establish an effective 25,000 strong rapid reaction Response Force (NRF) because member states lack the money, troops, and equipment to contribute to various UN, EU, and NATO missions. The EU’s ERRF, which faces the same problems, is in competition with NATO for scarce resources. Critics of the ERRF also contend that it will undermine NATO and discourage U.S. involvement in Europe. In addition, the United States has expressed concerns about a separate EU military planning apparatus that could draw on military resources currently at NATO’s disposal.

In terms of foreign and security policy, the passage of the Lisbon Treaty and the consolidation of some EU institutions are unlikely to lead to a more unified approach. On the contrary, they may highlight even greater differences between member states unwilling to be bound by a single decisionmaker. Among a multitude of problems, the EU remains uncertain on how to deal with its “eastern neighborhood” or with Russia. While its failures as a hard power have been evident in its disunited foreign and security policies and its shrinking military capabilities, the EU’s political and economic model may also wane as a foreign policy tool if economic growth stagnates and the Union closes its door to further enlargement, a sentiment that has grown among EU publics during the economic recession.³⁶

The EU will be severely tested over the coming decade. It has failed to ensure its position as a global power, and its economic performance has experienced heavy strains, given the indebtedness of several EU governments and persistent doubts about the future of the monetary union. According to Krastev, “It was due to America’s global hegemony that the EU emerged on to the world stage as a superpower.”³⁷ The U.S. security umbrella enabled the EU to focus on economic development and political integration without augmenting its military power. However, as America’s dominance diminishes, the EU will become more exposed to global security competition but without its own coordinated “hard power” capabilities and with steadily weakening soft power tools.

The Russian authorities are well aware of the EU’s vulnerabilities and will use various opportunities to weaken the transatlantic link and establish security linkages with the Union to under-

36. Charles Grant, “Is Europe Doomed to Fail as a Power?” Center for European Reform, *Essays*, July 2009, pp. 1–34, http://www.cer.org.uk/pdf/essay_905.pdf. In 2004, the EU launched the concept of rapid reaction “battlegroups,” but no such formations have been deployed to date.

37. Ivan Krastev, “The Guns of August; Non-Event with Consequences,” *Open Democracy News Analysis*, July 30, 2009, p. 6, <http://www.opendemocracy.net>.

mine transatlantic coordination. They are encouraged by President Obama's decreased focus on Europe as a strategic priority and are intent on convincing Berlin to pull the EU into a new format promoting Russian-European security cooperation.³⁸ This proposal emerged from talks between Chancellor Angela Merkel and President Dmitry Medvedev on June 4–5, 2010, and revolves around a EU-Russia Political and Security Committee (ER-PSC) chaired by the EU's foreign policy chief Catherine Ashton and Russia's foreign minister Sergei Lavrov. The German government initiated consultations within the EU to gauge the level of support for the ER-PSC. The committee would evidently be empowered to establish ground rules for joint EU-Russia civil-military crisis management operations in Europe's trouble spots without U.S. inputs and tackle conflicts such as the one in Moldova's Transnistria region. This approach suits the Kremlin's drive to replace U.S. and NATO activism in various parts of Europe with a weaker and disunited EU role that could prove more accommodating toward Russia's positions.

38. George Friedman, "Germany and Russia Move Closer," *Stratfor*, June 22, 2010, http://www.stratfor.com/weekly/20100621_germany_and_russia_move_closer.

8

DEVELOPING WESTERN STRATEGIES

The consequences of Russia's international assertiveness in the midst of growing uncertainty about its economic development, political stability, and territorial cohesiveness will present major challenges for U.S. policy in the coming years. While a stable and non-imperial Russia could develop into a genuine strategic partner for the United States and the transatlantic alliance, an internally conflicted Russia with hegemonic regional ambitions would preoccupy American and European policymakers with crisis management and conflict prevention. Washington and its allies possess few if any levers to influence conditions inside Russia, but they can devise policies to help shield vulnerable neighbors from the convulsions and shock waves emanating from an increasingly unstable Russian Federation.

The specter of unpredictable upheavals inside Russia's current borders will generate new regional threats, including the control of nuclear and conventional weaponry, the uncertain postures of new entities and aspiring states that may emerge from the Russian Federation, the destabilizing spillover effects on Central-Eastern Europe, the South Caucasus, and Central Asia, and the possibility of protracted conflicts along Europe's eastern frontiers. Such developments raise the tantalizing question as to whether NATO will be mobilized to help stabilize the borders of a fracturing Russia in order to protect allies and partners, assuming that the alliance retains its credibility and maintains its capabilities.

Contrasting Approaches to Russia

Since Russia's military campaign in Georgia in August 2008, two broad strategic approaches regarding relations between Western institutions and Moscow have germinated among policymakers and analysts on both sides of the Atlantic—the passive and the active.

The passive position either directly accommodates Moscow's ambitions to delineate Western and Russian zones of predominant influence within Europe and Central Asia or by simply dismissing the relevance of such zones it diminishes the importance of deeper Western engagement. President Dmitry Medvedev has asserted Russia's "privileged interests" among former Soviet republics in a broad region between NATO's current eastern border and China. The Kremlin defines this zone as "Eurasia," in which Russia forms the core and exerts the leadership role. Although acceptance of such geopolitical divisions may not be explicit in any European capital, it will become implicit if future NATO and EU enlargement eastward is opposed, if strengthening security along NATO's current borders is resisted, and if Russia's claims that its national interests are more important than those of its immediate neighbors are acknowledged.

The accommodationists or realists believe that Russia should not be antagonized lest it withdraw its support in resolving pressing problems such as nuclear proliferation and *jihadist* terrorism. Such an open-ended approach could signal a Yalta-like acceptance of Russia's aggrandizement by assigning the post-Soviet states to Moscow's indefinite suzerainty. In the context of "resetting" U.S.

relations with Russia, several CEE capitals fear that instead of a “soft reset,” in which avenues of cooperation are pursued where there are genuine common interests, Washington and some West European governments will push a “hard reset” in which Russia’s expansionism is overlooked or accepted. Indeed, a trend is visible in some capitals, particularly in Berlin, Paris, and Rome, where Moscow’s growing influence among the post-Soviet neighbors is viewed as preferable to prolonged uncertainty and political instability.

In contrast, the activist strategic position dismisses Russia’s zero-sum geopolitical calculations with regard to the security of Europe and Central Asia and focuses on the sovereign decisions of all states to forge close ties with Western powers and accede to multinational institutions. Contrary to Moscow’s grandstanding, neither NATO nor the EU present security threats to Russia but actually contribute to stabilizing Russia’s borders. The pan-Europeanists also contend that all NATO members need concrete defense plans, territorial defense capabilities, and the military infrastructure to deter potential aggressors. Such preparations do not objectively threaten the security of any nearby power. The “wider Europeanists” and Atlanticists do not seek confrontation with Moscow, but they are more willing to challenge Russia’s great power ambitions and empire-building objectives throughout Europe and the former USSR. Indeed, the activist position recognizes that Moscow may not feel satiated by a restricted sphere of influence but will likely seek to suborn other European regions.

While it is understandable in the current global turmoil that policymakers and analysts in both Europe and North America wish to see Russia transformed from a strategic adversary to a strategic partner, it is important to base such an approach on a realistic appraisal of Moscow’s geopolitical objectives. Strategic partners not only share particular policies but they are also bound by common interests and joint goals. While Russia can be a provisional partner with the transatlantic alliance in dealing with specific threats, such as nuclear proliferation or counterterrorism, the administration in Moscow does not share the long-term strategic targets of either NATO or the EU.

Some observers recognize that Russia is ultimately a weak power that will eventually lose its dominant position in Eastern Europe and Central Asia but may engage in aggressive and destabilizing behavior to resist its own devolution while seeking Western acquiescence in pursuit of its state ambitions. Russia’s structural weaknesses, starkly exposed by the global financial crisis, will not necessarily ensure that its expansionist aspirations are aborted. It is therefore important for the Allies to help ensure the sovereignty and security of countries along Russia’s borders during a period of geopolitical uncertainty.

Looking beyond the immediate horizon, the Kremlin’s ultimate inability to construct durable and extensive spheres of dominance will provide an important boost for consolidating independent states, promoting political democracies, and developing lasting regional security alliances along Russia’s borders. Over the coming decade, President Obama and his successor are likely to have new opportunities to refocus and expand the transatlantic and pan-European community of states.

General Policy Recommendations

1. Unambiguous Western recommitment to international security through the principles of the 1990 Charter of Paris. These include the assurance of security for each state, the sovereign choice of each country to join any multinational institution of its choice, and the rejection of the concept of spheres of influence or interest controlled by any larger power.

2. NATO vigilance against sacrificing long-term strategic interests in maintaining an effective defense alliance in return for short-term gains through tactical and issue-specific cooperation with non-NATO powers. Concurrently, the focus on transnational threats should not result in the neglect of core NATO functions in ensuring European security.
3. More substantial and coordinated U.S., EU, and NATO assistance and expanded cooperation with all East European, Caucasian, and Central Asian states in order to reinforce their independence and resist any pressures to curtail their foreign and security policy choices.

Policy Recommendations: United States

1. Link bilateral U.S. engagement with Russia with an open appraisal of Moscow's policies and send clear signals regarding Washington's support or opposition to those policies. Cooperation with Russia needs to be result-oriented and not premised on theories of systemic convergence or strategic partnership. Confrontation may be periodically necessary for Moscow to understand its own limitations and U.S. determination.¹
2. Develop a wide-ranging strategic dialogue with all CEE capitals on security questions that most concern them, including Russian-American relations. In a positive development, the U.S.-Poland Strategic Dialogue was relaunched in April 2010. In this context, close consultations with CEE governments regarding the new missile defense plans would be beneficial for all sides and would need to specify the scope of Russia's involvement in the proposed system. Concurrently, U.S. public diplomacy needs to be reinvigorated throughout Europe's east at a time when positive public attitudes toward America are declining and political leaders are uncertain about the future of U.S.-CEE relations.²
3. Devise a complementary mechanism to the EU's Eastern Partnership Program to ensure more active engagement with all states in Eastern Europe, the Caucasus, and Central Asia.³ This could also entail the creation of a U.S.-Black Sea Charter similar to the U.S.-Baltic and U.S.-Adriatic Charters⁴ or joint U.S.-EU "Atlantic Accords" for countries seeking closer partnerships with pan-European and transatlantic institutions.

1. Some analysts seek to avoid a U.S.-Russia confrontation at all costs, even if Moscow itself is provoking a crisis with a weaker neighbor. See Samuel A. Greene and Dmitri Trenin, "(Re)Engaging Russia in an Era of Uncertainty," Carnegie Endowment for International Peace, *Policy Brief* 86 (December 2009), p. 5. The authors also warn Washington not to "exploit Russia's absence for its own competitive advantage" as this will allegedly bring Russian nationalists to the forefront. If "taking advantage" of Russia's weakness means ensuring the independence of its neighbors and bringing them voluntarily into Western institutions, then Russia's absence or decline should certainly be exploited.

2. For a useful report with policy recommendations, see *Keeping New Allies: An Assessment of U.S. Policy in Central Europe* (Washington, D.C.: Center for European Policy Analysis, July 2010).

3. Closer engagement with Belarus will encourage the country's emergence from hibernation as Minsk seeks to preserve its independence from an assertive Russia. See Janusz Bugajski, "Reaching Out to Belarus," Center for Strategic and International Studies, *Wider Europe* 1, no. 3 (May 2010). Washington's imposition of sanctions on Belarusian officials because of their human rights record while courting Russian officials and disregarding Moscow's much more extensive human rights violations, including mass repression in the North Caucasus, highlights some glaring inconsistencies in U.S. policy. Washington can also reach out to Armenia by offering to establish a National Defense Institute in Yerevan or some similar center.

4. As proposed by Daniel S. Hamilton and Frances G. Burwell (lead authors), *Shoulder to Shoulder: Forging a Strategic U.S.-EU Partnership* (Washington D.C.: Atlantic Council of the United States, December 2009), pp. 37-38.

Policy Recommendations: NATO

1. Assess both internal and external security challenges facing the Alliance and specific NATO members. In this context, an experts working group would need to monitor Russia's policy toward the Alliance, the EU, and the post-Soviet countries.⁵ Such a body could also discuss and recommend ways for NATO and other institutions to respond to Moscow's policies. Intelligence gathering, information sharing, and strategic analysis need to be accompanied by contingency planning to deter or confront the most serious threats. Detailed and updated NATO defense plans for each CEE state will instill confidence among new members and serve as a deterrent to potential conflicts with Russia or any other state.
2. Modernize the territorial defense forces of new NATO members and place NATO alliance infrastructure where it enhances their defense and reduces their exposure to external threats. NATO has not issued assurances that it would desist from stationing troops, equipment, and infrastructure among new member states; it simply assured Moscow that it did not envisage the permanent stationing of substantial combat forces. This does not preclude military modernization, small NATO or U.S. bases, and elements of the planned missile defense system.
3. Stage regular regional military exercises among new NATO members to ensure combat readiness and develop the NATO Response Force into a credible fighting unit fully equipped to conduct Article 5 obligations. At the same time, the NATO alliance may need to trim down those commands and bases in Germany and Italy that have little benefit in contemporary conflicts.
4. Intensify NATO programs for states aspiring to membership in the alliance, including the Annual National Programs that advance internal reforms and can replace MAPs in terms of content and goals. They must be focused on defense modernization and civil-military reform.

Policy Recommendations: European Union

1. Monitor and evaluate the internal and external threats to the security of new members and the sources of such threats where requested by specific governments. These threats can include economic dominance, energy dependence, intelligence penetration, cyber attacks, and various forms of political corruption and subversion.
2. Pursue engagement with Russia and test its commitment to the rule of law and liberalization domestically and to the resolution of outstanding conflicts in the former Soviet Union. EU leaders must clearly signal when Moscow is acting constructively or negatively and underscore that the United States and Europe are in a stronger bargaining position because Russia is more dependent on them than they are on Russia.
3. Communicate to Moscow through one authoritative EU voice that the independence of all countries in the EaP initiative constitutes a "red line" that Russia must not cross.⁶ If Russia's leaders undermine the sovereignty of these states through economic, political, or other pres-

5. Tomas Valasek, *NATO, Russia and European Security*, Working Paper (London: Centre for European Reform, November 2009), p. 38.

6. Katinka Barysch, "Can and Should the EU and Russia Reset Their Relationship?" Centre for European Reform, *Policy Brief*, February 2009, p. 6.

asures, this will result in the scaling back of EU relations with Moscow. At the same time, the depth and scope of EU engagement with Russia should be commensurate with Moscow's progress in economic reform, the rule of law, property rights, reducing official corruption, and ensuring political freedoms and human rights.

4. Establish a format of regular consultations with the EU's eastern partners at ministerial level to deal with practical issues such as border controls, immigration, counterterrorism, and counter-crime initiatives. Conclude the long-negotiated free trade agreement with Ukraine, soften visa requirements for students and young people from all post-Soviet states, and increase exchange programs. Practical contacts with Belarus can be enhanced by lowering visa fees or introducing a system of visa liberalization as in the Western Balkans. Belarus should also be reinstated in the EU's Generalized System of Preferences and the restrictive quotas on Belarusian exports lifted.
5. Encourage the development of new oil and gas resources, the diversity of supplies to European allies, and the diversity of routes to European customers. In particular, the Nabucco pipeline project from the Caspian Basin to Europe needs to be finalized. This would greatly enhance energy security in the wider Europe and strengthen all economies along its route by lessening their dependence on any single energy producer or distributor.



ABOUT THE AUTHOR

Janusz Bugajski is the holder of the Lavrentis Lavrentiadis Chair in Southeast Europe Studies at the Center for Strategic and International Studies. He concurrently is director of the New European Democracies Project and senior fellow in the Europe Program at CSIS. He also chairs the South-Central Europe area studies program at the Foreign Service Institute of the U.S. Department of State. He was a recipient of the Distinguished Public Service Award granted jointly by the U.S. Department of State, the U.S. Agency for International Development, the U.S. Information Agency, and the Arms Control and Disarmament Agency. His recent books include *Dismantling the West: Russia's Atlantic Agenda* (Potomac, 2009); *America's New European Allies* (Nova, 2009); *Expanding Eurasia: Russia's European Ambitions* (CSIS, 2008); *Atlantic Bridges: America's New European Allies*, with Ilona Teleki (Rowman & Littlefield, 2007); *Cold Peace: Russia's New Imperialism* (Praeger, 2004); and *Political Parties of Eastern Europe: A Guide to Politics in the Post-Communist Era* (M.E. Sharpe, 2002).

1800 K Street, NW | Washington, DC 20006

Tel: (202) 887-0200 | Fax: (202) 775-3199

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