Russia and its Near Neighbourhood: Competition and Conflict with the EU

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Abstract

Russia in 2004 politely rejected the offer to become a participant in the European Neighbourhood Policy, preferring instead to pursue bilateral relations with the EU under the heading of ‘strategic partnership’. Five years later, its officials first reacted with concern to the ENP’s eastern dimension, the Eastern Partnership initiative. Quickly, however, having become convinced that the project would not amount to much, their concern gave way to indifference and derision. Furthermore, Russian representatives have failed to support idealistic or romantic notions of commonality in the area between Russia and the EU, shunned the terminology of ‘common European neighbourhood’ and replaced it in EU-Russian documents with the bland reference to ‘regions adjacent to the EU and Russian borders’. Internally, the term of the ‘near abroad’ was the official designation of the area in the Yeltsin era, and unofficially it is still in use today. As the terminological contortions suggest, Moscow officials consider the EU’s eastern neighbours as part of a Russian sphere of influence and interest. Assurances to the contrary notwithstanding, they look at the EU-Russia relationship as a ‘zero-sum game’ in which the gain of one party is the loss of the other. EU attempts to persuade the Russian power elite to regard cooperation in the common neighbourhood not as a competitive game but providing ‘win-win’ opportunities have been to no avail. In fact, conceptual approaches and practical policies conducted vis-à-vis the three Western CIS countries (Belarus, Ukraine and Moldova) and the southern Caucasus (Georgia, Armenia and Azerbaijan) confirm that, from Moscow’s perspective, processes of democratisation, liberalisation and integration with Western institutions in that region are contrary to Russian interests. In each and every case, therefore, the area’s ‘frozen conflicts’ have not been regarded by the Kremlin as an opportunity to promote stability and prosperity in the countries concerned but as an instrument to prevent European choices in their domestic and foreign policy. The current ‘reset’ in Russia’s relations with the United States and the ‘modernisation partnership’ with the EU have as yet failed to
produce an impact on Russia’s policies in ‘its’ neighbourhood. The EU is nevertheless well advised to maintain its course of attempting to engage that country constructively, including in the common neighbourhood. However, its leverage is small. For any reorientation to occur in Moscow towards perceptions and policies of mutual benefit in the region, much would depend on Russia’s internal development.
En 2004, la Russie a décliné poliment l’invitation à participer à la Politique Européenne de Voisinage, préférant poursuivre ses relations bilatérales avec l’UE dans le cadre du « partenariat stratégique ». Cinq ans plus tard, le gouvernement a d’abord réagi avec inquiétude face à la dimension orientale de la PEV, le Partenariat Oriental. Néanmoins, après avoir acquis rapidement la certitude de la faible envergure du projet, son inquiétude a cédé la place à l’indifférence et la dérision. En effet, la classe politique russe n’a pas soutenu la notion – idéalisante ou romantique – de communauté pour la région entre l’UE et a Russie, a rejeté la terminologie de « Voisinage Européen Commun» et l’a remplacée dans les documents conjoints par la référence neutre de « régions adjacentes à l’UE et aux frontières russes ». À l’intérieur, le terme d’« étranger proche » désignait officiellement la région sous l’ère Yeltsin ; il est toujours utilisé aujourd’hui, officieusement. Comme le suggèrent ces contorsions terminologiques, les représentants de Moscou considèrent les voisins orientaux de l’Union Européenne comme partie intégrante de la sphère d’influence et d’intérêts Russe. En dépit de l’assurance du contraire, la relation UE – Russie constitue pour cette dernière un « jeu à somme nulle » dans lequel les gains d’une partie sont les pertes de l’autre. Les tentatives de l’UE sont restées vaines quand elle a voulu convaincre l’élite russe au pouvoir d’envisager la coopération dans le voisinage commun non comme une compétition mais comme un jeu « gagnant – gagnant », offrant des opportunités aux deux clans. En fait, tant les approches conceptuelles que les initiatives plus concrètes menées vis-à-vis des trois pays occidentaux de la CEI (Biélorussie, Ukraine et Moldavie) et du Sud-Caucase (Géorgie, Arménie et Azerbaïdjan) confirment que, du point de vue de Moscou, les processus de démocratisation, la libéralisation et l’intégration avec les institutions occidentales dans cette région sont contraires aux intérêts de la Russie. Ainsi, à chaque fois, les conflits gelés dans la région n’ont pas été considérés par le Kremlin comme une opportunité pour promouvoir la stabilité et la prospérité dans les pays concernés mais comme un instrument servant à détourner leur politique.
intérieure et extérieure du choix de l’Europe. L’actuelle « réinitialisation »
des relations de la Russie avec les États-Unis, d’une part, et avec l’Europe
et le « modernization partnership », d’autre part, ont échoué jusqu’ici à
produire un impact sur les politiques de la Russie dans son voisinage.
L’UE a néanmoins tout intérêt à poursuivre cette dynamique, à engager la
Russie dans un dialogue constructif, en y incluant son voisinage. Toute-
fois, son influence reste faible. Si d’éventuelles réorientations dans les poli-
tiques de Moscou venaient à croiser le modèle de celles souhaitées par
l’UE, cette rencontre résulterait sans doute d’un choix stratégique inter-
ne de la Russie.
Introduction

In EU Commission and Council communications, the relationship between the European Union and Russia is defined, in capital letters, as a ‘Strategic Partnership’. In practice, however, the examples of where the two entities act as ‘partners’ are few and far between, and to call the relationship ‘strategic’ is certainly wide of the mark as this would require agreement upon common goals and values, joint action plans or road maps to achieve common objectives and a common understanding as to the instruments to be used in order to achieve the stated aims.¹ In reality, EU-Russia relations contain more competitive than cooperative elements, and this applies in particular to EU and Russian perceptions, interests and policies in the common European neighbourhood or, as the two actors blandly and soberly have labelled it, the ‘regions adjacent to the EU and Russian borders’.²

One of many indications of this state of affairs is the fact that Russia rejected the EU’s offer to be a partner of ENP; that it angrily reacted to the eastern dimension of ENP, the EU’s Eastern Partnership (EaP); and

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¹ The differences in goals and values will be analysed below. As for action plans and road maps as inalienable conditions for a strategy, the term ‘road map’, as used in the documents on the EU-Russia ‘common spaces’, appears to satisfy the definition. However, the appearance does not square with reality: One searches in vain for a hierarchy of aims with well defined priorities as well as instruments and time frames for their achievement. What one finds instead are a plethora of ‘actions’ which are to serve in the implementation of ‘objectives’ which are often extremely vague; see the pertinent analysis by Michael Emerson, ‘EU-Russia Four Common Spaces and the Proliferation of the Fuzzy’, CEPS Policy Brief (Centre for European Policy Studies), No. 71 (May 2005).

² ‘Regions adjacent to the EU and Russian borders’ is the terminology used, for instance, in the Road Map and Common Space of External Security. Available at: http://ec.europa.eu/delegations/russia/documents/eu_russia/road_maps_en.pdf (accessed on 5.1.2011). The terms ‘Common Neighbourhood’ and ‘Common European Neighbourhood’ do not occur in the document. Geographically, this area comprises, in East Central and South East Europe, Ukraine, Belarus and Moldova, as well as, in the southern Caucasus, Armenia, Azerbaijan and Georgia; politically, this is the target area of the eastern dimension of the EU’s ENP.
that it then, in a more detached mood, shunned the invitation by the Polish
government to become one of the ‘friends’ of EaP. Another indication is
terminology. Whereas, in EU parlance, the EaP area is regarded as part of
a ‘Wider Europe’, meaning that the values, norms, regulatory procedures
and processes of integration up to and including major provisions of the
*acquis communautaire* are to be extended to that part of Europe, Russian
officials consider the countries of this area in terms of their previous status
of former Union Republics of the USSR; put the emphasis explicitly on
this region as being part of the Commonwealth of Independent States
(‘CIS area’); and implicitly regard it as Russia’s exclusive ‘Near Abroad’
(*blizhnoe zarubezhe*). Moscow, furthermore, has attempted to counteract
EU integration attempts in the area by integrative constructs of its own,
ranging from the Russia-Belarus constitutional ‘Union’ via the Eurasian
Economic Community (EURASEC) to the military-political Collective

The present analysis seeks to explain the reasons for the prevalence of
competitive elements in the EU-Russian relationship, the resulting Russian
aloofness from ENP and opposition to EaP. The main *propositions and
hypotheses* of explanation are as follows:

- Russia does *not* frame policies in its European neighbourhood in
  response to the ENP or EaP but, first and foremost, as an extension

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3 The term of ‘Near Abroad’ is hardly being used any more but it took a long time to
whither away. As early as January 1998, two high-ranking officials of the Russian
government responsible for relations with CIS member countries states, deputy
foreign minister Valery Serov and the minister for CIS cooperation, Anatoly
Adamishin, stated that the term should no longer be used as it were incompatible
with establishing ‘normal’ relations with the post-Soviet countries and treating them
as ‘equal members of the world community’. Serov und Adamishin in separate TV
appearances on the then still independent NTV channel and the ‘Vesti’ programme
of RTV on 21 January 1998, as quoted in: ‘Good Bye “Near Abroad”’, *Monitor*
www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=13599&tx_ttnews%5BbackPid%5D=212 (accessed on 5.1.2011).
of domestic politics and, second, in response to challenges it perceives emanating from ‘the West’ in general, that is, from the United States in Europe, NATO, the EU, its Member States, and European countries that are not members of the EU.

- Russian policy makers do not regard the area between Russia and the EU as a ‘region’ beyond its geographical connotation but as politically, economically, socially and culturally quite differentiated, and it is presumably also for this reason that they do not pursue a comprehensive, conceptually consistent policy. Their approach does not follow some blueprint or geopolitical construct. It is, instead, opportunistic and reactive. Without abandoning projects of multilateral integration, it puts the emphasis on bilateralism. The common denominator of the approach, however, is the consideration of the post-Soviet space as a Russian sphere of influence.

- Russia, under president and then prime minister Putin, and despite recurrent professions to the contrary, has moved away from European values; embarked upon a course to achieve ill-defined ‘Great Power’ (velikaya derzhava) status; and resurrected perceptions and policies of the Soviet era without, however, carrying its ideological baggage. This development is of supreme importance because (as mentioned above) Kremlin officials perceive policies in their near neighbourhood as an extension of Russian domestic ordering principles, as wedged between domestic politics and foreign policy.

- As a consequence, the EU’s activities on post-Soviet space are seen in Moscow in geopolitical terms, as a struggle over spheres of influence where ‘power vacuums’ cannot exist for long and attention needs to be paid to the ‘balance of power’. To put it in political science language, contrary to more recent assertions, Kremlin officials perceive EU-Russian relations in the common neighbourhood as a zero-sum game, where the gain of one side is the loss of the other.

- The main instruments of Russia’s policies in its European neighbourhood are wielded in the form of the two ‘hard power’ attributes: regional
military preponderance, and oil and gas resources. Whereas the former is a means of last resort and applied only in exceptional circumstances (e.g. the war in Georgia), the latter is used extensively and systematically. This justifies characterisation of Russian policies in its neighbourhood (and beyond) as ‘economisation’. The label, however, neither implies precedence of economics over politics nor does it mean liberal *laisser faire* but the very opposite, namely, government control and management of economic affairs, in short, *politisation* and use of economic levers in relation to the neighbouring countries to achieve political objectives. In any case, it would be analytically erroneous to separate Russian commercial and political interests in the near neighbourhood.

- The tools of Russian policy, however, have not been limited to oil, gas and electricity. They also come in the form of ‘soft power’ such as cultural means and the use of Russian ethnic minorities and ethnically non-Russian but culturally assimilated people (*russko-yazychnie*) in the new independent states for the promotion of Russian interests.

In order to verify or falsify these hypotheses, evidence about Moscow’s perceptions of and policies towards the whole western and southern CIS area – the region ‘in between’ Russia and the EU, the countries participating in one form or another in ENP – will be provided first. This will be followed by more specific examination of the Kremlin’s approaches and policies towards each of the six countries of that area. The findings will be summarized in the next part. The final part deals with prospects for change in Russian attitudes and practice as a consequence of the president Medvedev’s drive for ‘modernisation’ of the country and the EU-Russia ‘modernisation partnership’.
Russian Spheres of Influence versus European Common Spaces

Russian perceptions of the post-Soviet space as being a Russian sphere of influence essentially have not changed since the Yeltsin era. Corresponding policies have varied over time but their essence has remained constant. The consistency has ranged from Yeltsin’s declaration that ‘policy considerations in relation to other CIS countries have priority’4 through Putin’s view that the collapse of the USSR constituted ‘a national tragedy of immense proportions’5 and ‘the biggest geopolitical catastrophe of the 20th century’6 and his successor’s reiteration that Russia had ‘privileged interests’ in its border regions7 to the reminder by the current foreign minister, Sergey Lavrov, that Russia had special relations with eastern European countries because of ‘hundreds of years of common history’ and his incensed question whether the Eastern Partnership wasn’t a (blatant and unacceptable) ‘attempt to extend the EU’s sphere of influence’.8

In detail, president Yeltsin’s foreign minister, Andrey Kozyrev, had conducted policies under the label of ‘Euroatlantic community from

4 Yeltsin in a speech to Russian foreign ministry officials, as quoted by Interfax (in Russian), 28 October 1992.
8 Lavrov on 21 March 2009; see ‘EU Expanding its “Sphere of Influence”, Russia Says.’ Available at: http://euobserver.com/9/27827 (accessed on 10.1. 2011).
Vancouver to Vladivostok’ but as early as autumn 1992 this approach had come under attack from a combination of communist, nationalist and neo-imperialist politicians and ideologues. They rejected the idea of integration in a common Euroatlantic space, claiming instead that Russia had a separate – ‘Eurasian’ – identity and ‘special rights’ in that geopolitical space. The president responded to such assertions.

In February 1993, Yeltsin stated that Russia ‘continues to have a vital interest in the cessation of all armed conflicts on the territory of the former USSR’, adding that ‘the moment has come when responsible international organizations, including the United Nations, should grant Russia special powers as a guarantor of peace and stability in the region of the former Union’. In September 1995, he claimed ‘the territory of the CIS’ as a region of ‘fundamental and vital interests’ for Russia and held Russia to be the ‘leading power in the emergence of a new system of interstate and economic relations on post-Soviet territory’. Such demands were justified by the alleged need to ‘protect the rights’ of the 25 million ethnic Russians (according to the 1989 and last Soviet census) living outside the Russian Federation. The foreign ministry, however, included in the category of Russian compatriots ethnically non-Russian but culturally assimilated citizens in the new independent states, ‘Russian speaking’ people, thereby increasing the number of persons eligible for Russian ‘protection’ to 30 million. The presence of ethnic Russians, and ‘Russian speaking’ population as well as ethnically non-Russians holding Russian Federation passports outside Russia, as the Russo-Georgian war in August 2008 demonstrated, has provided Moscow with an instrument for the assertion of larger foreign policy and strategic objectives, including the reestablishment of a greater degree of political control in the area covered by the former USSR.

9 Yeltsin in a speech to a congress of the Civic Union, a center-right alliance, in late February 1993; ITAR-TASS (in Russian), 1 March 1993.
10 In a presidential decree, as quoted by Rossiyskaya gazeta, 23 September 1995, p. 4.
As for relations with the then European Communities, the Partnership and Cooperation Agreement signed in June 1994 in Corfu was to a large extent still wedded to Kozyrev’s Euroatlantic approach. Economic and trade issues were central in that document but also political matters occupied some space. In that document, Russia agreed that ‘the full implementation of partnership presupposes the continuation and accomplishment of Russia’s political and economic reforms’ and also that the ‘Parties [would] endeavour to cooperate on matters pertaining to the observance of the principles of democracy and human rights’. Russian diplomats only managed to assert some of Russia’s proclaimed special interests’ and only in a cryptic and hence innocuous form. This is indicated, for instance, in the formulation that ‘paramount importance [had to be attached to] the rule of law and respect for human rights, particularly those of minorities, the establishment of a multi-party system with free and democratic elections and economic liberalization aimed at setting up a market economy’. The ‘minorities’ Russian negotiators had in mind were obviously Russian in the Near Abroad. In an equally harmless way, they gained EC consent to the wording that the signatories to the PCA were ‘desirous of encouraging the process of regional cooperation in the areas covered by this Agreement between the countries of the former USSR in order to promote the prosperity and stability of the region’.

Less cryptic were the statements contained in Russia’s ‘Medium-Term Strategy’ (2000-2010) for the development of relations with the EU.


13 Ibid. (italics not in the original).

The document, in essence, constituted a response to the EU’s ‘Common Strategy’ for relations with Russia, adopted by the Council at its June 1999 meeting in Cologne.\textsuperscript{15} It was conveyed to the EU \textit{troika} by then prime minister Putin at the EU-Russia summit in Helsinki in October of that year. It explains that Russia’s strategy vis-à-vis the EU was ‘aimed at insuring \textit{national interests} and enhancing the role and image of Russia in Europe and in the world’. It demanded that ‘Russia, as a world power situated on two continents, should retain its freedom to determine and implement its domestic and foreign policies, its status and advantages of a Euro-Asian state and the largest country of the CIS, and its \textit{independence of its position and activities in international organizations}'. The notion of integration into a common European space embracing both the EU and Russia implicitly is rejected. The term ‘integration’ is mentioned explicitly but in a sense entirely different from what the Council had in mind: Russia wanted ‘to use the positive experience of integration in the EU with a view to consolidating and developing \textit{integration processes in the CIS}'.

This position is directly related to the consideration of the area covered by the Commonwealth of Independent States as a Russian \textit{sphere of influence}. Russia is referred to as the ‘largest country of the CIS’ with a special ‘status and advantages of a Euro-Asian state’. Most importantly, the document clarifies that it is not only United States engagement and NATO enlargement that the Kremlin considers to be detrimental to Russian interests in East Central Europe and the post-Soviet area but also the involvement of the EU. This is revealed by statements such as that EU enlargement had an ‘ambivalent impact’ on EU-Russia cooperation; that Russia ‘reserves the right to refuse agreement to the extension of the

PCA’ to EU candidate countries; that it would ‘oppose any attempts to hamper economic integration in the CIS’; and, most importantly, that it was **against the establishment of “special relations” by the EU with individual CIS countries to the detriment of Russian interests**. Since it was obvious that Moscow would define what was harmful to its interests, it was probable that the eastern dimension of ENP and, even more so, the Eastern Partnership would be regarded as attempts to establish ‘special relations’ and as Lavrov was to claim, a separate ‘sphere of influence’.

The clarification of Russian perceptions and policies also pertained to Kozyrev’s Euroatlantic orientation and the idea and ideal of creating a community of values ranging from Vancouver to Vladivostok. Rather than endorsing policies directed at the creation of ‘common spaces’ including Russia, Europe and the United States, the Strategy stated that the purpose and promotion of cooperation in the security area was ‘to counterbalance U.S. and NATO dominance’ and ‘NATO-centrism’ in Europe.

Putin, whose ‘socialisation’ had occurred in the Soviet era, in an institution entrusted with the maintenance of Soviet power and the Soviet empire, has carried Soviet-type stereotypes into current Russian domestic and foreign policy. In his perspectives, international politics is still an arena of competition and conflict, in which concepts such as the ‘balance of power’ and ‘power vacuums’ retain their significance. In international relations, as he lectured his diplomats, no ‘power vacuums’ could exist, and that if ‘Russia were to abstain from an active policy in the CIS or even embark on an unwarranted pause, this would inevitably lead to nothing but other, more active, states resolutely filling this political space’.16 Furthermore, as mentioned, he has called the dissolution of the Soviet Union a ‘national tragedy of immense proportions’ and the ‘greatest geopolitical catastrophe of the 20th century’.17 Although he hastened to add that this did not mean

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17 ‘Putin schitaet raspad SSSR obshchenatsional’noy tragediey’, *Nasledie otechestva*, 12
that Russian policies were directed towards the reconstitution of the USSR, he nevertheless proclaimed that the deepening of integration in the CIS, in the framework of the Common Economic Space and the Eurasian Economic Community, had ‘top priority’ in Russian foreign policy\textsuperscript{18} and that ‘the relations with our closest neighbours were and are the most important part of Russia’s foreign policy’.\textsuperscript{19}

On Putin’s mental map, the EU and NATO’s attempts to extend Western influence to the post-Soviet space and thereby reduce Russian influence and control are proceeding in tandem with their policies \textit{vis-à-vis} Russia. Such stereotypes, including ‘zero-sum’ perceptions, have surfaced in his interpretation of the background to the terrorist act committed in Beslan in September 2004. ‘Generally speaking’, Putin stated on Russian television, ‘one has to admit that we failed to understand the complexities and dangers of processes under way in our own country and in the world. At any rate, we failed to respond appropriately to them. We showed weakness. And the weak get beaten. Some would like to tear off a “juicy piece” from us. Others help them. They help, because they believe that Russia as one of the major nuclear powers is still a threat to them. A threat that should thus be removed. And terrorism is, of course, a mere instrument to achieve such aims.’\textsuperscript{20}

\textsuperscript{14} Russia and Its Near Neighbourhood: Competition and Conflict with the EU

\textsuperscript{18} Putin in his annual address to the federal assembly in April 2005; see ‘Poslanie’ 2005, \textit{op. cit.} (fn. 6).

\textsuperscript{19} Putin in his annual address to the federal assembly in April 2006. ‘Poslanie Federal’nomu Sobraniyu Rossiiskoy Federatsii.’ Homepage of the President of the Russian Federation. Available at: www.kremlin.ru/sdocs/appears.shtml (accessed on 10.1.2011).

The Russian president left unanswered the question as to who those ‘some’ (*odni*) and ‘others’ (*drugie*) were who were aiming at Russia’s territorial integrity. However, since nuclear weapons are unusable against terrorists domestically or internationally and hence not a threat to them, those who feel threatened by Russia’s nuclear arsenal must be found elsewhere, presumably in the United States and among its European allies. He did not, or not directly or explicitly, hold Western governments responsible for any attempts to weaken Russia but he was to do so months later in response to perceived severe challenges to its influence in Eastern Europe and the Caucasus.
Colour Revolutions and the Community of Democratic Choice

One of the parallels between past Soviet and current Russian attitudes towards Western influence in Moscow’s perceived sphere of interest concerns ideology and values. Power and the legitimacy of Soviet rule in what was then called ‘Eastern Europe’ was based on Marxist-Leninist ideology and exercised through the communist parties.21 However, given the deficiencies of the communist system in ‘Eastern Europe’ and the prosperity of ‘Western Europe’, the Soviet Union was losing the ideological and political competition in Europe. The attractiveness of the ‘capitalist’ systems and the values of democracy, rule of law, the market economy with fair competition and civil society was an objective condition but subjectively perceived and portrayed by the Kremlin leaders as ‘inadmissible interference in the internal affairs of socialist countries’ and deliberate Western government policy at ‘undermining’ their influence and control in ‘Eastern Europe’. Such stereotypes returned in full force in the era of the so-called ‘colour revolutions’. Their essence, just like in several countries in ‘Eastern Europe’ in the late 1980s, consisted of broad popular movements mostly of young people determined to remove corrupt authoritarian regimes from power. In each and every case, the trigger for the large-scale demonstrations and ultimately the capitulation of the ancien régime was blatant fraud in national elections.

The first such ‘revolution’ that set the pattern occurred in Serbia in October 2000 with the overthrow of the regime of Slobodan Milošević. Its success was largely due to the organisational efforts and skill of the Democratic Opposition of Serbia (DOS), a broad reform coalition in which the organisation Otpor (Resistance), founded by students in October 1998,

21 ‘Eastern Europe’ during the Cold War was conceived to cover the countries belonging to the Warsaw Pact and Comecon. This was notwithstanding the fact that East Berlin and Prague are located farther west than Vienna and that Berlin was until then considered in Germany to lie in ‘Central’ Germany (Mitteldeutschland), not in ‘East’ Germany.
played a large part in the form of mobilisation of massive civil resistance. Moscow considered the turn of events a dual insult as it had supported Milošević and Serbia as a Slavic and Orthodox country and long-term friend and ally of both Czarist Russia and the Soviet Union during the civil war and the NATO bombing campaign. The change of regime from authoritarianism to democracy, however, threatened to eradicate the remaining degree of Russian influence in the Balkans.

The success of Otpor inspired all subsequent revolutions. Thus, in mid-November 2003, massive anti-governmental demonstrations began in the central streets of Tbilisi against the parliamentary elections held earlier in the month and considered by the opposition and international observers to have been fraudulent, soon involving almost all major cities and towns of Georgia. The Kmara!' (Enough!) youth organization, a Georgian counterpart of Otpor, and several NGOs were active in the protest activities. Only a few days prior to the mass demonstrations that brought down the regime of Eduard Shevardnadze (‘Rose Revolution’), the opposition television channel Rustavi-2 twice broadcast a documentary on the sequence of events in Serbia that had led to the overthrow of the Milošević regime.

In Ukraine, one of the components of a broad coalition taking an active role in the ‘Orange Revolution’ was the civic youth organisation Pora! (It is time!), founded in 2004 and modelled after its Serbian and Georgian counterparts. A series of protests and political actions took place in the country in the period from late November 2004 to January 2005 in the immediate aftermath of the run-off vote of the presidential elections which, as in Serbia and Georgia, were claimed by the supporters of presidential contender Viktor Yushchenko to have been marred by massive corruption, voter intimidation and outright electoral fraud. The rigging had been in

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22 The interconnections between Serbia’s Otpor (Resistance), Georgia’s Khemri (Enough!) and Ukraine’s Pora! (It is time!) have been reconstructed by Julie A. Corwin, ‘Regime Change on the Cheap’, RFE/RL, 19 April 2005. Available at: http://www.rferl.org/content/article/1058543.html (accessed on 23.1.2011).
favour of presidential candidate Viktor Yanukovich who, throughout the campaign and even after falsely having declared himself to be the winner of the elections, had the unwavering support of Russian authorities and Putin personally.23

What is of importance for the present inquiry is that fact that, in Russian perspectives, the ouster of three corrupt and authoritarian regimes in Europe was primarily not the result of spontaneous and indigenous mass demonstrations but the result of careful planning and organisational efforts undertaken by external actors. Not only Russian officials in the higher echelons of government but also specialists in international relations were (and are to this very day) convinced that the ‘colour revolutions’ were planned by the governments and executed by the secret services of the United States and its European allies, notably Britain, with the active participation of ‘so-called’ NGOs. Their arsenals had consisted of campaign technologies and techniques, exit and opinion polling, training in ‘strategic nonviolent conflict’ and methods of mass mobilisation. Local activists, in that view, had received funding and organisational assistance either directly from governments through their subordinate agencies such as USAID and the British Council but also through government-supported foundations such as the National Endowment for Democracy (NED) and the International Republican Institute (IRI) in close cooperation with allegedly ‘non-partisan’ organisations such as the National Democratic Institute (NDI) and the network of Hungarian-born billionaire and financier George Soros and his Open Society Institute.24

23 Putin’s personal support for Yankukovich at times had a grotesque quality. For instance, on the day after the second electoral round and before any official announcement of its results, Putin called his favourite candidate and congratulated him on his election. The elections, he ruled, had been ‘transparent and honest’ and Yanukovich’s victory ‘convincing.’ After the announcement of the (alleged) result, Putin repeated his victory gratulations, this time in writing. ‘Putin eshche raz pozdravil Yankovicha s pobedoy na vyborakh.’ Homepage of the President of the Russian Federation. Available at: http://www.kremlin.ru/text/news/2004/11/ 80051.shtml (accessed on 10.1.2011).

24 Russian suspicions were seemingly confirmed by the fact that U.S. Ambassador Richard Miles had served at critical times in Yugoslavia and Georgia. He was Chief
Putin lent presidential authority to such interpretations. In February 2007, he claimed that 'the OSCE’s bureaucratic apparatus is absolutely not connected with the state founders in any way’ and that its ‘decision-making procedures and the involvement of so-called non-governmental organisations are tailored for the task [of promoting] the foreign policy interests of one or a group of countries. These organisations are formally independent but they are purposefully financed and therefore under control. […] We see them as an instrument that foreign states use to carry out their Russian policies.'

The consequence of this, to use political science terminology, ‘narrative’ was the consideration of the ‘colour revolutions’ as part of a geostrategic competition with the United States and its European allies. Such interpretation and corresponding perceptions were, in the Russian perspective, seemingly confirmed by the Community of Democratic Choice (CDC) founded in December 2005 upon the initiative of the leaders of the Rose and the Orange Revolution; the description of its character by presidents Yushchenko and Saakashvili as a ‘powerful tool for removing the remaining divisions [in the region from the Baltic to the Black Sea], human rights violations, and any type of confrontation, or frozen conflict’; the active role which the new East Central European members of the


26 The idea of the creation of the CDC was first mentioned in the common declaration of the Georgian and Ukrainian presidents in August 2005 (Borjomi Declaration); see ‘Borjomi Declaration: Ukraine Victor Yushchenko; Georgia Mikheil Saakashvili’, Forum News, 15 August 2005. Available at: http://en.for-ua.com/news/2005/08/15/150055. html (accessed on 28.1. 2011). The CDC was formally established in Kyiv during a two-day forum on 1-2 December 2005. Founding member states were Georgia, Ukraine, Latvia, Lithuania, Estonia, Romania, Moldova, Slovenia, and the FYR of Macedonia.
EU, notably the Baltic States, Poland and the Czech Republic – the ‘New Europeans’ in U.S. neo-conservative terminology – were taking in the CDC framework; and the apparently close coordination of their policies with those of the United States.

The CDC forums held in Kyiv in December 2005 and in Vilnius in May 2006 were characterized by a spirit of optimism, great expectations and a ‘common vision’. This consisted of the idea that, in 1989, a first revolution had taken place that had successfully transformed the countries of East-Central Europe into democracies and market economies under the rule of law and with an active civil society internally and integrated internationally into European and trans-Atlantic institutions such as the EU and NATO and that the region, after the dramatic changes in Serbia, Georgia and Ukraine, was now engaged in a second democratic revolution. The second CDC forum provided the stage not only for the presidents and prime ministers of the Central and Eastern European and South Caucasian countries to express this common vision but also for U.S. vice president Richard Cheney to explain the possible role of the United States in turning the vision into reality.

In mirror images and in conformity with the geopolitical stereotypes of the Moscow power elite, Cheney clarified that the export of democracy served American strategic interests; that ‘our values and our strategic interests are one and the same’. Again as if in confirmation of the Russian narrative and further challenges ahead for Russia, Cheney outlined future

27 The categorization of old (America-skeptic) and new (pro-American) Europeans, as witnessed by this author, was introduced by the then U.S. Defense Minister Donald Rumsfeld in the question-and-answer period (unpublished) at the 41st Munich International Security Conference on 12 February 2005, as witnessed by this author.

U.S. policy in the area from the Baltic to the Black Sea: ‘Through direct aid and active diplomacy’, he said, ‘the United States will [continue to] give our strong support to the development of democratic institutions that are transparent, accountable, and decentralized. We’re helping citizen groups to promote broad voter participation, and governments to ensure that elections conform to international standards of fairness. We have funded programs to provide training for journalists, to foster the growth of independent news organizations. We’re supporting groups that monitor state action and defend human rights. …’

He further stated that the United States would ‘give strong encouragement’ to those countries and political forces in the area that were aspiring to EU and NATO membership.

From the Russian perspective, future risks were thus clearly visible. Just as the anti-communist revolutions after 1989 had led to the collapse of Moscow’s influence and control in East-Central Europe and the Baltic States, the ‘colour revolutions’ now threatened the loss of influence in the remaining former republics of the USSR. There could be little doubt in Moscow as to the danger that Russia would be decoupled from the train of European democratisation as defined by the West unless it comprehensively – and rapidly – changed both its domestic and foreign policies. The U.S. vice president made that abundantly clear. ‘America and all of Europe also want to see Russia in the category of healthy, vibrant democracies’, he said. ‘Yet in Russia today, opponents of reform are seeking to reverse the gains of the last decade. In many areas of civil society – from religion and the news media, to advocacy groups and political parties – the government has unfairly and improperly restricted the rights of her people. Other actions by the Russian government have been counterproductive, and could begin to affect relations with other countries.’

That warning about possible negative effects of Russia’s domestic politics on its international status and standing was coupled with severe criticism

29 Ibid.
30 Ibid.

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of Russian foreign policy. In obvious reference to the Russian-Ukrainian ‘gas war’ of 2005/2006 and the (brief) cut-off of natural gas by Gazprom in January 2006, the American vice president warned that ‘no legitimate interest is served when oil and gas become tools of intimidation or blackmail, either by supply manipulation or attempts to monopolize transportation. And no one can justify actions that undermine the territorial integrity of a neighbour, or interfere with democratic movements’.\footnote{31}

The pressures upon Moscow comprehensibly to revise its domestic and foreign policy were not only exerted by the United States but also by European countries and organisations, including all major EU institutions – the Council, the Parliament and the Commission – and the Parliamentary Assembly of the Council of Europe. Even prior to the Orange Revolution in Ukraine, these institutions charged that the system of ‘checks and balances indispensable for the normal functioning of democracy’ had been ‘seriously undermined’ in Russia. Changes in the procedures for the appointment and dismissal of judges had reduced ‘prospects for an independent and impartial judiciary’. The circumstances of the arrest and prosecution of Khodorkovsky and other leading Yukos executives suggested that these charges were politically motivated; that the government’s actions in these cases ‘went beyond the mere pursuit of criminal justice’; and that they included elements such as the ‘weakening of outspoken political opponents, intimidation, and regaining control of strategic economic assets’. Parliamentary and presidential elections had been marred by the ‘extensive use of administrative resources and control of the media to support the president and political parties favoured by the government’. Many features of centralisation had been reintroduced, including the de facto appointment of the governors by the president. There had been ‘harassment and intimidation of members of civil society critical of the authorities and in particular of the journalistic, scientific and environmentalist communities’. In Chechnya, a ‘climate of impunity continues to prevail due to the fact that the Chechen and Federal law

\footnote{31} {Ibid.}
enforcement authorities are still either unwilling or unable to hold accountable for their actions the vast majority of perpetrators of serious human rights violations.’

This (pertinent) diagnosis of developments revealed severe disappointments. It reflected the fact that the path Putin’s Russia had embarked upon contradicted EU purposes and principles as codified in its Common Strategy, namely, that the ‘strategic partnership’ should be based ‘on the foundations of shared values enshrined in the common heritage of European civilisation’. It defied the EU’s ‘clear strategic goals’ of helping to achieve ‘a stable, open and pluralistic democracy in Russia, governed by the rule of law, […] a prosperous market economy, […] civil society, […] and] the integration of Russia into a common European economic and social space.’

Furthermore, it ran counter to the very theoretical foundation Western policies: Based on the experience of the East-Central European countries, Western scholars had constructed theories of ‘transition’ which posited that post-Soviet countries, after a certain time period, would transform themselves into Western-style democracies with a free market, the rule of law and civil society. Russia, however, got ‘lost in transition’;


33 All of these objectives can be found in the part dealing with Principal Objectives; see Common Strategy of the European Union towards Russia, op. cit. (fn. 15).

34 The learned treatises are too numerous to be cited. A summary can be found in Jordan Gans-Morse, ‘Searching for Transitologists: Contemporary Theories of Post-Communist Transitions,’ Post-Soviet Affairs, Vol. 20, No. 4 (October-November 2004), pp. 320-49.

35 This is the apt title of the book by Lilia Shevtsova, Russia – Lost in Transition: The
under Putin, it developed a political system *sui generis*, labelled the ‘Putin system’ by Western analysts, a ‘managed democracy’ at first that turned into ‘management’ of politics, the economy and society by the Kremlin. ‘Democracy’ in Russia, as Putin clarified, required ‘manual control’.36

The domestic developments are of considerable importance for the present inquiry. In any political system, there is a close interrelationship between domestic politics and foreign policy. Perceptions of the leadership about politics and society as well as ordering principles of the system tend to be projected to the foreign policy realm. In the Russian case, such projection is even more likely in relation to the post-Soviet space because that space is not regarded as an autonomous or independent part of the international system but, as described above, a ‘sphere of influence’ in which Russia has ‘special’, ‘vital’ or ‘privileged’ interests. To that extent, the Kremlin’s policies towards the post-Soviet space are ranged somewhere between domestic and foreign policy; they can be regarded as an *extension* of domestic politics;37 *vice versa*, developments in the CIS area significantly affect Russian domestic politics. In the perceptions of the Russian power elite, therefore, the possible realisation of a second wave of democratic and liberal revolutions in the western CIS area and the Caucasus could have dire consequences not just for Russian influence in the region but

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36 Putin in October 2007, speaking to journalists. For the quote and the subsequent observation that the political system developed under Putin had progressed from ‘managed democracy’ to ‘manual control’ see Robert Coalson, ‘Russia: Moscow Shifts From “Managed Democracy” to “Manual Control”’, *RFE/RL Research*, 3 December 2007. Available at: http://www.rferl.org/articleprintview/1079227.html (accessed on 29.01.2011).

37 Institutionally, this was reflected in the creation of a special Ministry for Cooperation with CIS Countries in 1994 but it was given few resources and little policy-making authority and was finally disbanded in May 2000. Thereafter, it appears that, during Putin’s two terms in office, he and the presidential administration were taking charge of relations with the CIS countries and that he still taking an active role in policy towards these countries as head of government.
also – as unlikely that may have seemed from Western perspectives – for Russia itself.

In fact, reactions of the Kremlin almost verged on panic. Based on the assumption of coup d'états having been manufactured by Western governments, special services and government-supported NGOs in cooperation with indigenous organisations, the Kremlin sharply tightened the rules on the activities of both foreign and local NGOs in Russia; it created and lavishly funded the youth organisation Nashi (Ours) in support of government policy; and, in part with that organisation’s help, suppressed and harassed any, even the smallest anti-government demonstration; and it went on a counter-offensive internationally to neutralise the threat of further infection of its neighbourhood with the ‘colour revolution’ and CDC viruses.
Collapse of the Challenge to Russian Influence and Control in the CIS Area

The threat was neutralised as a result of both Russian counteraction and indigenous developments in the region. Counteraction took many forms, the first being conveyance of the message that Russia was steadfastly developing democratic institutions and in EU-Russian relations, on the basis of common values, actively striving for the realisation of the four ‘common spaces’ and their associated ‘road maps’ as well as negotiation of a replacement of the PCA.\textsuperscript{38} Theorists under the auspices of the Russian Academy of Sciences attempted to show that, in the history of western civilization, many variants of non-liberal democracy – aristocratic, oligarchic, egalitarian and national – had existed and could continue to be created.\textsuperscript{39} Vladimir Surkov, one of Putin’s deputy chiefs of the presidential administration, added his own (nonsensical) classification, declaring the political system as it had developed under Putin as being that of a ‘sovereign democracy’, the significance of the ‘sovereign’ apparently being that it should ‘not be managed from the outside’.\textsuperscript{40} Nevertheless, in the competition with the EU, the theorists backed

\textsuperscript{38} In May 2003, at the St. Petersburg summit, the EU and Russia agreed to reinforce their co-operation by creating, in the long term, four common spaces in the framework of the PCA, and, at the May 2005 Moscow summit, they adopted a single package of Road Maps for the realization of the Common Spaces. – – Negotiations on a replacement of the PCA started at the EU-Russia summit in Khanty-Mansiisk in June 2008. They were stopped because of the August war in the Caucasus and resumed after the EU summit in Nice in November 2008. As of this writing, they are still on-going.


\textsuperscript{40} The creator of this nonsense is Vladimir Surkov. In November 2006, then first deputy prime minister and future president Dmitry Medvedev, in an interview with the journal ‘Ekspert’ felt obliged to criticize the term, correctly pointing out that ‘sovereignty’ and ‘democracy’ were two entirely different conceptual categories that could not be mixed. Mededev interview. Available at: http://www.expert.ru/
and inspired by the Kremlin had a problem: In contrast to the EU and its confident claim that the domestic systems and the integration processes for the construction of a common European space were valid for all of Europe, including Russia, the Russian variant of ‘democratic’ authoritarianism, centralisation (emphasis on the ‘vertical axis of power’, the vertikal’ vlast’) and even officially admitted enormous corruption and pervasive ‘legal nihilism’ could not and was not proclaimed to be a model for all of Europe.41

Being relatively weak on ‘soft power’ and specifically not being able to portray Russia as a model for political, economic and social development, the countermeasures against the spread of ‘colour revolutions’ and Western orientation of neighbouring countries were assembled from the tool box of ‘hard power’. Since no plausible case could be made that the EU was engaged in geostrategic games against Moscow, engagement by the United States in Central and Eastern Europe and the Caucasus, and NATO ‘expansion’ were selected as the primary targets in a comprehensive campaign of threat and pressure. This had both political and military dimensions, and it included the instrumentalisation of ‘frozen conflicts’.

The campaign was launched by Putin in February 2007 at the 43rd Munich International Security Conference.42 The accession of the Baltic States to the Western alliance in March 2004 had been tantamount to the transgression of the ‘red line’ that Yeltsin had attempted to draw along the former borders of the Soviet Union. At the time of Putin’s speech in Munich, Russian-NATO controversies concerned the possible offer of a Membership Action Plan (MAP) to Ukraine and Georgia at the forthcoming NATO summit in Bucharest in April 2008.43 It was evident that Russia wanted to

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42 Putin’s speech at the 43rd Munich International Security Conference, op. cit. (fn. 25).

43 Yeltsin had used that term explicitly at the G7/G8 summit conference in Birmingham
prevent such a step almost at all cost. He cast the enlargement of NATO eastwards in moral terms as a breach of allegedly firm ‘assurances’ not to expand eastwards after German unification and a ‘severe provocation’. There was consistency in his portrayal of NATO as an alliance ill-disposed towards Russia: Almost a decade earlier, he had called NATO ‘a military and political bloc with all the set of threats that any formation of this type involves [whose] ‘movement closer to the borders of Russia forces us to take adequate measures to raise the level of the country’s security’. Only four weeks prior to the Bucharest summit, Putin warned that in response to Ukrainian membership Russia would have to take ‘countermeasures’ and would be ‘forced to target its nuclear offensive systems at Ukraine’.

The opposition to NATO enlargement in its 2007-2008 variant was put into the context of the foreign policy of the United States with its ‘disdain’, as Putin put it, ‘for the basic principles of international law [and overstepping] its national borders in every way […] visible in the economic, political, cultural and educational policies it imposes on other nations’ and alleged U.S. attempts to build up combat forces and establish a military-political infrastructure close to Russian borders. The elements he mentioned that fit into such a strategy included (1) Washington’s plans to station components of the U.S. national anti-ballistic missile system in East-Central Europe – a phased-array radar system in the Czech Republic and interceptor missiles in Poland; (2) non-ratification by the NATO member countries of the Adapted Treaty on Conventional Armed Forces (CFE) apparently with a view towards

in May 1998. – In previous cases of countries joining NATO, the Membership Action Plan preceded full membership.

44 Ibid.
45 Putin as early as December 1999 in his then position as prime minister; interview with the Financial Times, 11.12.1999.
deploying substantial forces and building up military infrastructure in Eastern Europe and the Caucasus; and (3) the deployment of ‘flexible frontline American bases [in Romania and Bulgaria] with up to five thousand men in each’ and ‘NATO frontline forces on our borders’.47

To counter such alleged possible challenges to Russian security, the Kremlin and its generals built up an edifice of threat, pressure and countermeasures. Its building blocks consisted of (1) withdrawal from the CFE treaty (‘moratorium’), providing Russia with the option to increase its forces facing NATO, including at the ‘flanks’, that is, the Baltic region and the Caucasus; (2) threats of withdrawal from the 1987 treaty on the abolition of intermediate-range ballistic missiles; (3) the stationing of intermediate-range ballistic missiles in Kaliningrad and Belarus as a possible consequence; (4) the resumption of long-range patrol flights of Russian strategic aircraft over North Atlantic and Pacific areas; (5) test series of the most modern of the land-based intercontinental ballistic missile, the RS-24 (‘Topol-M’), and its sea-based variant (‘Bulava’); (6) announcement by the Navy of plans to equip its forces with six new aircraft carriers, as in Soviet times, to station a flotilla (eskadra) in the eastern Mediterranean, and to construct a naval base in Latakia in Syria; (7) large-scale manoeuvres of the Shanghai Organisation for Security (SOC) on Russian territory, near Chelyabinsk, in the presence of Putin and Chinese president Hu Jintao; and (8) announcement of the defence ministry’s programme to spend 5,000 billion roubles (US$ 197 billion) in the period 2007-2015 for the modernisation of the Russian armed forces.48


48 For documentation and analysis of these military moves and maneuvers see Hannes Adomeit, ‘Russlands Militär- und Sicherheitspolitik unter Putin und Medwedjew’, Österreichische Militärzeitschrift, Vienna, No. 3 (2009), pp. 283-92
The intent behind the elaborate threat posture was obvious, that is, to drive a wedge between the U.S. and the ‘new European’ governments, on the one hand, and the population of these European countries plus the ‘old’ European governments, such as the German, French, Italian governments, on the other. The wedge, directed primarily at Europeans, consisted of the threat of a return to the military-political confrontation of the Cold War: ‘Who needs the next step of what would be, in this case, an inevitable arms race?’ Putin asked. ‘I deeply doubt that Europeans themselves do.’

By the time of the Bucharest NATO summit in April 2008, it was evident that the majority of the European members of NATO were not prepared to follow the American lead and offer MAP to Ukraine and Georgia. The Russian campaign of pressure and threat in all likelihood had contributed to that outcome.

Nevertheless, Putin apparently wanted to make sure that such an option, still held out by NATO in principle, would in practice be closed forever. Thus, at the meeting of the NATO-Russia Council in Bucharest on 4 April 2008, Putin stated publicly and unequivocally (having in mind both Ukraine and Georgia): ‘The presence of a powerful military bloc on our borders, whose members are guided, in particular, by Article 5 of the Washington treaty, will be seen by Russia as a direct threat to our country’s security.’

Privately, in Bucharest on the same day and two days later in Sochi, he told president Bush that he apparently did not understand that ‘Ukraine is not a real state;’ that much of its territory had been ‘given away’ by Russia; that while western Ukraine belonged to Eastern Europe, eastern Ukraine is ‘ours’; and that, if Ukraine entered NATO, Russia would detach eastern

49 Putin’s speech at the 43rd Munich International Security Conference, op. cit. (fn. 25). ‘In this case’ referred to the stationing of U.S. radar and missile interceptors in the Czech Republic and Poland.

50 At the press conference in Bucharest on April 4, 2008, after the meeting of the NATO-Russia Council. Homepage of the President of the Russian Federation. Available at: http://www.kremlin.ru/sdocs/appears.shtml?day=4&month=04&year=2008&value_from=&value_to=&date=&stype=&dayRequired=no&day_enable=true&Submit.x=11&Submit.y=10.
Ukraine (and presumably the Crimean Peninsula) and graft them onto Russia and, thus, Ukraine would ‘cease to exist as a state’. The territorial integrity of Georgia was similarly put in question. Putin warned Bush that if Georgia moved toward NATO membership, Russia might respond by recognizing Abkhazia and South Ossetia’s secession from Georgia. Foreign minister Sergey Lavrov, chief of general staff Yury Baluyevsky and ambassador to NATO Dmitry Rogozin followed the president’s lead, Rogozin warning that attempting ‘to push Georgia into the Western alliance is a provocation that could lead to bloodshed’; membership of the country in NATO would be ‘the end of Georgia as a sovereign state’. The August 2008 Russian military intervention and Moscow’s subsequent recognition of the independence of the two separatist republics may not mean the end of a sovereign Georgia and an EaP partner but in all likelihood the end of the country’s territorial integrity and the dream of NATO membership. The Russo-Georgian war, however, also marks a watershed in Russian foreign policy.


The Effects of the Global Financial and Economic Crisis on Russia

The policy change was due to the confluence of the following factors that still apply today: (1) Containment of the negative repercussions of the Russian military intervention on the relations with the U.S., NATO and the EU; (2) the collapse of confident assumptions of the Kremlin that Russia was an ‘island of stability’ immune to the effects of the global financial and economic crisis; (3) the replacement of the neoconservative government in Washington by a new administration under Barack Obama ready to embark on a ‘reset’ in U.S-Russian relations; (4) the election of the personified target of the Orange Revolution as president of Ukraine and, for all practical purposes, the mitigation of the challenge of a spread of ‘colour revolutions’ to other parts of Eastern Europe and the Caucasus. However, whereas Russian foreign policy changed in relation to the United States, NATO and some of the ‘new’ Europeans, notably Poland, Russia’s domestic politics and – not least as as a result – Moscow’s policies in the near neighbourhood remained essentially unchanged.

In detail, Putin’s policies of pressure had to a large extent been due to perceptions of the power elite that authoritarianism and recentralisation had worked; that it had led to political stability and economic growth domestically; and that it had brought about higher status, prestige and influence internationally. The new government in Washington had essentially capitulated and embarked on a ‘reset’ of relations with Russia, the first major indication of this being the abandonment of plans for the stationing of components of the U.S. strategic anti-ballistic missile system in Poland and the Czech Republic. After some, from Moscow’s perspectives, pointless pouting about the military intervention in Georgia and the unilateral recognition of Abkhazia and South Ossetia, by the end of the year both NATO and the EU had returned to ‘business as usual’ in their relations with Russia. Significant gains were apparently being made in the competition for influence in Eastern Europe and the
Caucasus: The U.S. government seemed to adjust to new realities in the region by promising nothing more that ‘tough love’ to the (also in its eyes) controversial leaderships of Yushchenko and Saakashvili. The perceived threat of NATO membership of Ukraine and Georgia was averted and a MAP for Moldova not even on NATO’s agenda. The challenges of the Orange and other possible ‘colour revolutions’ in the area had for all practical purposes dissipated. The fact that a major policy change – at least in the eyes of president Medvedev – nevertheless seemed required can be explained by the significant negative repercussions of the global financial and economic crisis on Russia.

The high economic growth rates and the arrogance of power in its wake had to a large extent been based on a rise in the price of oil from lows of less than US$ 20 per barrel in 1998 about US$ 150 the summer of 2008. Since the price for natural gas is, after some time lag, tied to the gas price, Russian hard currency incomes from the export of energy resources had increased substantially. One of its consequences was, in comparison with the Yeltsin era, significantly improved financial condition of the country with currency reserves amounting to US$ 597 billion at the onset of the global financial and economic crisis in 2008. The Russian economy, too, benefited from the windfall profits; in the year preceding the global crisis, its growth rate had amounted to an impressive 8.1%. The Russian leadership confidently talked about creating a ‘Gas OPEC’ and it presented itself as an up-and-coming global economic power at the first (and so far last) meeting of the BRIC group of countries (Brazil, Russia, India and China) in Moscow in May 2008. Even as the global crisis deepened with the bankruptcy of the financial services firm Lehman Brothers in September 2008, Russian politicians and economists continued to celebrate Russia as an ‘island of stability’.53

Such notions were disappointed by actual developments. As in the Western industrialized countries, the Russian financial system went into crisis first and then the economy. In the period from May to October 2008, the Russian stock market index RTS fell by 75%, a catastrophic shrinkage that exceeded that of the OECD countries and for some time required a moratorium on the trade with securities. Currency reserves fell by more than a third in the period from August 2008 to March 2009, from US$ 597 billion to US$ 376 billion. GDP in the first half of 2009 decreased by 10.4% and in the whole year compared to 2008 by 8.7%. The most disastrous figures obtained in manufacturing industry with output falling by 20.8% in the first quarter of 2009 and in the car industry by 55.9%.

These data contrasted sharply with those of the other BRIC countries: The Chinese and Indian economy continued to grow in 2009, and the Brazilian economy stayed on an even keel.

One of the major reasons for the disproportionately greater impact of the crisis on Russia can be found in the structural deficiencies of its finances and the economy. These continue to be crucially dependent on hard currency earnings from the export of raw materials, above all, oil and gas. Prior to the crisis, the oil and gas sector of the Russian economy accounted for about one third of GDP; the share of fuel exports amounted to almost two thirds of all exports; and the receipts from these exports covered approximately half of the state budget. It was, therefore, inevitable that the drastic fall of the oil price as a result of a contraction of demand on the world market would produce major shocks. These were compounded by foreign investors massively withdrawing funds in order to improve liquidity and Russian firms transferring financial assets abroad. The significant flow of credit that had driven the wheels of the Russian financial

and economic system stopped and so did, for all practical purposes, the system itself.

It is the recognition of the structural deficiencies that, in conjunction with the other above-mentioned factors, contributed to the change in Russian foreign policy. The arrogance of power and campaigns of pressure that had characterised the last two years of Putin's second term and the period up to and including the military intervention in Georgia gave way to more sober assessments and approaches. In September 2009, the new president, who had earlier decried Russia’s ‘legal nihilism’, published a manifesto entitled ‘Forward, Russia!’ in which he called for the comprehensive ‘modernisation’ of the country. Radical change was required. He held it to be vitally necessary to overcome the centuries-long ‘backwardness of Russia’, its ‘primitive raw materials economy’ and the ‘degrading dependency on raw materials’. In addition to an ‘ineffective economy’, he decried the country’s ‘chronic corruption’, ‘quasi-Soviet social system’ and ‘demographic decline’. Two months later he demanded that ‘lessons be drawn from the past time period when the oil price increased’. Lots of people had clung to the ‘illusion that structural reforms could be postponed’ and that one could just go on forever with the priority development of the raw materials economy. However, the time had come ‘to begin without further delay with the modernisation and technological renewal of the whole sphere of production. … The future of the country depends on this.’

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55 Medvedev, ‘Speech at the All-Russia Civic Forum’, op. cit. (fn. 41).
57 Ibid.
Medvedev also drew consequences for Russia’s external relations. Foreign policy had to be put to work for modernisation. This was not just a matter of providing ‘tangible assistance to Russian enterprises abroad and efforts for the introduction of quality brands of [Russian] for goods and services [abroad] but also attracting foreign investments and modern technologies in Russia.’ The foreign ministry, Putin demanded, should design a ‘programme for the effective utilisation of foreign policy factors’ for the modernisation of the country. The ministry duly obliged. Following verbatim the president’s demand, it compiled a Programme for the Effective Utilisation of Foreign Policy Factors for the Long-Term Development of Russia – a classified document dated February 2010, signed and prefaced by foreign minister Lavrov and addressed to president Medvedev. The thread that runs through the document is the perceived necessity of creating ‘modernisation alliances’ with EU member states, with France, Germany, Italy and Spain singled out for ‘priority co-operation’ and the Franco-German ‘tandem’ to help gain approval for new policies at EU level. It also speaks of developing a Russia-EU-US ‘triangle’ to further the Russian modernisation agenda.


'Modernization Partnerships’ versus Spheres of Influence

In some respects, Russian foreign policy practice has followed, in part even anticipated, the Programme.

- Concerning EU-Russia relations, the summits in Stockholm in November 2009 and Rostov-on-Don in May 2010 as well as negotiations in Brussels on a new agreement to replace the PCA proceeded in a constructive spirit. President of the EU Commission José Manuel Barroso described the Stockholm summit as ‘one of the best meetings we ever had’. The EU-Russia ‘modernisation partnership’ was officially launched at the Rostov summit.

- President Medvedev attended the NATO-Russia Council (NRC) meeting in Lisbon in November 2010. The meeting not only marked the official restoration of relations after the historical low following the Russia-Georgia war but it was also heralded by summit participants as a ‘historic breakthrough’. Both sides approved a document spelling out a common understanding of national security threats. NATO invited Russia to participate in a European ballistic missile defence system; Medvedev accepted the invitation and spelled out his vision of the system. Furthermore, Moscow agreed to allow armoured vehicles for mine clearance to cross Russian territory to Afghanistan.

- Concerning Russia’s relationship with the United States, in January 2011, both houses of parliament approved the new Strategic Arms Reduction Treaty (START), signalling the end of a series of legislative procedures in both countries required for the Treaty to come into effect. On another

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62 The treaty provides for the limitation of nuclear warheads held by each country to 1,550 and delivery vehicles – ballistic missiles and heavy bombers – to 700 by the
sensitive issue, Moscow agreed in June 2010 to impose new sanctions on Iran in an attempt, jointly with the U.S. and the EU, to put pressure on the Islamic republic to discontinue its Uranium enrichment programme.

- Moscow made efforts to improve Russian-Polish relations. The primary means in this endeavour was the reconsideration of Stalin’s policies towards Poland. In September 2009, Putin had begun that process by attending the ceremonies in Gdansk to mark the 70th anniversary of the outbreak of World War II. In April 2010, he became the first Russian or Soviet leader to join Polish officials in commemorating the anniversary of the murder of thousands of Polish officers by the Soviet Union at the beginning of World War II (Katyn massacre); in moving embraces of Polish prime minister Tusk, he expressed his grief over the crash of the high-ranking Polish participants for the commemoration in Smolensk.

- After four decades of negotiation, in September 2010, Russia and Norway concluded an agreement delineating their maritime arctic borders and defining exclusive economic zones and rights to their assigned portions of the continental shelf, thereby opening the possibility for both countries to develop the vast oil and natural gas reserves in the Barents Sea.

- In January 2010, the Duma and the upper chamber of the Russian Parliament, the Federation Council, voted in favour of a significant reform of the procedures of the European Court of Human Rights (ECHR), ratifying Protocol 14 to the Convention, thereby clearing the way for the Protocol, already ratified by the other 46 States Parties, to enter into force.

- Finally, Russian policies on post-Soviet space appeared to have changed. It seemed no longer interested in cooperation and integration within the CIS framework. In October 2009, only seven of the nominally eleven CIS member states took part in the summit meeting of the organisation.
in Chisinau; the meeting was adjourned after only 30 minutes and the gala dinner cancelled.63

- The Kremlin did not interfere in the popular revolution in Kyrgyzstan against president Kurmanbek Bakiyev in April 2010; it quickly recognised the government of Rosa Otunbaeya that was created in its wake; and it rejected an appeal by the new Kyrgyz government to send peacekeeping troops to help in the restoration of order after the outbreak of ethnic violence in the south of the country.

- On a more general level, foreign minister Lavrov had explained that Russia’s ‘modernization strategy’ was, among others things, designed to alter perceptions in the neighbouring countries and to make Russia appear more attractive to them – in Western terminology, to enhance Russia’s ‘soft power’. He reiterated the Kremlin’s standard position that ‘the former Soviet Union countries are our priority partners. Likewise, Russia is the country where their privileged interests are concentrated.’ However, he also acknowledged that the ‘interest of the United States and Europe in these areas is absolutely objective. The only thing we want is that these legitimate interests should be realized not to the detriment of Russia’s equally legitimate interests, and that these interests are realized through legitimate, understandable and transparent methods. […] Most of the problems in this space arise because of attempts to intervene from outside in determining the paths along which these countries are developing.’ Mirror imaging Western perceptions of Russian policies in neighbouring countries, Lavrov concluded that ‘We have been urging everyone, for quite a long time, to act openly and honestly in this sphere, not to play some geopolitical games, not to carry out virtual projects and not to hide intentions but

to state interests honestly and straightforwardly. [...] There should be no zero-sum games.64

On the basis of such Russian assurances and policies in their wake, Western analysts have confidently asserted that, in 2009-2010, ‘Russian policies in the neighbourhood changed radically’; they ‘genuinely changed for the simple reason that the Kremlin realizes the old aggressive policy has completely failed. [...] Russia’s new policy is essentially pragmatic and focusing on its national interests, grounded in the need to modernize and attract foreign investment.65 However, closer scrutiny of Russia’s conduct abroad (and at home) confirm that Lavrov’s criticism of U.S. and European policies in ‘its’ neighbourhood are a classic case of the pot calling the kettle black.

The fact that Russia’s policies on post-Soviet space have a strong bilateral dimension and that the Chisinau summit was a failure neither means that multilateral and integrative approaches have been abandoned nor that they have failed across the board. Such interpretations can be confirmed by a review of the proceedings and the results of two high-level gatherings held on 10 December 2010 in Moscow – the summits of the CIS and the Collective Security Treaty Organization (CSTO) – at which the participating heads of state discussed the current state of economic integration and the future of their military cooperation. ‘One of the major outcomes of the CIS summit was the signing of a number of important documents, such as the Concept of a Youth Policy Development Strategy up to 2020, the Schedule of Events for Implementation of the Concerted Border Policies, and the Joint Program of Action against Terrorism, Extremism, Organized Crime and Drug Trafficking. [...] Moreover, the CIS gathering yielded a long-awaited breakthrough in the economic chapter of the Commonwealth, which was indicated by the announcement by the Russian leader of the forthcoming creation of a free trade area. [...] This multilateral treaty is

64 ‘Russia Does not Want “Zero-Sum” Geopolitical Games in CIS – Lavrov’, Vesti TV, 10 December 2008, as recorded by BBC Monitoring (italics not in the original).
expected to replace a hundred existing arrangements concerning mutual trade among CIS Member States. The draft version of the free trade area agreement encompasses a string of WTO norms governing issues relating to the abolition of customs duties and quantitative trade restrictions, and also stipulates the freedom of transit, special safeguard measures, antidumping and compensatory mechanisms, subsidizing rules as well as sanitary provisions and arbitration procedures.

Medvedev positively commented on the contribution of the CIS to the restoration of economic relations severed by the collapse of the Soviet Union and its beneficial impact on the consolidation of inter-state trust and collaborative practices. He also deplored the withdrawal of Georgia from the CIS provisions, saying that “the Georgians cannot communicate with all countries at a time and some agreements are no longer valid for them”. […] 

The heads of CSTO member states signed a few agreements governing the status of CSTO rapid response forces which were created in February 2009 to jointly counter any external threats capable of disrupting national or regional stability and peace. Belarus’ Alexander Lukashenko proposed, on behalf of his country which will be chairing the CSTO [in 2011], to equip nascent CSTO forces with modern military capabilities and to organize regular military exercises to boost their field experience. The next round of joint exercises between Russia and Belarus will take place in 2011 on Russian territory. Lukashenko also suggested the creation of the CSTO Institute for Partnership intended to spread the Organization’s influence beyond its territorial borders. […] 

One day earlier, on 9 December 2010, the Kremlin [had] opened its doors for another meeting, [that of] of the heads of state of the Customs Union comprised of Russia, Belarus and Kazakhstan. The three presidents signed another 17 legally binding instruments which are expected to finalize the
creation of the Single Economic Space from 1 January 2012. 66

Whatever the degree or speed of implementation of the agreements, it is evident that the aim of CIS economic and CSTO military cooperation and integration in Russia’s neighbourhood policy remains unchanged – and so does its opposition to EU attempts at drawing its eastern neighbours closer to the acquis communautaire. The Kremlin, it appears, continues to believe that the EU’s Eastern Partnership is one of those inadmissible ‘geopolitical games’ Lavrov was speaking of, considering it, as quoted, as ‘an attempt to extend the EU’s sphere of influence’. 67 It is undeniable that the project was supported mainly by foreign ministries (Poland and Sweden) concerned about Russian policies and intentions in Europe; that it gained momentum after the Russian military intervention in Georgia; and that it included Belarus not least because of rifts between Russia and Belarus and (apparent) new options opening up for the EU. At the EU-Russia summit in Khabarovsk, held shortly after the official launching of the EaP, Medvedev could therefore say (with some exaggeration) that he was ‘embarrassed by the fact that some states view this partnership as a partnership against Russia’. 68 Embarrassed did not necessarily mean worried. Indeed, it did not take long for the Russian leadership to regard the EaP as harmless. ‘Frankly speaking’, Medvedev stated six months after the EaP was officially launched, ‘I don’t see anything extraordinary in the Eastern Partnership [but] I don’t see any special use in it either; all the participants of this partnership are confirming this to me.’ 69


67 ‘EU Expanding its “Sphere of Influence”, Russia Says’, op. cit. (fn. 8).


69 President Medvedev on November 2009, talking to journalists from Belarus at
The expression of a casual attitude, however, does not mean that the Kremlin is unconcerned about Western influence and presence in its near neighbourhood. It considers itself actively engaged in a competitive game in which it has good cards – if not to say trump cards in the form of the two ‘hard power’ attributes: regional military preponderance, and oil and gas resources. The latter is being used in what Anatoly Chubais called ‘liberal imperialism’. Although, in essence, a contradiction in terms like ‘sovereign democracy’, its prescriptions have closely been followed by the Kremlin, i.e., the advice that the Russian government should ‘seriously work to protect Russian culture and the Russian people (those people who consider themselves Russians through their culture and language) outside Russia [and that it] maintain an active stance concerning the expansion of Russian businesses outside the country, including not only commerce but also the purchase of assets and opening of new businesses’.71

The application of the concept by the Russian government and corporations has been made possible by the confluence of four factors: (1) the availability of large sums of cash from the export of oil and gas; (2) the dependency of five of the six EaP countries on the import of fuel and electricity from Russia; (3) the government’s direct involvement in business deals abroad as a proprietor (e.g. the state oil corporation Rosneft) or acting behind

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71 Roman Melnikov, ‘Can Russia be a Liberal Empire?’ . Homepage of pravda.ru, 14.10.2003. Available at: http://english.pravda.ru/history/14-10-2003/3893-empire-o/# (accessed on 11.2. 2011). In fairness, Chubais’s prescriptions also included ‘active support for freedom and democracy outside Russia’. This policy advice, however, as amply demonstrated here, has not been heeded by the Kremlin.
the scenes (e.g. South Stream) rather than a plethora of state and private businesses as in Europe (e.g. Nabucco); and (4) the absence of a coherent EU energy policy. As will be shown below, Moscow has amply used these levers in its relations with neighbouring countries. The tools of Russian policy, however, have not been limited to oil, gas and electricity. They have included other economic levers thus justifying the label of ‘economization’ of Russian policies in the near neighbourhood. In addition, Moscow has used political, military and cultural means up to and including the manipulation of ‘frozen conflicts’ for the assertion of its interests. This can be shown by focussing on Russia’s policies vis-à-vis each of the six countries individually.
Belarus

EU-Russian competition over the internal system and foreign policy of the countries in its western and southern neighbourhood is clearly evident in Belarus. For Russia, that country is of crucial significance as part of its western geostrategic glacis; integral component of national defence; link between the Russian mainland and the Kaliningrad region; and transit corridor for its goods, above all oil and gas to Europe. In the perspective of the ruling elite in Moscow, Minsk acts as some sort of buffer that ‘protects’ Russia from Western influence. It regards Belarusians as part of the great Russian nation guided by ‘Slavic orthodox civilisation’. Belarus, as a consequence, has been subject to insistent Russian attempts at (re)integration. It forms part of the Russia-Belarus constitutional ‘Union’ and is a member of the CIS, the Eurasian Economic Community (EURASEC), the Russia-Belarus-Kazakhstan customs union and common economic space, the military-political Collective Security Treaty Organisation (CSTO), and a joint air defence system.

When Russia’s opposition to EaP was first officially voiced, with foreign minister Lavrov, as quoted above, complaining that ‘We are accused of having spheres of influence. But what is the Eastern Partnership, if not an attempt to extend the EU’s sphere of influence?’; it was in part specifically because of the EU’s inclusion of Belarus in the EaP. Evidence of this was provided by Lavrov when he went on to charge that the Czech EU presidency and the European Commission were putting undue pressure on Belarus by suggesting that the country could be marginalised if it followed Russia in recognising the independence of Georgian breakaway regions South Ossetia and Abkhazia. ‘Is this promoting democracy or is it blackmail?’; he asked and provided the answer himself: ‘It is about pulling countries from the positions they want to take as sovereign states.’

The concern, it would appear, is well founded as the number of Belarusians who would vote for joining the EU exceeds the number of those who would

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72 ‘EU Expanding its “Sphere of Influence”’, op. cit. (fn. 8).
support unification with Russia (42.2% to 34.9%). In order to forestall a westward drift of Belarus, therefore, Russia has also been willing heavily to subsidise the country. This concerns mainly energy. Belarus is critically dependent on Russian supplies. Approximately 90% of oil and 100% of gas used by Belarus originate in Russia. Chemical and petrochemical industries provide the lion’s share of its revenues. Up to 70% of its exports to the EU are made up by three types of product: petrochemical products, potash fertilizers and ferrous materials. Although Moscow changed policy towards its neighbours in 2004 and began to raise energy prices, subsidies are still lavishly extended to Belarus. In 2010, Russia was prepared to provide Belarus with 6.3 million tonnes of duty-free oil, enough for domestic consumption. Total Russian energy subsidies in 2010 were estimated at US$4.6 billion (about 8% of Belarusian GDP), those on gas accounting for US$3.0 billion and for oil US$1.6 billion.

Recent Russian-Belarusian economic relations nevertheless have been rife with controversies. These have concerned allegedly unpaid gas bills, customs and tariff regimes, as well as incorrect documentation and certification, in the course of which Russia several times briefly stopped gas or oil supplies, as in January 2004, January 2009 and January 2010, and, in July 2009, the importation of dairy products (‘milk war’). Whatever the specific circumstances, the common denominator of the rows lay in Russian attempts to gain a greater degree of leverage over Belarusian domestic politics, that is, over Lukashenko’s policies,

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73 According a September 2010 opinion conducted by the Independent Institute of Socio-Economic and Political Studies (IISEPS). Available at: http://www.iiseps.org/09-10-06.html (accessed on 27 March 2011). This reference and the subsequent analysis of economic issues in Russian-Belarusian relations has benefitted from Alaksandr Papko and Alaksandr Łahviniec, ‘Unfinished Business: Challenges for Belarus on its Way to Democracy’, European View, Vol. 9, No. 2 (December 2010).


and control over the Belarus’ Europe-destined gas and oil pipelines, as well as Soviet-era oil-processing factories. Russia is particularly keen to take over the Belarusian gas transit company Beltransgaz, of which Gazprom already owns 50%. Lukashenko has, however, not been prepared to grant Russia the conditions it seeks. At the same time, he made overtures to the EU, conveying the notion that he did have an alternative to dependence on Russia.

Presumably as a warning signal in response, in July 2010 the Russian national television channel NTV featured a documentary on the Lukashenko regime under the title of *The God Father*. The movie chronicled human rights violations and electoral fraud committed in Belarus and portrayed Lukashenko as a dishonest, unscrupulous and ignorant dictator intent on holding onto power at all cost. It also asserted (in accordance with the above-mentioned facts) that Russian subsidies were the main reason for the ‘Belarus economic miracle’ of moderate growth and political stability. Unlike the policy of isolation and sanctions adopted by the EU from 1997 until 2008, however, the pressure exerted by the Kremlin was not directed towards democratisation but greater compliance with Russian economic demands.

The indications of a rift in Moscow-Minsk relations, the apparent differentiation of Lukashenko’s foreign policy, the release of some political prisoners and improvements in election legislation persuaded the EU to continue its new policy of ‘engagement’. In early November 2010, high-ranking officials of EU Member States travelled to Minsk, including chief of the German chancellor’s office Ronald Pofalla to open the Minsk Forum and Polish foreign minister Radosław Sikorski and German foreign minister Guido Westerwelle to talk to Lukashenko. The former attempted to convince the Belarusian leader that a meaningful improvement of EU-Belarusian relations could only occur if the upcoming (December 2010) presidential elections were to be free and fair. In that case, they promised, Belarus could count on receiving financial support in the coming three years in the amount of up to €3 billion.

However, as it turned out, the electoral process was far from free and fair. More importantly, the regime reacted to the large-scale demonstrations against presumed electoral fraud and, apparently, less than expected support for the incumbent president, with violent repression, including severe beatings, arrest of opposition leaders, raids by the KGB on the homes and offices of those suspected of ties to the opposition and jail sentences. In January 2011, therefore, the EU foreign ministers meeting in Brussels (re)imposed sanctions against Belarus in the form of an asset freeze and a visa ban on Belarusian government officials, including Lukashenko. At least for the short to medium term, this put an end to the EU policy of ‘engagement’ and returned Belarus to Russia’s insistent embrace.
Ukraine

The most important country in the EU-Russia competition over influence in Eastern Europe is Ukraine. This is due to its vast territory (603,628 km², the largest contiguous country on the European continent); its strategic location, including as a transit country for Russian gas to Europe (80% of Gazprom’s shipments for EU-Europe flow through Ukrainian pipelines); the presence of the Russian Black Sea Fleet until, according to the April 2010 Kharkov agreement, at least 2024 (see below); the size of its population (46 million inhabitants); its numerous Russian minority (17% of the population overall, with heavy concentrations in the east of the country and in the Crimea); a long history of common statehood; Russian as the lingua franca in most of the country, including in the capital; and widespread availability of Russian television programs, providing Russia with a significant degree of ‘soft power’.

The use of ‘hard’ and ‘soft’ instruments and the failure of the Orange Revolution to live up to its promises resulted in what seemed impossible in the euphoria of the election of Yushchenko as president and the appointment of Tymoshenko as prime minister in 2005: the election of the proven perpetrator of electoral fraud, Blue competitor Yanukovich as president in February 2010. In conjunction with the dismantling of the territorial integrity of Georgia and the humiliation of Saakashvili in the brief Russo-Georgian war, the challenges of the ‘colour revolutions’, the CDC and GUAM for all practical purposes had dissipated.

The new president and his government under Mykola Azarov may aver that the European orientation remained Ukraine’s foreign policy priority but in practice, in domestic politics, they have embarked on a course that restores elements of the ancien régime (‘Kuchmaisation’) and the political system of their neighbour (‘Putinisation’); in foreign policy, they have returned to a ‘multi-vector’ or ‘balanced’ approach between the EU and Russia (with NATO membership clearly ruled out).
Russia’s policies are designed to tilt the balance towards the east. In terms of persuading Kiev to join the Russia-Belarus-Kazakhstan customs union, whose acceptance by Ukraine would be incompatible with the conclusion of an agreement with the EU to create a Deep and Comprehensive Free Trade Area (DCFTA), and some other proposals to deepen economic integration, it has been unsuccessful. It has been quite successful, however, in using the energy lever to strengthen its strategic position in the country; to limit EU influence; and to enhance Kiev’s dependency on Moscow. This became apparent, first, in the indignation with which Russia reacted to the March 2009 EU-Ukraine agreement to the effect that Brussels would provide $3.5 billion to help finance the modernization of Ukraine’s gas pipeline system, with an independent company to take over the pipeline system and set transit fees. Notwithstanding the assurances by the then Energy Commissioner, Andris Piebalgs, that the EU planned ‘to work together with and not against Gazprom’ and that it was because of ‘the gas deliveries disruption [earlier in the year] that we started to work first with Ukraine,’ Putin warned: ‘If Russia’s interests are being ignored, then we will be forced to revise our relationship with our partners. We really do not want things to reach that level. But the main point, which I would like to emphasize, is that trying to solve the problem of increasing gas supplies, gas which is Russian, is meaningless. We want this signal to be heard.’ The warnings apparently were effective. Nothing has come of the EU-Ukraine infrastructure modernisation initiative.

Instead, the prospects for comprehensive reforms in the energy sector and cooperation with the EU in the European Energy Community were set back by the agreements concluded in April 2010 between presidents Yanukovich and Medvedev as well as in the same month between Gazprom

78 Ibid. Putin added a conciliatory note, saying that ‘we are ready for constructive work with all of our partners.’
and the Ukrainian gas company Naftogaz. In exchange for Kiev’s consent to the prolongation of the Russian Black Sea Fleet’s basing rights in Sevastopol beyond the 2017 expiration date, until 2042, Russia granted a discount of $100 if the price for Ukraine is $333 per 1,000 cubic meters or above or 30% if the price is under $333.\textsuperscript{79} The agreement also provides for gas volumes which exceed likely Ukrainian domestic requirements, allowing the country to re-export gas. The amount the country is likely to save as a result has been estimated at about $40 billion over the next decade.\textsuperscript{80} The combination of cheap gas and excessive volumes is likely to mitigate pressure for comprehensive reform of the gas sector. Furthermore, Russia’s ambitions for gaining a greater degree of control over the Ukrainian economy (and politics) were evident also in supplementary agreements concerning the creation of a joint company to link Ukraine’s Antonov aircraft plant with Russia’s United Aircraft Corporation and for Russian participation in building new Ukrainian nuclear facilities in Khmelnitsky and Kharkov as well as in the Russian proposal to merge gas giant Gazprom with Ukraine’s state energy firm Naftogaz.


\textsuperscript{80} ‘Ukraine and Russia,’ \textit{Economist}, 31 April - 6 May 2010.
Moldova

Neither Moldova nor the breakaway entity of Transnistria are *per se* of much importance to Russia. Its geopolitical location may be of some interest to neighbours such as Romania and Ukraine but it is landlocked and does not have a common border with Russia. Its population, including that of the separatist republic, amounts to less than 4 million people; 600,000 to one million Moldovan citizens (almost 25% of the population) are working abroad, many of them illegally; its economy is small (GDP estimated at $5.4 billion, which is about 40% of the size in the Soviet era), vulnerable and dependent on Russia; in terms of GDP per capita (about $1,500), it ranks as the poorest country in Europe and 4.5 times lower than the world average.81

All this applies equally to Russian interests in Transnistria. Russia’s 14th army under General Lebed (to his later regret) was instrumental in the achievement of *de facto* independence by the ‘Pridenestrovian Moldovan Republic’ (PMR) in the course of a brief war between separatists and the Moldovan army in 1992. Since then, contrary to commitments undertaken by Moscow at the 1999 OSCE Istanbul summit to withdraw its troops, equipment and ammunition by 2002, it has maintained a force of up to 1,200 men and kept 20,000 tons of ammunition and thereby provided a constant guarantee of the PMR’s (unrecognised) ‘independence’. This slender ribbon of territory wedged between ‘core’ Moldova and Ukraine covers a mere 1,607 square miles (less than half the size of Abkhazia and about one third of that of Kosovo). Its population has shrunk dramatically, from about 750,000 at the time of the split from Moldova to an estimated 410,000 people today.82 Its economy survives


on a mixture of Russian subsidies, legal trade, illegal trade (smuggling) and money laundering.

Russia has maintained the Transnistrian economy by supplying energy at much lower rates compared to what is provided to Moldova: Gazprom is charging Transnistria US$60 per thousand cubic meters (three times less than what it demands from Moldovan customers). Nevertheless, the PMR has accumulated an unpaid bill to Gazprom in the amount of US$2.5 billion. Russian subsidies are extended not only in the form of lower energy prices and unpaid bills for gas but also as grants and loans, including ‘humanitarian aid’ such as transfers from the Russian state budget to the PMR pension fund.

The overall losses to the Russian state as majority shareholder of Gazprom and the Russian taxpayer may be small. However, Russian big business has profited significantly through the process of privatisation of PMR state owned enterprises since the year 2000 – and so have Russian government officials through their involvement in and control of Russian business.

This may be one of the reasons explaining the fact that, since the failure of the ‘Kozak plan’ in November 2003, no serious Russian initiative for conflict resolution has been put forward. Another constant feature has

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83 Moldovagaz is Moldova’s national gas operator. On 24 March 2011 Moldova and Russia reached an agreement to separate the part of the company situated on the territory of the breakaway region of Transnistria. The PMR government will take over Moldovagaz’s debt to Gazprom, which stands at US$2.5 billion. The agreement legalises the existing de facto division of the gas infrastructure between Chisinau and Tiraspol, while at the same time releasing Chisinau from its legal liability for gas debts accumulated by Transnistria. For this information as well as analysis see ‘Dividing up Moldovagaz and Moldova’s Gas Debts,’ Centre for Eastern Studies, *Analytical Newsletter,* No. 12, 30 March 2011. Available at: http://www.osw.waw.pl/sites/default/files/EastWeek_247.pdf (accessed on 1.4.2011).

84 The ‘Kozak plan’ refers to a proposal aimed at a solution of the Transnistrian ‘frozen conflict’ submitted in mid-November 2003 by the then deputy head of the presidential administration and a close ally of Vladimir Putin, Dmitry Kozak.
been Moscow’s aversion to any role the EU might want to assume for peacekeeping or as a guarantor of any future settlement. Contrary to repeated commitments by the EU and Russia to embark on ‘practical co-operation on crisis management […] and in the settlement of regional conflicts, inter alia in regions adjacent to EU and Russian borders,”85 such cooperation does not exist. Concerning the settlement of the Transnistria problem, it was chancellor Merkel who took the initiative during her meeting with president Medvedev at Meseberg Palace (near Berlin) in June 2010 and again during the German-Russian inter-governmental meeting in Yekaterinburg in July of the same year. As an incentive for Russian concessions, the German chancellor suggested creating a high-level EU-Russia Political and Security Policy Committee for consultations and decision-making, singling out the Transnistria conflict for possible joint diplomatic efforts. However, whereas the Russian president agreed to the idea of establishing a security committee, to date he has offered no concession or compromise on the conflict.

The plan provided for a united asymmetric federal Moldavian state with three major entities (Moldova, Transnistria and Gaguzia) and two houses of parliament. Problems were disproportionate representation with respect to population figures, the risk of stalemate in government decision-making and the presence of Russian forces for 25 years. To the apparent rage of Putin, who had made plans to travel to Chisinau for the signature of the memorandum, Moldovan president Voronin rejected the plan.

The Southern Caucasus

The same patterns of Russian policies directed towards the maintenance of a ‘sphere of influence’ and curtailment of Western, including EU, influence that could be observed in the Western CIS states are evident also in the Southern Caucasus. The region was put under Czarist control in the 18th and 19th century in the course of imperial expansion. The attempts by its constituent parts, Georgia, Armenia and Azerbaijan, to gain independent statehood after World War I were suppressed by the Bolsheviks. Given the enormous differences in historical development, geography, culture, ethnicity, language and religion, their merger into one republic, the Transcaucasian SFSR in 1922, was reversed in 1936. The three republics, in the then existing borders, became independent after the collapse of the Soviet Union.

In Russian perceptions, the region retains great strategic importance. Through the ‘imperial road’ (from Vladikavkas via Tbilisi to Yerevan) and along the coastal roads (from Sochi via Sukhumi, Poti and Batumi, as well as from Makhachkala to Baku) it constitutes a vital transit area to Turkey, Iran and further beyond in the Middle East. That importance may have diminished along two of the three major axes, not least because of (ill advised) Russian policies, including the closure of the Imperial Road, as well as of the road and rail links between Abkhazia and the main part of Georgia but it has by no means vanished.

In contrast, the economic utility of the region for Russia has to some extent declined. Baku’s oil and gas resources are no longer that important for Moscow, and they pale in comparison with those of Russia proper and Central Asia, notably Turkmenistan and Kazakhstan. The size of Russian ethnic minorities has also diminished significantly because of large-scale emigration after the three countries had gained independence. What is driving the Kremlin’s policies, then? Certainly, considerations of economic gain of Russian state and private oligarchs through the acquisition of assets but also less substantive, more subjective considerations such as
nostalgia for lost imperial greatness; inability or unwillingness to accept small countries as equals; and, above all, prevention of other international actors, notably the United States and NATO but also the EU, from filling a putative ‘power vacuum’.

Such motives and motivations are particularly evident in the case of Georgia. Shortly after the Rose Revolution (see above) and after a brief interval of Russia’s assistance to Tbilisi in March 2004 to help in the reestablishment of Georgian authority in Adzharia, the relations between Tbilisi and Moscow deteriorated sharply until the Russian military intervention in August 2008. As the EU-sponsored investigation of the war concluded, the shelling of Tskhinvali by the Georgian armed forces during the night of 7 to 8 August may have marked the beginning of the large-scale armed conflict in Georgia, ‘yet it was only the culminating point of a long period of increasing tensions, provocations and incidents’.

This is not the place to chronicle the process of escalation that led to war. What is pertinent in the present context, however, is, *first*, to convey the intensity of the rage felt (or pretended) in Moscow about the Georgian defection and the length to which the Kremlin was prepared to go to force Tbilisi to abandon its pro-European and pro-Atlantic course and, *second*, to clarify that Russia was determined to maintain its position in Abkhazia and South Ossetia and prevent their reintegration into Georgia. One of the examples underlying the first purpose is the sequence of events that began in September 2006 with the arrest of several Russian officers of the GRU military intelligence for suspected espionage – a step to which Tbilisi was legally entitled. Putin, in response, accused the Georgian leadership of having adopted a policy of ‘state terrorism’ and of following, ‘both

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86 For Putin’s view on this, see above, p. 11 and fn. 16.


88 ‘Moskva i Tbilisi na poroge kholodnoi voiny’, Pervyi kanal – novosti, 1 October 2006. Putin’s charge of ‘state terrorism’ was carried by the First Channel of Russian
inside the country and in the international arena, the policy of [Stalin’s secret police chief] Lavrenty Pavlovich Beria.89 Defence minister Ivanov claimed that ‘banditry’ in Georgia had become government policy; the situation in the country were ‘reminiscent of 1937’.90 In rapid succession, Russia was taking steps and adopting postures usually associated with impending military intervention, including the withdrawal of embassy staff; deportations of ethnic Georgians from Russia; closure of the state borders; rupture of road, rail, sea, and air communications; stop of postal services and money transfers; orders of ‘shoot to kill’ to Russia’s military forces in the country in response to Georgian ‘provocations’; and the announcement of naval manoeuvres off the Georgian coast.

Concerning the second purpose, in April 2008 then still president Putin instructed Russia’s ministries and other government bodies to work directly with their counterparts in Abkhazia and South Ossetia on a full range of bilateral cooperation activities. These included recognition of legal acts issued by Abkhaz and South Ossetian authorities; recognition of entities registered under Abkhaz and South Ossetian ‘laws’; provision of legal assistance on matters of civil and criminal law directly to Abkhaz and South Ossetian authorities and residents (most of whom had previously been turned into purported Russian citizens through ‘passportization’). The presidential decree also envisaged the drafting of further Russian government initiatives on the ‘economic development of these two republics’ and ‘protection of Russian citizens’ there. As it turned out, ‘economic development’ meant acceleration of Russian takeovers of property and launching of construction work in Abkhazia ahead of the Winter Olympic Games to be held in nearby Sochi; the ‘protection of

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89 At a session of the Russian national security council on 1 October 2006, kremlin.ru, 1 October 2006. Available at: http://www.kremlin.ru/appears/2006/10/01/0000_type63378_111833.shtml (accessed on 1.4.2011).

Russian citizens’ served as justification for the deployment of additional Russian troops and, later, military intervention; and the presidential decree on the upgrading of the legal status of the two republics was merely an intermediary stage to the full diplomatic recognition that Russia was to extend to the separatist republics after the war.91

From the Russian perspective, the ‘frozen conflicts’ in Georgia have thereby been solved. Indeed, it is difficult to foresee conditions that could induce the Russian government to rescind its recognition of the two separatist entities. Under these circumstances, the fundamentally different approaches to economic and political development, as well as regional stability, by the EU (ENP and EaP, notably the latter’s emphasis on regional cooperation) and Russia (support and protection of Abkhaz and South Ossetian sovereignty) will continue to run at cross-purposes.92

Perhaps to a lesser extent than the diverging positions in Georgia, the conflict between Armenia and Azerbaijan over Nagorno-Karabakh is a final example of EU-Russian policy differences in the common neighbourhood. This ‘frozen conflict’ clearly hampers economic development of the two countries as large sums are being spent on the military. In oil-wealthy Azerbaijan, defence spending has grown by an average of 50% every year since 2003. In 2011, it will account for one fifth of the country’s total public spending, and more than the entire Armenian budget. But Armenia too has increased its defence expenditures and weaponry, the latter with help from Russia.93


92 Under these very circumstances, the EU’s (civilian) Monitoring Mission (EUMM) operating along the borders of ‘core’ Georgia with Abkhazia and South Ossetia can only serve to maintain the status quo.

Regional economic development, too, is severely constrained given the fact that the borders between the two countries, as well as between Armenia and Turkey, are closed; Azeri access to its large exclave Nakhichevan is blocked; and Baku has successfully insisted in Ankara that the normalisation of Armenian-Turkish relations is a two-track process that must go hand in hand with resolving the Armenia-Azerbaijan conflict. Regional political cooperation hardly exists, and security is imperilled. As the August 2008 Russo-Georgian war demonstrated, frozen conflicts can turn hot very quickly.\(^94\) Ceasefire violations have risen significantly in 2010; in total, 3,000 people have been killed in skirmishes along the boundary line since the May 1994 ceasefire took effect. Both countries have stepped up their bellicose rhetoric. Ilham Aliyev, Azerbaijan’s president, warned of war in at least nine separate speeches in 2010, and has shown no sign of letting up this year. His Armenian counterpart, Serzh Sargsyan, has strongly underlined his country’s readiness to repel any attacks. Recent military exercises in both countries suggest that this is not empty bravado.

The self-ascribed position of the Kremlin is that of an honest broker. Several bilateral talks have taken place and, since November 2008, Medvedev has hosted a total of five meetings between Sargsyan and Aliyev. But how honest a mediator is Russia? How resolution-driven are its mediation efforts? Finally and most importantly in the context of the present inquiry, how much cooperation with the EU (and the OSCE) does the Kremlin envisage, and how acceptable to Russia would be the role of the EU as a guarantor of a settlement?

It is doubtful that Moscow is really interested in a comprehensive conflict resolution. A settlement would mean losing important leverage in the region. Moscow is playing on and with both sides, giving and taking from Armenia and Azerbaijan interchangeably, although the tilt is clearly in Armenia’s favour. That country is Moscow’s only ally in the region, and

\(^94\) Data and analysis until the end of this paragraph draw on ‘The Nagorno-Karabakh Conflict’, \textit{op. cit.} (fn. 93).
it very much values its military, economic and political presence there. In August 2010, therefore, it concluded a far-reaching agreement with Yerevan that will prolong Russia’s military basing rights by 24 years, to 2044; upgrade the mission of its troops headquartered in the city of Gyumri; commit Russia to supplying its regional ally with ‘modern and compatible weaponry and special military hardware’; and go beyond ‘functions stemming from the interests of the Russian Federation […] to protect Armenia’s security together with Armenian Army units’. During his visit to Yerevan, where the agreement was signed, Medvedev underlined the gravity of Russia’s commitment. Asked whether Russia would intervene in a conflict involving Armenia, Medvedev stated that ‘Russia takes its obligations to its allies very seriously’.

At this stage in the international efforts at conflict resolution, however, pressure on Armenian government rather than demonstrative increase in support would be required. The basis of a solution surely are the Madrid Principles presented by the OSCE Minsk Group co-chairs (France, Russia, and the United States) to the Armenian and Azerbaijani foreign ministers in November 2007 and updated in 2009 at the urging of the presidents of the three co-chairs and clarifications by the government of Azerbaijan.


The principles envisage a phased, rather than a package solution to the conflict, the first phase providing for the Armenian troops’ withdrawal from some of the districts situated in Azerbaijan’s interior, abutting on three sides on the Armenian-populated Karabakh region. Withdrawal of troops and re-opening of borders would proceed gradually as parallel processes. This first phase would include the provision of security guarantees, post-conflict reconstruction in Azerbaijani territories vacated by Armenian forces, and the return of Azeri expellees to their homes there. Along with this, cross-border trade and transportation between Armenia, Azerbaijan, and Turkey would go ahead. Karabakh’s Armenian population could also resume economic and social contacts with its Azeri neighbours as part of post-conflict normalization. This phase would be envisaged to be completed within five years. The second phase would involve withdrawal of Armenian forces from remaining areas of Azerbaijan, return of Azeri expellees there, international security guarantees for the Armenian population, and negotiations on Karabakh’s final status. Yerevan, however, wants Ankara to re-open the land border with Armenia unconditionally, de-coupled from the withdrawal of Armenian forces from Azerbaijan’s districts surrounding Karabakh, thereby de facto isolating Azerbaijan. It also rules out Turkish participation in any negotiation process on Karabakh, notwithstanding the fact that Turkey is a member of the OSCE Minsk Group.

Russia’s increased support means that the incentive for Armenia to make concessions has been diminished. It could be argued that pressure from Washington on Yerevan is also lacking and that the EU is conspicuously absent in the negotiating process and as a possible guarantor of a settlement. The latter, however, has much to do with the fact that the Kremlin does not welcome such a role and insists that ‘Russia’s task as the largest and most powerful state in the region […] consists of securing peace and order’.98

98 President Medvev during his visit to Yerevan; see ‘Russia Extends, Increases Military Presence in Armenia’, op. cit. (fn. 96).
Conclusions and Prospects

The main and subsidiary propositions and hypotheses as stated in the Introduction have been validated, leading to the following conclusions:

1. The Russian government – more broadly, the Russian foreign policy and international security establishment – has regarded ‘its’ near neighbourhood, its ‘Near Abroad’, as a Russian sphere of influence. This perception is correlated with the claim that Russia had ‘special rights’ in that space, as well as certain obligations, including the ‘protection of Russian-speaking minorities’.

2. This position evolved after a brief interval of ‘Euroatlanticist’ policies and integration into a common space ‘from Vancouver to Vladivostok’ under Yeltsin’s foreign minister Kozyrev. It was replaced by the idea that Russia had a ‘separate’, continental ‘Eurasian’ identity and, as the largest and most powerful country on post-Soviet space, a ‘leading role’ to play in that region. Under president Putin, that claim was strengthened by the proclaimed aim of restoring to Russia the status of a ‘Great Power’.

3. From the perspective of the Russian power elite, since the CIS area is not an autonomous or independent part of the international system but an area in which Russia has ‘special’, ‘vital’ or ‘privileged’ interests, its policies there should be conceived as lying on a continuum between Russian domestic politics and foreign policy, or as an extension of internal politics. The consequence of this is that domestic ordering principles and priorities tend to be projected to the near neighbourhood. Vice versa, developments in that area are perceived to affect the Russian domestic domain.

4. The interconnection between Russian domestic politics and policies is of critical importance for comprehending EU-Russian relations in the common neighbourhood because of the nature of the ‘Putin system’. Its central features are, politically, the concentration of power in a small circle of leaders, lack of transparency in decision making, an authoritarian and populist style of government, absence of checks and
balances, managed elections by means of the utilisation of government resources for the ruling party in parliamentary elections and for the closed circle’s preferred candidate in presidential elections, and re-introduction of central control over the regions; in the economic realm, correspondingly, state control over ‘strategic’ resources, re-establishment of political control over the ‘oligarchs’ (as witnessed by the trials and convictions of Khodorkovsky), gross abuse of power and influence by government officials for personal gain, i.e., wide-spread corruption; in the legal domain, pervasive ‘legal nihilism’, the absence of a law-based state, and control over the judiciary by the executive branch of government; in the social sphere, erection of barriers for grass-roots movements to establish themselves as political parties and take part in the political process, curtailment of the freedom of the media, and limitation of the activities of non-governmental organisations.

5. The path Russia has embarked upon under Putin thus sharply contradicts EU purposes and principles, namely, that EU–Russia relations should be based ‘on the foundations of shared values enshrined in the common heritage of European civilisation’, the achievement of ‘a stable, open and pluralistic democracy governed by the rule of law’, ‘a prosperous market economy’ with fair competition, and ‘civil society’ that gives scope for the activity of non-governmental institutions. Given this contradiction, it follows that the Putin system and the EU’s aim of ‘integrating Russia into a common European economic and social space’ are mutually exclusive and that the reality of the EU–Russia relationship in the common European neighbourhood has not been that of a ‘strategic partnership’ and co-operation but of competition.

6. This can be demonstrated, in particular, regarding the respective approaches to the possible solution of the ‘frozen conflicts’. In principle, the EU and Russia have committed themselves – e.g., in the ‘Road Map for the Common Space of External Security’ – to cooperate in the establishment of a ‘greater Europe without dividing lines and based on common values’; in ‘the development of principles and modalities
for joint approaches in crisis management; and ‘in the settlement of regional conflicts, *inter alia* in regions adjacent to EU and Russian borders’. In practice, however, Russia has used the conflicts over Abkhazia, South Ossetia, Transnistria and Nagorno-Karabakh as levers to retain influence over the domestic and foreign policy orientation of the countries concerned.

7. Perceptions underpin the reality of competition in the ‘regions adjacent to EU and Russian borders’. It may be difficult to separate genuine from instrumental perception but judging both from the rhetoric and the policies conducted, the conclusion is warranted that the *Russian power elite is still wedded to* what in international relations theory is called the *Realist School*, that is, that international relations are to be understood as some kind of ‘grand chessboard’ in which ‘zero-sum games’ (the loss of one side is the gain of the other) are played among sovereign state actors; where the ‘balance of power’ – of ‘hard power’ at that –matters; and where no ‘power vacuum’ could exist. The perceptions of the Russian foreign and international security establishment conform to such stereotypes, including and above all in relation to the CIS area – as witnessed by Putin’s apodictic assertion that if Russia did not fill any actual or potential vacuum in this region, ‘other, more active, states’ (sic) would ‘resolutely’ step in to fill it.

8. The height of Russia’s concerns to lose the competition with the EU came with the ‘colour revolutions’, the two summit meetings of the ‘Community for Democratic Choice and the attempts by the government of George W. Bush to offer Ukraine and Georgia a NATO Membership Action Plan. The *perceived dangers of a democratic and European choice of the neighbouring countries, however, dissipated*. In part, they were averted as a result of the liberal employment of ‘hard power’, in part as a result of, from the Kremlin’s perspective, favourable domestic developments in the region.

In *Ukraine*, the collapse of the Orange coalition, the rift between president and prime minister, paralysis of government, widespread
corruption and the effects of the global financial crisis combined to lead to the re-election of Yanukovich as president. This development has led to the restoration of more or less normal government business, including in its dealing with the EU, but at the expense of a restoration of features of the ancien régime (‘Kuchmaisation’) and that of the system in neighbouring Russia (‘Putinisation’).

In Belarus, despite some improvements, the presidential elections of 19 December were again marred by manipulation and falsification, with Lukashenko allegedly receiving about 80% of the vote, leading to mass demonstrations of protesters to which the regime responded with violent repression. As a consequence, as witnessed by the re-imposition of sanctions, the EU’s ‘strategy of engagement’ has failed, and the prospects of the government in Minsk becoming an active partner in the Eastern Partnership have dimmed.

In Moldova, Moscow has retained leverage with the help of the manipulation of the conflict over Transnistria. Domestic developments, too, have helped to retain influence there: The ruling four-party Alliance for European Integration was unsuccessful in its attempt to break the deadlock of the country being without a full-time president by means of a referendum (to replace the system of electing the president by a three-fifths majority in parliament). The November 2010 parliamentary elections again failed to overcome the political impasse, the two opposing camps – the communists and the pro-Europeans – again falling short of the threshold needed (61 seats) to elect a president.

Georgia, as the lone exception of the Six – despite authoritarian tendencies of its president, unfair usage of government funds for electoral purposes and limitations on the freedom of the press – remains solidly on a pro-European and pro-Atlantic course. However, Saakashvili’s ill-considered attempt to reassert control in South Ossetia by military means has led to the de facto loss of both South Ossetia and Abkhazia and severely constrained Georgia’s freedom of action.
The same applies to *Armenia* which, because of the conflict with Azerbaijan over Nagorno-Karabakh and the failure of the ‘football diplomacy’ to lead to normalisation and the opening of the borders with Turkey, is crucially dependent on Russian security guarantees, military assistance and political support. *Azerbaijan*, on the other hand, falls far short of democratic standards envisaged by the EU and it, too, must be careful not to confront Russia so as not to risk losing Moscow’s role as a mediator in the conflict with Armenia.

What, in conclusion, may be the prospects of the EU-Russian relationship in the common neighbourhood? The probability of competition turning to cooperation in that area is low. Several schemes of regional cooperation (e.g. the Northern Dimension, Kaliningrad, regional and cross-border projects) with the participation of EU Member States do exist; these are, however, unlikely in the foreseeable future to be replicated in relation to the regions of ‘privileged’ Russian interests. The more relaxed attitude that Russian officials now display *vis-à-vis* the ENP’s eastern dimension, the EaP, is mainly predicated upon the realisation that the likely impact of ENP and EaP on the domestic and foreign policy orientation of the six countries concerned is likely to be small and that Russia still retains good cards in the competitive game with the EU.
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