RUSSIA’S FOREIGN POLICY UNDER PUTIN: “CIS PROJECT” RENEWED

AUTHOR: STANISLAV SECRIERU
National School of Political Studies and Public Administration, Bucharest

Introduction

Since 2000, Russia under Putin pursued a coherent and pragmatic foreign policy with clearly defined priorities and well-structured interests. Recognizing the limits of available resources, the Kremlin reduced the unnecessary and costly presence around the world and, instead of dreaming of recovering the superpower status, it preferred rather to concentrate on its immediate neighbourhood, generically called the “near abroad”. Perceiving itself as a regional superpower, Russia strived to stop degradation of its influence and to rebuild its power position across ex-Soviet periphery during the last five years via economic, political and military instruments. Because the Kremlin considered regional predominance vital for the maintenance of its great power status in the world, the CIS countries became the top priority of Russia’s multivectoral foreign policy. Unlike Primakov’s aggressive multipolarity, Putin’s multivectoral foreign course was called to accommodate Russia’s interest in development of non-conflict relations and close interaction with the West and some Asian partners with the desire to play a dominant role in the CIS space. It was presumed in the Kremlin that, once successfully implemented, this strategy would prepare the restoration of Russia’s power positions beyond the “near abroad” in the long-term.

1. CIS Space and the Question of Russia’s Great Power Identity

For the past three centuries, Russian rulers have viewed their country as a European/Eurasian/global great power, wielding enormous military strength. It formed coalitions with other powers in Europe and beyond, but these coalitions were usually short-lived and did not encroach upon Russia’s strategic independence. With the end of the USSR, the situation has drastically changed and Russia for the first time in centuries was weaker than the major powers and alliances in Europe and Asia. The question in the post-Cold War world was, does Russia intend to stand-alone, align itself with the West, or attempt to cobble

1 The author is grateful to an anonymous referee for the helpful comments on an earlier version of this article.
2 Las opiniones expresadas en estos artículos son propias de sus autores. Estos artículos no reflejan necesariamente la opinión de UNISCI. The views expressed in these articles are those of the authors. These articles do not necessarily reflect the views of UNISCI.
together an anti-American alliance with China and other states in Asia and the Middle East? The search for a certain answer to strategic dilemmas of post-Soviet Russia made Moscow’s foreign policy highly unpredictable. As a result, Russia’s international behavior realigned several times during the 90’s, evolving from integration into multipolar and institutionalized West to counter-balancing US hegemony, NATO-centrism in Europe and opposing to “savage” economic globalization.

Many observers considered that post-11 September cooperation between Russia and the US in removing the Taliban regime from Afghanistan and apparently Europe-first approach of Putin was a strategic option for Moscow that intended to close a “black chapter” in relations with the West and to edify a definitively new “strategic identity”. In line with this stream of thought, experts argued that President Putin’s policies in 2001 indicated that he wanted to reconstruct Russia’s identity and foreign policy. In particular it has been mentioned that topics of multipolarity did not appear in president’s speeches often, nor did the rhetoric of Russia as a great power; instead, Putin increasingly talked about Russia’s integration into the world and Europe in particular. In overall evaluation, together with denunciations of isolation, European and global integration became the *leitmotiv* of Putin’s most important security and foreign policy statements.¹⁴

But, when the dust settled in Afghanistan after the US military operation, Russia’s external behavior and not only rhetoric revealed in full the Kremlin’s international course. Despite common misunderstandings, the Kremlin has neither forged an EU entente against America nor widened its “partnership for peace” with Washington. Instead, it has demanded concessions for the accession of former Soviet bloc nations into the European Union, sniped at the West for NATO expansion, conducted a mammoth nuclear exercise, announced the successful development of a new ICBM to defeat America’s National Missile Defense, and vigorously sought to carve out “imperial” spheres of influence in Moldova, Georgia, and the CIS.⁵ All these give solid reasons to think that an “integrationist” interpretation of Putin’s international strategy is one-sided and does not grasp the continuity of Russian strategic thinking. While unveiling Putin’s strong desire for inclusion in the international community and selective engagement with the West, this approach fails to capture the aspects of great power thinking which guided his strategy from the very beginning. In his “manifesto”, Putin mentioned about *derzhavnosti*⁶ as one of Russian traditional values on which has to be based Russia’s revival in the 21st century. Therefore, for Putin, Russia can revive and successfully develop only as a great power recognized and respected in the world. In this regard Putin warned the possible opponents to this idea in international community that it is too early to bury Russia as a great power.⁷

Having this in mind, integration and internationalization began playing a double role in Putin’s strategy: the public diplomacy tool aimed to prove Russian “normality” and defuse any suspicion of the international community in regard to the possibility of facing a resurgent

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⁶ *Derzhavnosti* (great-powerness) means that Russia was and despite temporary difficulties will remain a great power.

⁷ For more on Putin’s vision of Russia in the 21st century see “Putin, Vladimir: “Rossya na Rubeje Tysyaceletii” [Russia on the Threshold of Millenniums], *Nezavisimaya Gazeta*, 30 December 1999.
and very aggressive Russia; facilitator of Russian economic modernization and means to recover the lost positions in some sectors of the world economy. In parallel with already mentioned rhetoric of integration and particular course of internationalization, Putin pursues vigorously a strategy of power concentration at home and in the “near abroad” aimed at reestablishing Russia’s greatness, assuring state “real sovereignty” which was diminished under the chaotic Yeltsin rule and in this way increasing the great power autonomy in relations with the most significant players of the international community. In short, combination between internationalization and power concentration tactics has to assure Russia’s successful integration in world community on its own terms and secure favorable place in the club of great powers.

Behind integration/internationalization, on the one hand, and power concentration, on the other hand, there is reluctance to accept that integration necessarily entails a certain loss of national sovereignty and freedom of action. This could be explained partially by Russia’s self-perception for five centuries as a great power, a vision that did not change radically during the last decade of political and economic transition. In this regard, Moscow desires the name, cache and material dividends of economic integration, but not at the cost of being “just another member” of a larger international community, subject to group dictates.

Confirmation of this line of thinking could be found in the Medium-Term Strategy for the Development of Relations between the Russian Federation and the EU which underlines that as a world power situated on two continents, Russia 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; independence of its position and activities at international organizations. Therefore, the main foreign policy preoccupation of Russia is the preservation of the statute of a freestanding actor in the international system and the recognition of the CIS space as sphere of its vital interests.

Adopting this perspective, the post-11 September cooperation with the US was regarded rather as a tactical move in order to tackle security problems on its southern flank and gain more leverage across entire CIS space than a long-term strategy to align with the West. Putin could not prevent US military deployment in Central Asia, therefore it was easier to adopt

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8 This is a strategy very similar to the one promoted by minister of foreign affairs in tsarist Russia Aleksandr Gorchakov. For more on similarities in Gorchakov and Putin foreign policy approaches see Splidsboel-Hansen, Flemming: “Past and Future Meet: Aleksandr Gorchakov and Russian Foreign Policy”, Europe-Asia Studies, Vol. 54, No. 3 (May 2002), pp. 389-390. In a report addressed to Alexander II, Gorchakov presented the main priorities of Russian foreign policy between 1856-1867, among these: to overcome isolation, create favorable conditions for internal reforms, to minimize risks for Russia to be involved in high scale war operations. For more on Gorchakov’s foreign policy activity see Lopatnikov, Viktor (2004): Piedestal. Vremya i Slujenie Kantslera Gorciakova [Podium. Time and Service of Chancellor Gorchakov]. Moscow, Molodaya Gvardiya.


10 “Real sovereignty” means that the state is free to independently determine its domestic, foreign and defense policies, enter into unions and leave them, form strategic partnerships or stay away from them, etc. For more detailed explanations of the concept and level of Russia’s real sovereignty see Kokoshin, Andrei: “What is Russia: A Superpower, a Great Power or a Regional Power?”, International Affairs: A Russian Journal of World Politics, Diplomacy & International Relations, Vol. 48, No. 6 (2002), pp.103-104.


cooperative attitude rather than to oppose it. In this regard, some commentators expressed the opinion that Putin’s performance after 11 September attacks was praised perhaps beyond merit, because it was the quickness of response rather than the quality of cooperative effort that made the difference. Putin, preoccupied with the “great power status”, instantly saw a chance to increase international ratings by making a few symbolic gestures and did not spoil this chance by untimely bargaining.\(^\text{13}\)

More than that, by assuming a cooperative attitude in the case of the US intervention in Afghanistan, Russia sought to position itself as a great power in the “global war on terror”, presumably by fighting international terrorism in the Northern Caucasus. From the Kremlin’s perspective, such a move has to provide international legitimacy and support for the so-called “anti-terrorist campaign” in Chechnya and future Russian government’s tough responses to terrorist threats inside the country as well as out of its borders. In addition, the US operation against the Taliban regime and terrorist networks opened for Russia a window of opportunity to diminish, if not totally neutralize, the threat of radical Islam spreading from Afghanistan in Central Asia and the Caucasus. Supporting the US with information and the Northern Alliance with arms and other equipment, Russia contributed to the removal of a significant source of threats and in this way managed to improve the fragile security in its soft underbelly.

In the immediate aftermath of 11 September 2001 terrorists attacks, the Kremlin hoped that the United States would recognize Russia as a “regional superpower” and provide an appropriate level of support so that Moscow could act as Washington’s proxy in Eurasia. The principal goal was to ensure that no other Eurasian state can obstruct Russian engagement with the outside world through its territory and that no foreign troops were based anywhere in Eurasia unless such a deployment occurs with Russian blessing.\(^\text{14}\) The so-called “logic of big exchange” was also tested in relations with the EU. Putin persisted in his efforts to improve relations with Brussels and important European capitals, promising as much oil and gas as Europe needs and selectively opening the country for European investments in profitable sectors. In the same time, Moscow refused to subdue its great power autonomy, denouncing any attempt of EU to interfere in its internal affairs (economic policies or Chechen conflict) and positioning itself as a Europe’s gateway to the former Soviet Union. In this way, the relation with EU has been seen like an element that will consolidate Russian positions in the CIS.\(^\text{15}\)

Overcoming an epoch of normative disarray, Russia under Putin adopted a view of autonomous and self-asserted international actor struggling to rebuild faded greatness. In these circumstances, the CIS space has enough substance but also a significant psychological value for Russian ruling elite. The re-birth of the “CIS project” meant, from normative point of view, the reproduction of Russia’s centuries old great power identity and the desire to maintain strategic independence in relations with other power centres. In practical terms, the renewal of the CIS initiatives implied Russia’s pro-active engagement in defence of highly challenged status quo in its periphery. While fortifying its positions, Kremlin intended to keep safe its own backyard from “unauthorized” interference of outside powers in the CIS space. Having this in mind, Kremlin has concentrated on institutional building, Russian capital expansion, strengthening political ties with leaders, preserving military presence.


\(^{15}\) Lynch, Dov: “Russia’s Strategic Partnership with Europe”, \textit{The Washington Quarterly}, Vol. 27, No. 2 (Spring 2004), pp. 99-118.
The very methods used to exercise influence and recover power positions in the CIS space were in direct connection with the internal political evolutions in Russia. Consolidating “managed democracy” in Russia, under the label of strong state, Putin supported “successor scenario” or re-election of favourable to the Kremlin leaders in ex-Soviet states. Unlike Western counterparts, Moscow was less critique in regard to violations of electoral legislation when its favourite was about to prevail over other candidates. Suppressing almighty oligarchs of Yeltsin era and placing trustful people in big state or even private companies, Putin backed Russian business major takeovers of strategic sectors in the CIS space and often used state monopolies to punish disloyal leaders of ex-Soviet republics. Rapid “militarisation” of power elites under Putin has also influenced Russian military strategy in the CIS space. While reducing participation in military operations around the world, Russia increased substantially expenditures aimed to upgrade military infrastructure in the regions, considered in Kremlin, of vital interests for Russia. This is indicated by Moscow’s specific actions aimed at beefing up military bases and installations in Central Asia, Transcaucasus as well as in Transnisteria, Crimea, and Belarus.

In the core of the “CIS project” there is an assumption that even if Russia is poor and underdeveloped according to Western standards, it remains the metropolitan power of Eurasia; and as the leading power of the region, it is committed to a strategy that prevents any outside actor from undermining Russian interests. That is why Russia behaved simultaneously as an old colonial power in retreat and as a young expansionist state, as a guardian of the status quo and as a dynamic predator, while its policy style betrayed a fusion of superiority and inferiority.

The guiding slogan of this strategy represented the famous quotation of tsar Alexander III displayed on the wall of the General Staff Academy in Moscow and that influenced the strategic identity of decision-makers: “Russia has only two friends in the world, its army and its navy”. The revised version of this quotation, adapted to the new international environment, envisaged that Russia has only three friends in the world: its army, its energy monopolies, and the pro-Russian leaders in the CIS space.

Putin’s vector toward the post Soviet-space is widely accepted among the country elites and has total support not only of Russia’s great power adherents, but also in liberal-democratic circles. As Russian analyst Andrei Piontkovskii properly observed: “What unites

16 Among people from Putin close circles who are in charge of important Russian companies Aleksei Miller head of Gazprom, Sergei Bogdanchikov president of Rosneft, Viktor Ivanov curator of Aeroflot and the Almaz-Antei air defense systems holding company, Nikolai Tokarev head of Zarubezhneft, Sergei Chemezov head of Rosoboroneksport (which acquired AvtoVAZ), Andrei Belianiiov head of the Federal Arms Procurement Service, Vladimir Smirnov head of Teksnabeksport (controls over a third of the world’s uranium product market).

17 “Militarisation” of power elites implies huge influx of ex-militaries or security service officers in federal or regional power structures. For an extensive sociological analysis on “militarisation” of power elites in Russia and consequences of this process see Kryshantovskaya, Olga (2005): Anatomiya Rossiskoi Elity [Anatomy of Russian Elite]. Moscow, Zaharov.


19 See Gvosdev, op. cit., p. 34.


the entire Russian elite is the idea of domination or creation of an empire in the ex-Soviet space.”

The best example is represented by the leader of the Union of Right Forces and godfather of privatization in Russia Anatoli Chubais who declared that the Russia’s ideology in the 21st century should be liberal imperialism, and the main mission of Russia should be the creation of a liberal empire. This project can be realized in his view through the expansion of the Russian business across the CIS space. Only as a liberal empire Russia can remain a great power and become equal to the United States, China, and the European Union.

Thus, the problem of creating a new system of international relations in the former Soviet space became one of the highest priorities for the Russian leadership. If we look carefully at president Putin’s annual speeches on the state of the Federation, we will see that the Commonwealth of Independent States represents the top priority of the Russian foreign policy. Representative from this point of view is Putin’s speech on April 18, 2002, which contained altogether nine paragraphs dealing with foreign affairs, and seven of them were dedicated to the so-called “near abroad.” The same attention is awarded to the CIS countries in official documents of Ministry of Foreign Affairs and Ministry of Defense, being recognized as the main priority of Russian foreign and security policy and attributing to Russia the role of center of gravitation in the region.

During the high profile meeting in Ministry of Foreign Affairs, President Putin sincerely explained in the best geopolitical traditions why the CIS space is of vital interest for Russian Federation and what has to be done in this area. In his address to Russian diplomats, President Putin urged them not to be distracted from events and policies in countries of the Commonwealth of Independent States. He declared that Russia was not using its influence to the full, including the historically formed credit of trust, friendship and strong ties linking our peoples. In conclusion he affirmed that there cannot be any vacuum in international relations; the absence of an effective Russian policy in the CIS, or even an unreasonable pause in this area, will inevitably encourage other, more active states, to fill this political space energetically. To prevent this scenario all resources should be directed towards the integration processes in inter-regional organizations, including the Eurasian Economic Union, later Eurasian Economic Community and the Single Economic Space. Thus, the fusion of geopolitical and geo-economic motives pushed Russia to employ institutional, political, military and last but not least economic instruments to hold the three-century border between her and the outside world.

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23 For more on liberal empire project see Chubais, Anatoli: “Missya Rossii v XXI Veke” [Russia’s Mission in 21st century], Nezavisimaya Gazeta, 1 October 2003.
2. The “CIS Project” in Action

In order to prevent further political, economic and military fragmentation of the CIS space, Russia developed a new and multilevel institutional base, using mainly the CIS summits only for bilateral talks and as a forum for exchange of opinions between presidents.

In October 2002 Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan signed the founding documents of a Collective Security Treaty Organization (CSTO), which were ratified later in 2003. The strategic concept of this organization entailed the creation of three regional groups of forces: the Western group that includes Russia and Belarus, the Caucasian group composed of Russia and Armenia; and the Central Asian group consisted of Russia, Kyrgyzstan, Kazakhstan and Tajikistan. Besides traditional military threats, the Charter of the CSTO stresses the commitment of its members to fight international terrorism and extremism, illegal trade of narcotics, psychotropic substances or arms, organized transnational crime, and illegal migration.

Also, in security matters, Russia partially used the terrorist threat to advance its own interests in the CIS space and create new institutional networks. Playing on security fears in Central Asia connected to the spread of Islamic radicalism, Russia was pushing with papers and plans for multilateral structures. In 2000, Putin proposed the creation of the CIS Joint Counter-Terrorist Center based in Moscow, whose activities were supposed to be supervised by the director of FSB. Later, after the establishment of this centre, the first regional division has been opened in Bishkek covering Central Asian republics, except the neutral Turkmenistan. Kyrgyzstan was not randomly chosen, this republic hosting on its territory the headquarter of the rapid deployment forces of Collective Security Treaty and later of Collective Security Treaty Organization in Central Asia. Thus, adoption during the CIS summits of common positions on international terrorism in combination with development of the CSTO and the CIS Joint Counter-Terrorist Center were seen in Kremlin not only as efficient tools for addressing Russia’s security concerns, but also as means to prevent the centrifugal process among former-Soviet republics and to forge homogeneous military-security space under Russian leadership.

In September 2003, the Presidents of Russia, Belarus, Ukraine and Kazakhstan signed a treaty on a Single Economic Space (SES) and the Concept of a Single Economic Space. The agreement on the creation of a Single Economic Space envisaged the gradual formation of a highly integrated structure that would promote a common macroeconomic policy; would harmonize the legislation on trade, competition, and natural monopolies; and would promote the free movement of labour force, goods, services and capital. All these, according to the Russian side should culminate with the creation of a monetary union based on a common currency, presumable the rouble.

In the same year, Russia has promoted the development of the Shanghai Cooperation Organization (SCO), bringing together Russia, China and the Central Asian republics as a more preferable alternative for enhancing collective security in the region than the US sponsored GUUAM\textsuperscript{32} grouping.\textsuperscript{33} Taking in consideration Russian and Chinese concerns over the spread of radical Islam in the region, Moscow and Beijing launched the initiative, called to develop the counter-terrorist dimension inside the SCO.

Neither have been forgotten the separatist enclaves like Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh that organized their own mini-CIS summits with Moscow’s blessing coordinating actions of resistance to constitutional authorities, military and economic cooperation. In addition, separatist leaders have had unlimited access to Russian central authorities that materialized in extensive exchange of opinions with high-rank officials in Moscow and various forms of material support which made possible the survival of these outlaw entities.

The new Russian institutionalism in the CIS space was doubled by particular sub-regional policies in Central Asia, South Caucasus and Western Newly Independent States.

2.1. Central Asia

In order to promote and defend Russian regional interests, Putin launched a more pragmatic, active and efficient course in relations with the Central Asian republics. Despite the fact that the new policy was constrained by the reduced amount of resources, Moscow managed to strengthen its positions in the region.\textsuperscript{34} According to the new orientation, Russia pursued the following objectives in the Central Asia: stability in the region based on cooperation with all five republics; guarantee for Russia’s access to and transit of resources via the territory of the Asian republics; creation of a single economic space that will facilitate economic modernization of Russia; preservation of the geo-strategic position in the region in order to maintain the great power status; recognition of Russia’s leading role in the region.\textsuperscript{35}

Implementation of these objectives is based on three relatively separate intrigues. One centers on the vast hydrocarbon resources of the Caspian area and the pipelines that carry oil and natural gas to the world markets; the second revolves around the military responses available in addressing the challenge of Islamic terrorism; the third involves building and consolidating a network of personal ties with the capricious Central Asian rulers.\textsuperscript{36}

On the economic front, especially concerning gas and oil reserves, Russian policy registered significant success. Actually, Moscow has played the oil game with a remarkable reserve and an uncharacteristic precision. Gazprom was effectively playing a leading role for

\textsuperscript{32} In the period between spring 1999 and spring 2002, Uzbekistan was a full member of the group. While Uzbekistan was a member, the group operated under the acronym “GUUAM”.

\textsuperscript{33} See Gvosdev, op. cit., p. 35.

\textsuperscript{34} Allison, Roy: “Strategic Reassertion in Russia’s Central Asia Policy”, International Affairs, Vol. 80, No. 2 (March 2004), pp. 277-293.


Russian foreign policy in the region, negotiating deals for the long-term supply of gas through its pipeline system.\(^{37}\)

A ten-year agreement was signed with Kazakhstan in November 2001, and with Uzbekistan in January 2002 for the joint extraction and export of fuels. As set forth in the agreement with Uzbekneftgaz, by 2010 there should be a doubling of gas piped from Uzbekistan to Russia; such shipments stood at 5 billion cubic meters in 2003. In May 2002, Gazprom and KazMunayGaz created the KazRosGaz joint venture for the purchase of gas from Kazakhstan and its sale in the CIS and beyond. The goal was to dissuade Nazarbaev from building a trans-Caspian gas pipeline. Already in 2002 Russia was trading export pipeline access to Turkmenistan in return for shares in gas development projects. For example, the United Arab Emirates’ Dragon Oil and Malaysia’s Petronas were forced to give some of their shares in Turkmen off-shore gas field to Russia’s Zarubezhneft and Itera in return for export pipelines access. Russia’s oil majors have also increased their level of activity in the region. Lukoil has invested one billion dollars in Kazakhstan. The company owns a 15 percent stake in the Karachaganak gas condensate field, a 50 percent stake in Turgay venture (Kumkol field), a 5 percent stake in TengizChevrOil (Tengiz oil field), and a 12.5 percent stake in the Caspian Pipeline Consortium.\(^{38}\) In May 2002 Russia has struck a bilateral deal with Kazakhstan regarding demarcation of the Caspian seabed.\(^{39}\) In November 2002 after Russia blessed the brutal crackdown on opposition which followed the failed assassination against President Niyazov, the Turkmenbashy rewarded Russia with a 25 year deal to buy Turkmen gas at a mere $44 per 1000 cubic meters half the price Russia gets for its own gas in Europe. Moreover, only half of the $44 will be paid in cash, the rest in barter.\(^{40}\)

Also Russia invested considerable energy into upgrading the competing Tengiz–Novorossiisk (TN) pipeline, which opened for business in mid-2001. Without much emotion, Russian officials continue emphasizing that its capacity could be doubled by 2006, at only a fraction of the cost of constructing the Baku-Tbilisi-Ceyhan pipeline through several conflict-ridden regions. As it became clear that there was not enough oil in the Azeri sector (contested as its borders will probably remain), Kazakhstan will be the new focus point in energy competition. And it is exactly at this point that Russia has several political strings to pull. Putin’s visit to Astana in January 2004, accompanied by Lukoil President Vagit Alekperov demonstrated his readiness to expand the existing cooperation and exemplary personal chemistry between him and Nazarbaev. If indeed Kazakh oil flows along the politically convenient and economically efficient Russian lines, Moscow would have every reason to be satisfied with the outcome of the energy resources game.\(^{41}\)

Concerning military issues, Moscow launched a diplomatic offensive to regain positions weakened by the penetration of the US in Central Asia. Putin himself visited Kyrgyzstan in December 2002, and in April 2003 met President Nursultan Nazarbaev in Omsk and President Saparmurat Niyazov in Moscow. The main fruit of these endeavors was Bishkek’s willingness to grant Russia a military base, under the auspices of the CIS Collective Security Treaty. On 23 October 2003, Putin personally inaugurated the Russian base at Kant that

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\(^{37}\) Ibid., pp. 275-276.


\(^{40}\) Baikova, Elena: “Gazovie Igriy Turkmenbashy” [Turkmenbashy Gas Games], \textit{Nezavisimaya Gazeta}, 22 December 2003; Rutland, \textit{op. cit.}, p. 49.

\(^{41}\) Baev, “Assessing…”, \textit{op. cit.}, p. 278
would house 700 servicemen and about 20 aircraft, operating for the Collective Rapid Response Forces, at an estimated cost of $150 million a year.\textsuperscript{45} The military base in Kant already has been equipped with 10 aircrafts SU-27 and SU-24, 2 transport aircrafts and a few helicopters.\textsuperscript{43} In this way, Russia intends to counter-balance the US/NATO base at Manas. Hence, also the intensification of Russian efforts to advance arms exports to Central Asia, most notably through the sale of aircrafts to Kazakhstan\textsuperscript{44} and opening of the biggest military base outside Russian borders in the suburbs of Dushanbe in late 2004, an action that subscribed to Moscow’s efforts to strengthen its positions in the region.\textsuperscript{45}

On the political level and personal ties with the leaders of the Central Asian republics, Kremlin’s strategy performed efficiently. In spite of the US military presence, within a few short years, Moscow has recovered most of its lost influence and even managed to acquire new levers of political control. The institution-building activities (CSO and SES) emphasized strengthening bilateral ties, primarily at the top level. In addition to official state visits, President Putin consistently used multilateral gatherings for a series of tête-à-tête meetings, granting the greatest priority to Kazakhstan, but emphasizing also the value of alliances with Kyrgyzstan and Tajikistan, paying due respect to Uzbekistan and not forgetting the self-isolating Turkmenistan. During his first term, he held more than a dozen personal meetings with each of the Central Asian leaders (with the exception of Turkmenbashi), expressing criticism neither of their increasingly despotic rule nor of the legitimacy of the referenda on extending their respective terms in office.\textsuperscript{46}

### 2.2. The South Caucasus

Under Putin, Russia has not abandoned the South Caucasus and behaved as a status quo power. The North and South Caucasus were seen by Moscow as interlinked security regions. In this sense, ensuring Russian security in the north (in the context of multiplication of attacks organized by radical Islamic paramilitary troops in Ingushetia, Kabardino-Balkaria, Karachaevo-Cherkessia and North Ossetia) demanded an active policy further to the south. However, Russian thinking has shifted away from the tight association between military presence and protection of Russian interests. This linkage has not been abandoned entirely, as Russia retains bases in Georgia and a large contingent in Armenia to freeze the military status quo. The focus of Russian policy has become increasingly geo-economic and the interests have been promoted through active economic and diplomatic measures.\textsuperscript{47}

Russian policy towards South Caucasian republics has concentrated on three interconnected issues: first, the terrorist threat (misused to get the desired political outcomes); second, the interests of Russian state and of the oil companies in the broader geo-economic

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\textsuperscript{42} Rutland, \textit{op. cit.}, p. 47.

\textsuperscript{43} Stanovaya, Tatyana: “Vladimir Putin v Kirgizii” [Vladimir Putin in Kyrgyzstan], \textit{Politcom.ru}, 27 October 2003, in \url{http://www.politcom.ru/5_base.htm}.

\textsuperscript{44} Baev, “Assessing…”, \textit{op. cit.}, p. 275.


\textsuperscript{46} Baev, “Assessing…”, \textit{op. cit.}, p. 279.

perspective (expansion of Russian business); finally, Russia’s ability to project military force for conflict management (maintenance of military bases and build up in Caspian Sea).  

The strategic alliance with Armenia, especially after the revolution in Georgia, has deepened in economic and military terms. Armenia continued to play the role of the host to a several Russian bases and several thousand Russian troops, who patrol Armenia’s border with Turkey and Iran. During the Georgian political crisis in November 2003, the Russian and Armenian defence ministers signed agreements deepening military cooperation, Yerevan remaining in Kremlin’s opinion the only true ally in the South Caucasus.

On another front, Russia has staged a takeover of a number of Armenia’s economic arteries, a move that has not encountered serious obstacles due to an enormous debt to Russia of $98 million. As a part of debt settlement scheme, Russia was given productive assets in the military-industrial area. Specifically, the Hrazdan thermal power plant, the Mars electronic plant, and three research-and-production enterprises: for mathematical machines, for the study of materials, and for automated control systems. Thus, Armenia wiped out entirely its external debt to Russia.

In February 2003 Russia and Armenia reached a decision to transfer the financial flow of the nuclear station to UES of Russia. On September 17, 2003 the government of Armenia agreed to turn over the nuclear station to the trusteeship of the Russian energy holding. And, in August 2003 Armenia signed an agreement with UES to transfer the property complex of Sevan-Razdansky in order to cancel debts owed for deliveries of nuclear fuel for the Armyanskaia Nuclear Station. Thus, almost the entire energy complex of the republic has passed to the control of UES of Russia. In other sectors, Russian financial institutions, often under ethnic Armenian management, were slowly moving into Armenia’s banking and insurance segment of economy.

Putin reoriented Russian policy away from a more or less malign neglect of Azerbaijan. Putin sealed better relations with Azerbaijan during a Moscow visit by President Geidar Aliev in January 2002. Russia signed a visa-free agreement with Azerbaijan (unlike Georgians, who require visas to visit Russia since March 2001). As a quid pro quo, Baku leased the strategic Gabala early-warning radar station to Russia for another ten years and participated in the large-scale naval exercise organized by Russia in the Caspian Sea. In the past, Moscow had accused Azerbaijan of sheltering some Chechen rebels, but Aliev promptly condemned the Nord Ost hostage raid in October 2002 and closed the office of Chechen rebel president Aslan Maskhadov’s representative in Baku.

In September 2002 Russia has struck a deal with Azerbaijan regarding the demarcation of the Caspian seabed and lifted off, at least formally, its opposition to the construction of Baku-Tbilisi-Ceyhan pipeline. As a reward, in 2003 Russian capital has been allowed in the transport system of Azerbaijan; the former deputy minister of roads and communication,

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52 Iskyan, op. cit.
54 Rutland, op. cit., p. 46.
Aleksandr Annenkov has incorporated Anshil in its joint venture.\textsuperscript{55} After the death of Geidar Aliyev, Russia quickly expressed its total support for Ilham Aliyev who was formally elected as President in October 2003. In February 2004 the newly elected president paid a visit to Moscow, during which both heads of states agreed to expand bilateral cooperation in the military sphere. After the scandal around the failed attempt to privatize the State Oil Company of Azerbaijan Republic (SOCAR), by a group of Western investors,\textsuperscript{56} President Putin expressed the interests of Russian state companies in Azerbaijan’s energy sector. However, the Nagorno-Karabakh conflict and Russian one-sided position remains a trouble issue in bilateral relations between Moscow and Baku.\textsuperscript{57}

In comparison with Armenia or even Azerbaijan, Moscow’s relations with Tbilisi have evolved in the opposite direction. Seriously alarmed by the US military deployment in Georgia, Russia has deliberately escalated the terrorist threat in Pankisi Gorge.\textsuperscript{58} The crisis reached culmination in September 2002 when Moscow issued an ultimatum to Tbilisi and started planning for military strikes. The Russian president announced his order to the General Staff to prepare plans for a military operation against an alleged “safe heaven” for Chechen terrorists in the remote and inaccessible Georgian region. However, in a couple of weeks, a face-saving compromise was achieved under considerable international pressure. Careful examination of that mini-crisis confirms that Moscow was not so much confronting a terrorist challenge as exploiting to put pressure on Georgia and to influence the outcome of the predictable chaotic post-Shevardnadze political transition. The Russian leadership was nevertheless taken by surprise by the sharp escalation of political crisis in Tbilisi in November 2003, and therefore opted for a cautious line, implicitly encouraging Adzharia’s separatism and expecting the new leadership (too pro-Western in its option) to fail to establish a modicum of order.\textsuperscript{59} Rejecting the myth of a popular and velvet revolution, Moscow called on the Euro-Atlantic community to avoid rushing to hail the still untested leadership in Tbilisi. Moscow also denounced the notion that events in Georgia might be a model for other post-Soviet states, such as Ukraine.\textsuperscript{60}

Even after the removal in spring 2004 of the local authoritarian leader Abashidze and reintegration of Adzharia in Georgia, Russian strategy on the preservation of deadlocks in the South Ossetian and Abkhazian conflicts did not change. On the contrary, during the summer of 2004 Kremlin actively opposed to any attempts of Tbilisi authorities to bring back two separatist regions. In July 2004, Moscow openly supported South Ossetia in a mini-crisis with

\textsuperscript{55} Pinchuk, op. cit.
\textsuperscript{56} Starting in 1997, Viktor Kozeny, a Czech businessman, “acting on his own behalf and as an agent” of Bourke, Pinkerton and others, reportedly made a series of bribes to four senior officials of the Azeri government, SOCAR and the Azeri State Property Fund. The bribes were apparently intended to ensure that the president of Azerbaijan would issue a special decree to allow privatization of SOCAR and to permit the investment consortium run by Kozeny to acquire a controlling stake in SOCAR. However, in 1999, the Azeri government announced that SOCAR’s privatization plans were cancelled and the company would stay under government control. Viktor Kozeny has been charged by a New York district court with grand larceny for allegedly defrauding clients of the US hedge fund company Omega Advisors Inc. of $182 million and in the same year his lawyer Hans Bodmer has been indicted over an alleged conspiracy to bribe Azerbaijani government officials in violation of the US Foreign Corrupt Practices Act. For more on privatization in Azerbaijan and SOCAR scandal see Gulieva, Gulnaz: “Azerbaijan Prolongs Privatization”, Caspian Business Week, 21 July 2004.
\textsuperscript{57} Aliev, Yalcin: “Na Konu Karabah” [Karabakh Is at Stake], Nezavisimaya Gazeta, 5 February 2004.
\textsuperscript{59} Baev, “Russia’s Policies…”, op. cit., pp. 44-45.
Tbilisi government and was directly implicated in the presidential elections in Abkhazia in November 2004 that transformed into a disaster. In a desperate move to impose its favorite, Kremlin introduced sanctions against pro-Russian Abkhazia. In the end, opposition leader Serghei Bagapsha became president and Rauli Hadjimba (Kremlin’s favorite) vice-president of self-proclaimed Abkhazian republic.

In the economic sphere, Russian business aggressively penetrated Georgia, mainly in the energy sector. UES of Russia bought the Georgian assets of the American AES Group. These include a 75 percent interests in the Tbilisi energy-distributing firm, Telasi, two electric generating stations in Tbilisi (capacity 600 megawatts), 50 percent of shares of AES-Transenergy, which delivers electricity to Turkey and has management rights in Khramesi. The latter company owns two hydroelectric power stations (capacity 223 megawatts). Thus, the Russian holding obtained 20 percent of Georgian market for electricity production and 35 percent of its power distribution system. Significantly, the Russian monopolist has control over all private and industrial users in Tbilisi, to whom it may now dictate the terms. In 2003 Gazprom got the right to participate in the management of Georgia’s gas pipelines. To carry out this task Gazprom and the International Gas Corporation of Georgia intend to create a joint enterprise for exploiting and constructing gas pipelines and for operations in other sphere of the gas industry. In the financial sector, Russian Vneshtorgbank became the main shareholder of the biggest commercial bank in Georgia. As for transport, Aeroflot was preparing a takeover of the Georgian private airline company “Aerzena”.

### 2.3. Western Newly Independent States

Russia followed the same patterns of behavior but much more assertive in relations with WNIS. The transformation of these states in 2004 into immediate neighborhood of NATO and EU increased the stakes of the game and requested pro-active political and economic policies in order to keep strong positions in the WNIS, obstruct engagement of these states with Euro-Atlantic community and back the government’s project of a Single Economic Space and initiatives inside Collective Security Treaty Organization.

In accordance to the new strategy, Putin backed the expansion of Russian business interests in Moldova, Ukraine and Belarus to counter balance those of European and American companies present in these countries and to assure takeover over profitable and strategic industries. Having the support of the governments, representatives of Russian business managed to buy on discount price highly competitive enterprises. This brought not only a number of major deals, but achieved something more important – control over the strategic sectors of the economy and infrastructures of the states.

For instance, Russian investors have shown their interest in an enterprise in the heavy-industry sector – Moldova Cable factory, which was acquired later in full form by Saint Petersburg’s SevCable for $1.7 million. Another such takeover in the Moldovan market involved the republic’s agricultural sector, main sources of state revenues. In early 2003 the Moscow Inter-republican Wine-making Factory completed its purchase of the wine-related

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62 Pinchuk, op. cit.

Calaras complex for $3.7 million. Moscow Inter-republic belongs to Bank of Moscow, that is, the new owner of the enterprise is the Moscow city government. Another sector, which attracted attention to the so-called “Russian investors”, was evidently electric energy and its infrastructure. In October 2003 UES of Russia headed by Anatoli Chubais held talks with the government of Moldova and Trans-Dniester separatist authorities on taking part in privatization of the Moldovan electric utility.64

In Belarus and Ukraine, Russia directed its efforts towards the communication and energy sectors, and heavy industries. Thus, Russian mobile communication MTS has consolidated 83.7 percent of the Ukrainian market and needed only to complete the purchase of TDS’s 16.3 percent share to become 100 percent owner of Ukrainian Mobile Communication. In accordance to its strategy to become the main supplier of GSM services across the whole of the post-Soviet landscape, MTS planed to increase its holdings in the Belarus cell phone firm MTS-Belarus to a controlling interest.65

More obstacles have been encountered by Moscow in privatization of the energy sector or heavy industries in Belarus and Ukraine. The first controversial issue represented the privatization of the natural gas transit system in Ukraine. Initially, Prime Minister Viktor Yushchenko and the Deputy Prime Minister responsible for energy, Yulia Tymoshenko, initiated the overdue reform on Ukraine’s gas sector, preparatory for its privatization with both Western and Russian partners. The Kremlin responded by colluding with pro-Kuchma oligarchic circles in Ukraine to outset that reformist government and proposed the creation of a joint venture with a substantial Russian share in it. Needing Putin’s support for a “successor scenario” and being joined by the Ukrainian faction of oligarchs in connection to Kremlin, which seemed to favor the gas consortium agreement in their own interests, Kuchma struck the deal under which Ukraine’s gas transit system would be turned over to a joint Russian-Ukrainian venture, on a parity basis with the possibility of involving international capital. The agreement signed in October 2002 is valid for 30 years, plus a five-year automatic extension period, with further negotiable prolongation.66 Later, Russian investors took part in privatization of Ukratatnafta, company Oriana and Krivorojstali, the last one sparking a huge scandal because of grave procedural irregularities.67

In Belarus, Russian business has not managed to take control of the energy system, oil refining and petrochemicals and brewing. Only by the end of 2005 Moscow scored substantial gains in Belarus gas sector. Initially Minsk’s refusal to cede in front of Moscow’s economic offensive provoked in January 2004 a political scandal between the two states, members of the Union Russia-Belarus. President Lukashenko refused to sell shares of Beltransgaz to Gazprom for $600 million, declaring that international auditors evaluated the company’s price to $5 billion.68 As a result Russia suspended its gas exports to Belarus. Kremlin dispatched urgently to Minsk a state commission to negotiate with Belarus government and after a few days supplies have been re-established. The deal concerning the privatization of Beltransgaz

64 Pinchuk, op. cit.
65 Ibid.
67 Krivorojstali among the biggest steel factories in Europe has been sold in dubious circumstances for USD 800 million to a group of businessmen closely linked to president Kuchma’s clan and Moscow financial circles. Not surprisingly newly elected president Victor Yushchenko supported re-nationalization of factory and repetition of privatization in much transparent conditions. In late October 2005 during televised auction, Krivorojstali has been sold for USD 4,8 billion to Mittal Steel Company.
remained unresolved until 2005. In December, after several unsuccessful attempts, Russia in exchange of prices below market rates, barter and debt relief, gained control over Belarus section of the Yamal-Europe network which delivers approximately 10 per cent of Russian gas exports to European consumers.

Economic penetration in WNIS was backed by Russia’s diplomatic offensive. In this regard, definitive settlement of the Transnistrian conflict in Russian terms should complete Moldova’s transformation into political and economic satellite. On 3 July 2002 a draft agreement proposing to turn Moldova into a federation was made public in Kiev during the five-sided negotiations format between Moldova, Transnistria, Russia, Ukraine and the OSCE. The draft was initially submitted by the OSCE, but, as it was revealed later on, Russia was the main author of the agreement. Originating in the Moscow Memorandum conceived in 1997 by Russia’s Minister of Foreign Affairs Yevgeny Primakov, the initiative sought to place federalized Moldova, internally and externally, under the oversight of Russia, Ukraine and the OSCE. However, this arrangement intended to ensure multiple Russian representations in Moldova. This was due to some strong reasons: Russia’s veto power in the OSCE; the absence of Western countries and especially of Romania as a direct neighbor from the mediating/guarantor group; Russia’s involvement in the conflict on the side of Russian language minority.69

Later in 2002, Russia proved its ability to influence the OSCE decisions on the Moldovan issue. At the ministerial meeting held in Portugal in December 2002, the OSCE extended the deadline for the withdrawal of remaining troops and ammunitions to the end of 2003, but potentially for a longer period, given the introduction, on Russia’s insistence, of a special clause. In accordance with it, the withdrawal will be conducted if necessary conditions are in place.70 Also, the OSCE new document only acknowledged Russia’s intention to withdraw the troops, not its obligation any longer.

On November 17, 2003, bypassing the OSCE process and with only ten days before the Maastricht summit, Russia launched its own plan for the resolution of the Transnistrian conflict. Dmitri Kozak, a senior figure of President Putin’s staff, promoted the text of this plan diplomatically. The memorandum proposed the basic principles of a new constitution for what would become the Federal Republic of Moldova. Kozak’s memorandum envisaged the creation of a political entity consisting of a federal territory and two subjects of the Federation – the Transnistrian Moldovan Republic and Gagauzi Yeri. The federal territory would consist of the rest of Moldova, excluding these two subjects.

On November 24, Moldovan presidential press service announced that President Putin would visit Moldova on Tuesday December 25, expecting that the Kozak memorandum would be signed that day by President Voronin. On November 25, it was announced that President Putin’s visit had been cancelled. Under internal and external pressure, President Voronin refused to sign the Russian sponsored plan, marking the first significant diplomatic defeat of Putin in WNIS.71 It was an important warning to Kremlin, which was contemplating a successor scenario for the more strategically important Ukraine.

Russia entered 2004 with a huge handicap in bilateral relations with Ukraine due to the territorial dispute in Kerchy Strait, which connects Black and Azov Seas and separates in the

same time Crimea from the Russian Taman Peninsula. Invoking ecological concerns, the
authorities of Krasnodarsky Kray launched in September 2003 the project of building of a
dam, meant to restore the damaged seaboard of Taman Peninsula, omitting to say that such a
move can incorporate the Tuzla Island into Russian Federation’s territory. The order was
given from Kremlin when somebody explained to president Putin that until 1925 there was no
island, but only the Taman Peninsula. Therefore, in order to restore the “historical justice” and
to accompany the move of building a new base in Novorossiisk, local authorities began their
work. In this way, Russia challenged the territorial integrity of Ukraine and was seeking to
obtain a bilateral exercise of sovereignty over Kerchy Straight, preventing any foreign
intrusion in Azov Sea. Moscow’s unfriendly behavior inflamed spirits in Kiev and as a result
the Ukrainian authorities responded by dispatching military troops on Tuzla Island and the
most extremist voices in the Ukrainian Rada proposed not to ratify the Agreement on a Single
Economic Space so praised by Russian president.

But, a few months before the elections in Ukraine, Kremlin threw all its might (financial
assistance, TV state channels, PR specialists, pop singers, members of parliament) in support
of the Yanukovich camp, backed also by Kuchma. In August, the Russian government
proposed the bill on tax exemption for oil and gas exports in countries members of the Single
Economic Space, reducing in this way the price of fuels for Ukraine, Belarus, Kazahkstan and
causng to Russian budget a hole in approximately $1 billion. The offensive on the
Ukrainian direction was followed by President Putin’s two high-profile forays in Kiev, openly
campaigning for the pro-Moscow Prime Minister Yanukovich. After the second round of the
presidential elections, Putin hurried to congratulate the latter from Brazil, where he was in
visit, before the official announcement of the election results. Later on, Kremlin refused to
consider the elections as a fraud and denounced in a Cold War style rhetoric the US and EU
aggressive intervention in Ukraine’s internal affairs. Neither the deployment of Boris
Gryzlov, speaker of the Russian State Duma, nor the urgent meeting between Kuchma, in
Moscow airport, and Putin, helped Russia to prevent the most humiliating defeat in the CIS
space since the fall of the Soviet Union.

Failure in Ukraine seriously discredited Kremlin’s foreign policy and in combination with
the Georgian revolution and Moldova’s reorientation, put the “CIS project” under a big
question, especially on its European front. From normative point of view, events in Kiev,
which once was the hard-core of the Russian state, questioned the very idea of Russia’s great
power identity. Therefore, despite its pragmatic nature, Russian multivectorness unveiled for
Kremlin at least two serious challenges related to the CIS space. Firstly, Russia’s assertive
behaviour toward its neighbors was likely to provoke serious political crisis in relations with
the West, which remains essential for Moscow in addressing security issues, for instance in
the Northern Caucasus or Central Asia and economic problems linked to modernization or
accession to WTO. Secondly, mismatch between even revisited ambitions, reduced to the ex-
Soviet area and the amount of resources available, in combination with the rise of very
attractive and powerful actors in Eurasia, raised serious doubts over the sustainability of the
“CIS project” in the medium and long term. Implementation of Russian military and
economic projects in the CIS space requires a huge amount of resources and it is hard to

72 Varduli, Nikolai: “Rossya Priblizitsya k Ukraine na 34 Miliarda” [Russia Will Be Closer to Ukraine on 34
Billions], Kommersant, 8 August 2004.
73 Deputy speaker of the Russian lower house (State Duma), Valentin Kuptsov said that interference in Ukraine’s
affairs in connection with the presidential election is inadmissible, and the entire world should recognize its
imagine how a country with armed forces in rapid degradation and an economy based on natural resources could perform successfully the function of a regional center of gravity.

To understand what went wrong Putin called immediately for the re-evaluation of the entire Russian policy in the CIS space. At the beginning of 2005, Kremlin on many occasions announced the conclusions it reached and adopted measures that put new accents in the implementation of the “CIS project”.

3. 2005 and Beyond It: “CIS Project” Reasserted

Implementation of the “CIS project” did not go very smoothly, Moscow constantly discovered obstacles on its way. Since 2003, the Russian project has been tested externally by much deeper infiltrations of other dynamic regional players in the Russian “near abroad” and internally by the process of replacement of power elites in ex-Soviet republics with direct impact over strategic orientations of these countries. Russian leadership perceived these as a well-organized plot of the West aimed to weaken Moscow’s positions in the CIS.

Revealing in this sense are the commentaries made by Nikolai Patrushev, chief of the FSB, who accused “certain political forces” in the Western countries of behaving in the “worst Cold War traditions” and applying double standards to Russia. According to Patrushev, a man from Putin inner circle, Russia’s opponents are seeking to “purposefully and consistently” weaken Russian influence in the CIS, in particular, and in the international arena in general. The recent events in Georgia, Ukraine, and Kyrgyzstan, in his opinion, are a clear proof of this pernicious trend. In the end, he linked the growing rivalry between Russia and the West to Russia’s increasing economic might and the unwillingness of most developed countries to let Russia become a “serious economic competitor”.

Seen in this light, US under the cover of global war on terrorism and spread of democratic values, seek to undermine Russia’s positions in the former Soviet republics, encircle it and in this way deny the strategic independence of Moscow on the world scene. Further more, according to Kremlin perception, the EU behaviour in WNIS and South Caucasus is nothing else than an experiment for testing mechanisms and efficiency of its Common Foreign and Security Policy in new neighbourhood. Nevertheless, the US and EU “unfriendly” attitude towards the ex-Soviet republics and the “orange” elites strategic “blindness” do not discourage Russia, which have to be patient and prepare for long game in the CIS.

In this sense, Modest Kolerov, the head of the newly created presidential department for inter-regional and cultural ties with the foreign states, observed that following the EU’s deep

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75 Shirokov, Aleksandr: “Rossiyu Okrujuyut s Zapada i Yuga” [Russia Is Encircled from West and South], RBC Daily, 13 May 2005.
76 Opinion echoed in academic circles. See, for instance Karaganov, Sergei: “Rossiya i Evropa: Trudnoe Sblijenie” [Russia and Europe: Difficult Rapprochement], Rossiskaya Gazeta, 1 April 2005; Bordachev, Timofei; Moshes, Arkadii: “Rossiya: Konets Evropeizatsii” [Russia: The End of Europeanization], Rossiya v Globalnoi Politike, No. 2 (April/June 2003), pp. 49-63.
77 In this regard, some Russian experts mentioned that most pragmatic political cycles in Russia are preparing for “long game” in CIS countries. See for instance Trenin, Dmitri: “Rossiya i Konets Evrazii” [Russia and the End of Eurasia], Pro et Contra, Vol. 9, No. 1 (July-August 2005), pp. 6-17.
crisis, it became clear that, for the countries in the western part of the CIS and in the South Caucasus, the chances of joining the rich bloc even in the long-term are nil. Thus, the gradual crumbling of the “orange mythology” on the one hand, and Russia’s remaining economic and political leverage on the other, a window of opportunity will open up for Moscow to strengthen its positions in the post-Soviet lands. This opinion has been echoed in academic circles, which in their turn appreciated EU’s activities in the CIS for the most part as having a “virtual” character and due to systemic crisis expect to devote less attention from EU to its external surroundings.

As far as concerns the US involvement in the CIS, Kremlin assumes that Washington will follow EU’s fate. Due to the US military, political and economic over-commitment in Afghanistan and Iraq, Washington is on the edge of overstretch. Thus, because the US efforts are totally absorbed by the Greater Middle East, the former Soviet space could not represent in the long run a top priority for the White House. Moreover, US feel the necessity to have Russia on its side in anti-terrorist and non-proliferation initiatives that is why Moscow for the foreseeable future will be a valuable partner for Washington on various international security issues.

Once these conclusions have been drawn, Kremlin decided at the beginning of 2005 to pursue the same policy line in the CIS, but this time more vigorously, punishing for betrayal the “rebel” leaders and rewarding those who are ready to protect and respect unconditionally the Russian interests. Overcoming the defeat in Ukraine, Putin created a presidential department, which under the cover of inter-regional and cultural ties with foreign states, took over the relations with the CIS countries. Anticipating the further reorientation of Chisinau authorities towards the West, Russia tried to sabotage the parliamentary elections in Moldova and promote in power leaders with strong connections in the Russian business circles. Punishing for political reorientation, Moscow artificially staged the energy crisis in Ukraine suspending for a few days its exports of oil to this country and banned the import of agricultural products from Moldova.

Immediately after the popular uprising in Andijan, when Uzbek authorities have been under pressure for gross human right violations, Moscow rapidly thrown its support behind Islam Karimov. This move paid off valuable dividends in the months that followed, Uzbekistan demanding evacuation of US military base from its territory, concluding extremely favourable economic deals for Moscow and, in the end sealing a military alliance with Russia, under the terms of which aggression against one country will be treated as attack on both parties with all further consequences. In order to use the full window of opportunity, Russia tries to bring Uzbekistan in the CSTO and the Eurasian Economic Community by 2006.

On the economic front, Moscow successfully completed agreements with Turkmenistan, Uzbekistan and Kazakhstan until 2010-2015, which give it virtual control over the export of their products through Russian pipelines. Specifically, these agreements represent the virtual completion of Russia’s successful efforts to organize a gas cartel of producers wherein it

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would dominate the export of CIS natural gas and obtain a stranglehold over the economies of the gas-producing and consuming states in the CIS. This implies that Moscow no longer will have a competitor who can challenge its price setting capabilities with regard to natural gas form within the CIS. This cartel also will have significant repercussions for other major consumers like Europe, China and potentially India.81

On the institutional level, Russia reenergized its efforts in the implementation of the provisions of the treaty on the Single Economic Space using the last CIS summit in Kazan for a new round of talks and signing documents that allow upgrading economic relations. The initiative to create a bank inside the Eurasian Economic Community by 2006 that will finance substantial investments projects, made some experts to discuss the possibility of using the Russian ruble as a common currency between Russia, Belarus, Kazakhstan and Tajikistan.

In the security and military domain, Russia favoured the rapprochement with China under the auspices of the Shanghai Cooperation Organization, refusing in the same time the status of observer in the organization to the US. Being involved in a tug-of-war over military bases in Central Asia, Russia pushed inside the SCO for member states a common stance against the US military presence and organized a high-scale anti-terrorist exercise with China, which looked more as Cold War conventional deterrence in the US address. Also, Kremlin pressed for an inter-institutional cooperation between CSTO and NATO, instead of an individual approach promoted by the Alliance in relations with the former Soviet republics. During last meeting of CSTO foreign ministers in Moscow, has been signed agreement on establishing joint peacekeeping forces, a body Russia hopes to develop into mobile forces similar to those of NATO. To encourage partners Kremlin promised gas and arms on discount prices and offered its assistance in training of such forces.

Nor have been forgotten the pro-Russian separatist enclaves in the CIS space, which under the close supervision of Modest Kolerov organized a record number of summits in 2005. As a response to Georgian and Moldovan efforts to press for the solution of conflicts on their territory and the withdrawal of Russian troops, Kremlin used these summits to neutralize any diplomatic initiative that goes against Russian interests and to coordinate activities that will keep intact negotiations mechanism dominated by Moscow.

Finally in a tactical move aimed apparently to soothe relations with West, Kremlin announced intention to set up “civilized” rules for managing ongoing geopolitical competition in Eurasia between Russia, the United States and the European Union. By inviting to so-called “civilized” rule of the game over the heads of the political leaders, institutions and populations of the countries in the former Soviet space, Moscow intended to discredit and diminish respect for Western power and influence and in the same time to obtain recognition of Russian sphere of influence in CIS space. Further more, some experts are inclined to think that Russian strategy may be to try and constrict the US and Western interests by shifting Eurasian initiatives through a US-Russian dialogue, which would flow through the Kremlin.82

Conclusion

Political developments in 2005 proved that despite significant setbacks provoked by the colour revolutions and the infiltration of many attractive players in the CIS, the Kremlin decided to keep the course and to defend firmly the highly contested status quo in former Soviet space. Preserving the deeply rooted in Russian strategic thinking mentality of a fortress under a constant siege, Kremlin still rates the “near abroad” as the main foreign policy priority. From this point of view, hegemony in the CIS space has to prevent the construction of a hostile cordon sanitaire around Russia and consequently its isolation. Because for Russia the “near abroad” is, also, about the reproduction of great power identity, the maintenance of such a cherished strategic independence and survival in the super league of world powers, the “CIS project” will remain in the core of the Russian foreign policy preoccupations for the foreseeable future and will continue to drain the biggest part of Russia’s resources. However, having enough residual power to influence the evolutions in the former Soviet republics in the short term, Russia, due to lack of financial resources and coordination capacity, would not be able in the medium and long term to develop successfully the economic or security projects in its immediate periphery. Despite Russia’s determination to play a dominant role in the “near abroad”, the CIS countries will look more persistently outward, opening, in this way, the region to a greater influence of highly dynamic international actors. Consequently, further political, military and economic diversification of the CIS space will precipitate the decline of the Kremlin’s influence across the former Soviet republics, a fact that will challenge decisively Russia’s great power identity and its place on the world scene.