Chaillot Paper

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Edited by Dov Lynch

Institute for Security Studies
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Union Européenne

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ISSN 1017-7566
ISBN 92-9198-066-8
Published by the EU Institute for Security Studies and printed in Condé-sur-Noireau (France) by Corlet Imprimeur. Graphic design by Claire Mabille (Paris).

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Préface

Nicole Gnesotto

De toutes les inconnues qui s'accumulent dans le système international, alors qu'aucun de ses éléments, fût-ce la puissance américaine, ne fait plus figure de socle immuable, l'évolution politique de la Russie est devenue pour les Européens une source d'interrogation majeure. Depuis plus d'une année, et indépendamment des événements en Ukraine, les relations entre la Russie, les Etats-Unis et l'Union européenne ont en effet connu une nette détérioration.

Ce Cahier de Chaillot *cent pour cent russe pourra sembler inhabituel à certains. Et il l'est à bien des égards. Parce que les perceptions façonnent le monde tout autant que la réalité des faits, nous avons en effet choisi de proposer aux lecteurs une photographie la plus complète possible de ce que sont aujourd'hui les perceptions dominantes au sein de la communauté stratégique russe. Comment voient-ils le monde ? Que pensent-ils de l'Union ? Que veulent-ils des Etats-Unis ? De quoi ont-ils peur ? Telles sont les questions à l'origine de ce* Cahier de Chaillot*, parce qu'elles sont aussi au cœur des interrogations et des incertitudes européennes sur l'évolution de la Russie.*

Sous la direction de Dov Lynch, responsable des études russes et eurasiennes à l'Institut, cinq des experts russes les plus reconnus sur la scène internationale ont accepté de nous livrer leurs perceptions et leurs analyses des principaux dilemmes que rencontre aujourd'hui la Russie. Cette immersion dans un mode de pensée proprement russe est fascinante. Au-delà des leçons qu'en tire Dov Lynch dans son remarquable chapitre de conclusion, trois réflexions méritent également considération.

Si les Européens sont désormais perplexes, voire inquiets, devant les évolutions russes, le sentiment de perplexité et d'inquiétude n'en est pas moins dominant en Russie. Alors que Poutine avait fait du terrorisme la priorité de sa politique étrangère et le socle de sa coopération stratégique avec Georges Bush, les événements dans le voisinage immédiat de la Russie (Georgie, Moldavie, Ukraine) l'obligent désormais à redescendre dans la réalité complexe de l'Europe, celle d'une Union en cours d'intégration, celle d'une ex-CEI en voie de désintégration. Or ces deux axes extrêmes de la politique russe, le terrorisme global et l'étranger proche, suscitent chacun des tensions et des perceptions contradictoires : déception et frustration sont les maîtres mots qui reviennent, sous la plume de nos auteurs, à l'égard d'une Amérique qui n'aurait guère récompensé Moscou de son soutien dans la lutte contre le terrorisme radical islamiste ; irritation et divergences ne cessent de croître également au regard de l'Union européenne, dont la politique de voisinage

est perçue comme directement conflictuelle avec les intérêts russes dans l'ex-CEI. Ce fantasme de l'encerclement ou de la trahison n'est certes pas une première dans l'histoire de la pensée russe. Mais il n'est pas dans l'intérêt de l'Union qu'il devienne le seul moteur de la politique européenne de la Russie.

Le deuxième enseignement concerne les relations entre politique étrangère et politique intérieure. Depuis l'arrivée au pouvoir de Vladimir Poutine, une sorte de trade-off *semblait fonctionner entre trois éléments : l'affichage d'une politique étrangère coopérative avec l'Occident, et notamment les Etats-Unis ; le retour à une politique plus autoritaire à l'intérieur de la Russie elle-même ; et le maintien d'un processus de modernisation économique de la Russie. Nombre d'Occidentaux, mais davantage aux Etats-Unis que dans l'Union européenne, avaient tacitement accepté d'entériner ce découplage entre la politique étrangère de la Russie et son évolution intérieure, au nom d'un intérêt commun en matière de lutte contre le terrorisme international. La Tchétchénie, tout comme la démocratisation politique de la Russie, en faisait plus ou moins les frais. Or cette perception occidentale commence à se révéler pour ce qu'elle est, à l'égard de la Russie comme d'ailleurs de toute autre puissance : une illusion, de celles qui marquent précisément la faille de la realpolitik comme mode de gouvernement du monde.*

Troisièmement enfin, il est frappant de voir à quel point les orientations contradictoires de la politique russe reflètent des interrogations existentielles sur l'identité même de la Russie, ses limites géographiques, son projet politique fédérateur, son rôle dans la communauté du monde. Certains n'y verront qu'une étape normale de tout processus de décolonisation et de délitement impérial ; à charge donc pour les Russes de résoudre seuls ce défi identitaire. D'autres y verront plutôt des interrogations qui sonnent de façon très familière à l'oreille des Européens, confrontés, pour de tout autres raisons, à des questionnements existentiels du même type. Ceux-là souhaiteraient que l'Union s'investisse aussi, de la façon la plus positive possible, dans la réussite démocratique de cette nouvelle révolution russe.

Paris, janvier 2005

Misperceptions and divergences

Dov Lynch

1

The Cold War is finally ending in Europe and the shape of a new order is visible. Certainly, its institutional structure is different from that of the bipolar era or even the transition years of the 1990s. The North Atlantic Treaty Organisation (NATO) is assuming a more global profile and less direct responsibility in Europe itself. The Organisation for Security and Cooperation in Europe (OSCE) has entered a deep crisis, in which major participating states are challenging its enduring utility. Meanwhile, a new organisation is emerging as the continent's security provider – the European Union (EU). With enlargement in 2004, a new Europe has been born, founded around the ambitions and values of the EU. So much is clear.

What is less clear is the place of Russia in the emerging order. What is the role of Russia in the new Europe? How does Russia view such developments? What policies will Russia adopt in Europe and the new shared neighbourhood?

The new neighbourhood that the EU and Russia now share has become the front line in Russian-European relations. Nowhere was this more evident than during the crisis in Ukraine in late 2004. If anything, the EU-Russia summit at The Hague revealed this fault line. Planned initially for early November, Moscow requested that the summit be postponed until 25 November in order to introduce the new Commission to its proceedings. The real reason was not procedural. In fact, the EU and Russia had not reached common ground on 'road maps' for the four common 'spaces', which were put forward at the St Petersburg summit in 2003 (a common economic space; freedom, justice and security; external security; and research and education).

The summit was held at the height of the Ukraine crisis, during which the EU and Russia emitted polar opposite views – with Brussels calling for a review of the election results and Moscow congratulating the incumbent Viktor Yanukovich on a 'convincing' victory. Moscow strongly criticised European 'interference' in

Ukraine's domestic affairs, and argued that such policies raised the danger of street violence. Russian relations with the EU had seemed to reach an unprecedented low after the Dutch Foreign Minister, Bernard Bot, in the name of the Netherlands EU presidency, queried what had happened on 3 September during the Beslan hostage crisis. Valery Loschinin, Russia's Deputy Foreign Minister, stated that Bot's question was not only inappropriate but also 'odious' and 'offensive'[1] – strong words. The Ukraine crisis showed things could get worse.

Russia raises questions about the nature of the new order emerging in Europe and wider international relations. What can we expect from the new Russia? What role will Russia seek in the nascent order? Such queries have been debated in European capitals for several years already. In this, the Ukrainian crisis confirmed a trend already firmly under way. But these same questions are also being posed within Russian government and expert circles. Before enlargement, Russia-EU relations had seemed generally positive if prone to friction. This has been reversed, with relations, in some areas, becoming generally frictional and occasionally positive. Real differences have arisen that feature as much misperception of the other's policies as genuinely divergent interests. These circumstances are the justification for this *Chaillot Paper*. Given the strategic importance of Russia for Europe, it is vitally important that member states understand better Russian views and interests. 'What Russia sees' is a small step to clear the landscape in order to dispel myths that are false and to highlight differences that are real. One should note that the paper was under publication as the Ukraine crisis occurred.

Before discussing the structure of this volume, this chapter will examine the scale of divergences and misperceptions that have arisen between Russia and Euro-Atlantic institutions and states over developments in the former Soviet Union. Members of the Euro-Atlantic community have become increasingly present in security terms in the post-Soviet space. Whereas this may accord with Russian interests in some areas, overall it has accelerated the diversification of the region and undermined Russia's ability to control developments in its vital periphery. The problems that have arisen in this region are all the more important following EU enlargement and the emergence of a shared neighbourhood between Russia and the EU.

1. Valery Loschinin, Information and Press Department (IPD), Moscow, 4 September 2004; http://www.mid.ru.

Divergences in the 'shared neighbourhood'

The questions that Russia faced in the early 1990s have re-emerged: what is the shape of the new Europe in the making? What place is there for Russia? Throughout the 1990s Moscow pursued the same objective of seeking an equal voice on major security developments in and around Europe without incurring the costs of membership, which is seen to impose restraints on Russia's domestic room for manoeuvre. However, the institutional spectrum has shifted since 1999, when the OSCE had pride of place in Russian policy, NATO was seen as the main problem and EU security policy hardly existed. By 2005, relations with NATO have become positive but less relevant, while the OSCE has fallen by the wayside and the EU has assumed more primary importance.

Vladimir Putin's re-engagement in European security organisations after the 1999 Kosovo crisis has had mixed results. Deepening ties with NATO have offered benefits, but these do not ensure Russia an equal voice in European security. As its responsibilities have become more global and linked with the 'war on terrorism', NATO's relevance for Russia has waned. The OSCE has moved in Russian policy from being perceived as a potential solution to becoming a problem. Russian activities in the OSCE have become deflective, concerned with ensuring that the organisation is not used against Russian interests. Meanwhile, the EU has emerged as an important European security provider. With enlargement to 25 member states, a new geopolitical reality has arisen in Europe with which, despite oft-repeated declarations to the contrary, Russia has not developed a 'strategic partnership'.

What is new is that these wider questions of Russia's place in European security have moved much closer to Russia itself. Foreign policy questions that were formerly part of what Russia considered its 'far abroad', have now become issues affecting its 'near abroad'. The terrorist attacks of 11 September 2001 opened the gate to greater international involvement in the former Soviet Union. At the start of Putin's second presidency, the Russian leadership has become worried that this openness is becoming a rout, and that Russia is losing control over developments in this vital region. The Russian government has seen world affairs as being in flux since the Kosovo crisis and 11 September, with the rules of international conduct changing and new actors arising.

Moreover, these trends are seen as occurring at a time when Russia is weak. International uncertainty is uncomfortable for Russia, obliging Moscow to concentrate on internal revitalisation and to retreat from an active role in most areas of international affairs. However, Moscow has not been willing to accept such 'uncertainty' and weakness in the former Soviet Union, as this might translate into anti-Russian states on its borders and a predominant role for European states and the United States in a region of declared 'vital interests'.

Divergences between Russia and members of the Euro-Atlantic community include different interpretations of events as well as policy clashes. The following discussion examines seven areas of relevance.

Foreign basing

The Russian view of the basing of troops from Euro-Atlantic states in the former Soviet Union has become increasingly critical. Russia provided significant support to US operations in Afghanistan in 2001-02, which included agreeing without fuss to US deployments in Central Asia. Putin justified the shift in Russian policy by arguing that the fall of the Taliban regime was in Russia's interests and that the US military presence was only temporary. Since 2001, Moscow has continued to support US and NATO activities in Afghanistan. All the more so as, in the Russian view, the civil war in Afghanistan did not end in 2001 – it just changed shape. However, the 'temporary' presence of the US military is looking ever more long-term. In this sense, Russian concerns are well founded. A new basing approach lies at the heart of the Pentagon's transformation of US forces after 11 September.[2] Compared to 'lily pads,' the Pentagon is moving towards forward operating bases that are flexible, mobile, and light.

Thus, when Elizabeth Jones, US Assistant Secretary of State for European and Eurasian Affairs, declares that 'we [the United States] do not want bases in Central Asia', Russia hears doublespeak: the United States does not want bases in the Cold War sense of the term, it wants a 'lily pad' presence in the region for the long term.[3] Since late 2001, the United States has developed a light but not insignificant profile in Central Asia: it has several hundred troops deployed in Manas in Kyrgyzstan, a forward CENTCOM base in Karze-Hanabad in Uzbekistan, and has secured landing

2. See 'Defending Freedom, Fostering Cooperation and Promoting Stability', presentation by General James L. Jones, USMC Commander, US EUCOM, to the Senate Armed Services Committee, 10 April 2003.

3. 'US Wants Engagement in Central Asia', *Washington File*, Department of State, 11 February 2002; http://usinfo.state.gov/usinfo/products/washfile.html.

rights in Tajikistan.[4] The United States also has an overflight agreement with Kazakhstan, with which it reached a five-year military cooperation agreement in September 2003.

Moreover, the US government has sought to revitalise the GUUAM group, which brings together Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova, for cooperation on questions of trade, energy security and anti-terrorism.[5] Launched in the late 1990s, GUUAM was then only a virtual grouping that seemed doomed. Since late 2002, however, Washington has made a concerted effort to resuscitate the group.[6] The Yalta summit in July 2003 saw a joint US-GUUAM statement on fighting terrorism and the proliferation of weapons of mass destruction (WMD) materials. The United States has pledged to support the greater institutionalisation of the grouping and to fund joint projects. In Moscow, which has avoided making official statements on these developments, the revival of GUUAM has been perceived as a sign of Washington's push to develop 'geopolitical pluralism' in the former Soviet Union through support to an organisation of which Russia is not a member.

While Russian and US interests have overlapped in Central Asia and Afghanistan, American basing and the development of GUUAM have raised concerns in Moscow over the long term, as these policies are seen to accelerate the diversification of security relations in the post-Soviet space away from Russian influence, and also augur an era of decreasing Russian control over events on its periphery.

South Caucasus

Divergent perceptions of events run deeper in the South Caucasus, a region closer to Russia's immediate security concerns. Unlike Central Asia, where Russia and the United States share an interest in regional stability and the non-revival of the Taliban in Afghanistan, active Euro-Atlantic, and especially US, policies in the South Caucasus have been seen as deeply worrying in Moscow.

The interests of the United States in the South Caucasus/Black Sea changed after 11 September. Pre-11 September, American interests focused mainly on conflict settlement and preventing the rise of a single hegemonic power (i.e., Russia).[7] Since the terrorist attacks, US interests have become increasingly focused on three objectives: first, supporting the counter-terrorist capabil-

4. Ibid.

5. For an overview of the organisation and archive of press releases, see http://www.guuam.org/.

6. Taras Kuzio and Sergei Blagov, 'GUUAM makes Come-back Bid with US Support', *Eurasia Insight*, 7 July 2003; http://www.eurasianet.org/departments/insight/articles/eav070703.shtml.

7. See discussion by Brenda Shaffer, 'US Policy', in Dov Lynch (ed.), 'The South Caucasus: a challenge for the EU', *Chaillot Paper* 65 (Paris: EU Institute for Security Studies, December 2003), pp. 53-62.

ities of the Caucasian and Black Sea states; second, ensuring that the region does not become a host to international terrorist activities; and finally, interdicting drugs smuggling from Central Asia. In the 'global war on terrorism' the US government has stressed the importance of three concerns: military access; overflight rights; and basing rights. The South Caucasian states have become important for American counter-terrorist policies in all three areas.

When combined with the US programme launched in 2002 (called Georgia Train and Equip Program – GTEP), to train 2,600 Georgian special forces and élite troops by May 2004, US designs on the South Caucasus appear worrying for Moscow.[8] Secretary of Defence Donald Rumsfeld's answer to a question about a possible US base in Georgia, following the 'Rose Revolution' in November 2003, was not crafted to reassure Russia. Instead of answering either positively or negatively, Rumsfeld hedged his reply: 'What we do know is the challenges of the 21st century are quite different from the 20th century and our goal is to be arranged in a way that we are more agile and able to do more and do things in a shorter time frame.'[9] A US 'lily pad' in Georgia is not a current agenda item, but the possibility should not be ruled out.

Moreover, Russia and the Euro-Atlantic community interpreted the 'Rose Revolution' in Georgia very differently. In Washington and European capitals, the events that followed the November elections were unanimously supported as a peaceful, if anti-constitutional, victory for democracy, featuring the spontaneous rejection of the regime then led by Eduard Shevardnadze. Russia's then Foreign Minister, Igor Ivanov, who was in Tbilisi over the crucial weekend in late November when Shevardnadze resigned, painted a different picture. For him, the uprising was not a revolution so much as an organised coup against an elected leadership that had succeeded only thanks to the support of 'outside forces'. In early December 2003, Ivanov stated: 'All that occurred [during] those days wasn't a spontaneous event, which arose overnight.'[10] 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.

The haste in European capitals to congratulate Tbilisi's new leaders was more than unseemly from Moscow's perspective. It

8. For more information on the programme, see the US European Command website: http://www.eucom.mil/Directorates/ECPA/index.htm?http://www.eucom.mil/directorates/ecpa/operations/gtep/englishproducts/fact_sheet5.htm&2.

9. See http://www.usinfo.state.gov, 'Rumsfeld expresses US Support to Georgia', 6 December 2003.

10. IPD, Moscow, 8 December 2003; http://www.mid.ru.

pointed to a coordinated project of interference in the newly independent states that could give rise a new generation of nationalist (read: anti-Russian) leaders in vital countries on Russia's borders. Genuinely pro-Western and nationalist leaders in the former Soviet Union are not seen in Moscow as friendly interlocutors for Russian interests. Moscow will do little to support their rise. The shifts that have occurred in Georgia under the leadership of the new president, Mikheil Saakashvili, who has started steering Georgia firmly in the Euro-Atlantic direction, have done nothing to assuage Russian concerns.

'Friendly' leaders in neighbouring states

Russia has sought to support Russia-friendly candidates to leading positions in neighbouring states. Given the scale of ties linking the former Soviet republics, it should not be surprising that élites in these states are very familiar with each other, or that every state has a view on preferred candidates in elections taking place in a neighbouring state. Throughout the 1990s, Moscow sought to curry friendly business and political élites among its neighbours. Under Putin, Russian involvement has been more concrete and sharp, with the loan of so-called Russian political 'technologists' and soft resources to chosen candidates. 2004 saw two cases of such engagement. The first occurred in the separatist state of Abkhazia inside Georgia, where Russia made its preferred choice clear in the October 2004 presidential elections to replace the ailing Vladislav Ardzimba. In the end, the other candidate won and the result was two months of tense stand-off and Russian pressure before a coalition government emerged.

The second case was far more dramatic and important. Putin personally travelled twice to Ukraine before the elections to support the campaign of Viktor Yanukovych. The Russian president then congratulated him on his victory after the second round, despite the evidence of flawed process and fraud. This policy left Russia exposed and stuck with a loser. It also placed Russia in direct contradiction with the EU, the OSCE and the United States, which all declared the second round invalid. As a result, Moscow was left to play the role of bystander in the crisis talks led by the EU and European leaders that finally led to a third round of elections and the victory of Viktor Yushchenko. The contest in Ukraine was never as simple as it was portrayed – Viktor Yanukovych was never

Russia's man, nor is Viktor Yushchenko anti-Russian. However, Yushchenko's election on a platform to undertake EU-orientated reform will resound throughout the former Soviet Union. Much more than Georgia under Mikheil Saakashvili (see more below), a new pole of attraction and inspiration will emerge in a region that is in desperate need of one. For Moscow, this is perceived as a challenge to Russian influence and interests. Reactions to developments in Ukraine in 2004 reflected the sharp defensiveness in Russian policy and also its growing ineffectiveness.

Post-Soviet conflicts

Divergent views on conflict settlement in the former Soviet Union have also moved to the forefront of Russian/Euro-Atlantic relations. Relations with separatist entities in Moldova (Transnistria) and Georgia (South Ossetia and Abkhazia) have become a question of concern. The EU and United States agreed in February 2003 to a travel ban on a number of separatist leaders in Transnistria. The Russian government did not follow their lead, maintaining, on the contrary, enduring close contacts with Tiraspol. In November 2003, the United States became openly concerned about Moscow's relations with the separatist leaders of Abkhazia and South Ossetia in Georgia, as well as Aslan Abashidze of Georgia's Autonomous Republic of Adzharia, who travelled to Moscow for extensive meetings in the wake of the 'Rose Revolution'. Moreover, Russia's easing of the visa regime in late 2003 for Georgian inhabitants of the region of Adzharia was not extended to all Georgian citizens.[11] These policies shed light on Moscow's informal support to the separatist areas, in terms of providing their citizens with Russian passports and allowing economic and trade contacts between them and Russian regions.[12]

The reaction from Europe and the United States has been outspoken. Former Secretary of State Colin Powell stated at the OSCE ministerial in Maastricht in December 2003 that 'no support should be given to breakaway elements seeking to weaken Georgia's territorial integrity.'[13] The US Ambassador in Moscow, Alexander Vershbow, went further in January 2004: 'We recently have seen Russia adopt a more assertive stance to its neighbours. This new policy is reflected in Russia's unilateral diplomacy in Moldova, where a cooperative framework to help resolve the

11. The president of the Autonomous Republic of Adzharia in Georgia, Aslan Abashidze, visited Moscow in November, where he received public support from the Russian Ministry of Foreign Affairs. See the transcript of the press conference given by then Foreign Minister Igor Ivanov, 17 November 2003, IPD, MID, Moscow; http://www.mid.ru.

12. On Russian involvement in supporting the separatist states beyond its borders, see the author's *Engaging Eurasia's Separatist States* (Washington, DC: United States Institute of Peace Press, 2004).

13. Powell Speech to OSCE ministerial in Maastricht, 2 December 2003.

Trans-Dniestr dispute already exists, in Russia's highly visible meetings with the leaders of Georgia's three separatist regions, and in Russia's dispute with Ukraine over Tuzla island.'[14]

Russia and the EU interpreted developments in Moldova's conflict with its separatist region of Transnistria differently. In Moscow, there is a firm consensus that the attempt by Putin's envoy Dmitry Kozak to secure Moldovan and Transnistrian agreement in late 2003 to a Russian-drafted proposal was productive and genuine. All the more so as the Transnistrian leadership and the Moldovan president were ready to sign the agreement. In the Russian view, European states, and in particular the EU, rejected Russia's initiative not because it had weaknesses, but precisely because it was *Russian*. Mikhail Margelov from the Russian Federation Council was clear in pointing the finger: 'Moldova's president Vladimir Voronin rejected a Russian plan for resolving the conflict at the last minute because he was under pressure from the EU.'[15]

Igor Ivanov argued, at the ministerial in Maastricht in December 2003: 'The memorandum proposed through the mediation of Moscow was acceptable to the parties. In our own conviction, its signing would have made it possible to resolve the Transdniestrian problem within the framework of one state. Regrettably, the signing did not take place as a result of pressure from certain states and organisations.'[16] For 'organisations', read 'the European Union'. In Ivanov's view, all parties 'lost' as a result of 'methods of pressure and attempts at interference.' Certainly, as a result, settlement has been delayed.[17]

The divergence runs deep. The Russian government has seen EU statements about the need for a multilateral approach in the Moldovan conflict as an attempt to ensure a predominantly European voice and weakened Russian influence. In contrast, Russia has shown a preference for bilateral relations with Moldova and Georgia, and not trilateral (with the EU and/or the United States), and even less multilateral. Moscow has rejected the European argument that the Kozak proposal was too flawed to be acceptable. The prevailing view is that a zero-sum struggle for influence is being waged in the former Soviet Union. For Moscow, the settlement of the Transnistrian conflict has become a small part of a wider game.

14. Speech reported on *Johnson's Russia List* (hereafter, *JRL*), no. 8009, January 2004. The dispute between Russia and Ukraine erupted in the autumn over the definition of the Tuzla area as an island or a split, and Russian attempts to link the island to Russian territory.

15. See interview on *RosBalt.ru*, St Petersburg, 2 December 2003.

16. Ivanov's statement of 1 December 2003, is available from IPD, *Daily News Bulletin* (*DNB*), Moscow; http://mid.ru.

17. Ivanov used this phrase when discussing Georgian events in his interview with Michael Binyon of *The Times*, 28 November 2003.

The Istanbul commitments

The failure of the Maastricht and Sofia ministerials to produce a final statement was caused by divergent perceptions of the commitments made at the 1999 Istanbul OSCE summit for Russia to withdraw troops and materiel from Moldova and Georgia.[18] The Chairman-in-Office in 2003, Jaap de Hoop Scheffer, in his closing statement, declared that 'unfortunately after intensive consultation no agreement could be reached on inclusion into the Ministerial Declaration of agreed language concerning the complete fulfilment of the Istanbul commitments.'[19] As a result, fulfilment of the withdrawal commitment has been linked by OSCE participating states to the ratification of the adapted CFE Treaty, a question closely affecting Russia's interests. Regarding Georgia, the US government called on Moscow to fulfil the commitments as quickly as possible. The dispute over the timeframe of the withdrawal from Georgia (Tbilisi seeks a three-year term, while Moscow insists on eight to eleven years, including significant financial compensation) has remained unresolved.

The Russian reaction has been surly. In the first half of 2003, Russia did withdraw a significant amount of the weapons and materiel from Transnistria, but the movement was halted for the rest of the year. Then, in November, Defence Minister Sergei Ivanov, within the context of the Kozak proposal for settling the conflict, mentioned the date of 2020 for a final withdrawal. Overall, Moscow has sought to dilute the imperative to fulfil the Istanbul agreement. As Vladimir Chizhov from the Ministry of Foreign Affairs stated in November: 'Russia, I stress, has no juridical obligations.'[20]

The Chechen conflict

Following the terrorist attacks of 11 September, Russia accelerated a campaign to depict its conflict in Chechnya as a part of the struggle against international terrorism. Moscow declared that there was no 'war' as such under way in Chechnya, and that the period of open conflict had been closed. In August 2003, responsibility for operations in Chechnya was transferred to the Ministry of the Interior to undertake measures to 'protect law and the constitutional order'.

18. *Istanbul Summit Declaration*, Istanbul, 18-19 November 1999; http://www.osce.org/docs/english/summite.htm.

19. *Chairperson's Perception Statement*, OSCE, Maastricht, 1-2 December 2003; http://www.osce.org/docs/english/1990-1999/mcs/11maas03e.pdf.

20. Interview of 28 November 2003, reported by the IPD, DNB, Moscow, 2 December 2003; http://www.mid.ru.

The EU and European states have never accepted the thrust of this argument, while the US government proved more amenable following 11 September. During 2003, however, Washington's position also started to change. In a statement before the Helsinki Commission in Washington in September 2003, Steven Pifer, Deputy Assistant Secretary of State for European and Eurasian Affairs, declared that instability in Chechnya in fact 'complicates both the war on global terrorism and our attempt to improve relations with the Russian Federation.'[21] The former French Foreign Minister, Dominique de Villepin, raised French concerns before a Moscow audience in January 2004: 'Chechnya has been caught up in a state of open warfare for too many years, and presents a risk of destabilising its neighbours, from Turkey to Iran.'[22] A consensus is slowly emerging across the Euro-Atlantic community that the ongoing conflict in Chechnya poses a regional threat and complicates the global war on terrorism as well as overall relations with Russia.

After the start of the second Chechen war in 1999, Moscow refused to repeat the policy it had adopted in 1994-97 of allowing international organisations, the OSCE in particular, to play a role on the ground. Since 1999, under Putin's leadership, the Russian government has countenanced no foreign criticism of its policies, folding its campaign instead into the wider 'war on terrorism,' and declaring an inalienable right to restore its sovereignty. While critical statements from foreign partners have made Moscow uncomfortable, they have not altered the content of a strategy that has sought to eliminate the problem with a robust use of force.

The 'values gap'

Finally, 2003 and 2004 saw increasing questions raised about a 'values gap' between Russia and the Euro-Atlantic community.[23] The EU has, in its dialogue with Moscow, repeatedly noted its concerns over developments in Russian domestic affairs. Indeed, the EU-Russia strategic partnership has always been linked with the promotion of common values.[24] By contrast, the Bush administration has only belatedly started to raise concerns with the Russian government. The arrest of the Chairman of Yukos, Mikhail Khodorkovsky, and the conduct and results of the Duma elections in December 2003, were crystallising events.

21. See *Washington File*, State Department, 16 September 2003; http://usinfo.state.gov/usinfo/products/washfile.html.

22. Cited by Natalie Nougayrede, *Le Monde*, 25/26 January 2004, p. 3.

23. Term used by Alexander Vershbow in November; see *Washington File*, State Department, 10 November 2003; http://usinfo.state.gov/usinfo/products/washfile.html.

24. See, for example, the *Common Strategy of the EU on the Russian Federation*, 1999/414/CFSP, 4 June 1999; http://europa.eu.int/comm/external_relations/ceeca/com_strat/russia_99.pdf.

The reaction of Vladimir Putin to the Beslan hostage crisis increased these concerns. Speaking on 13 September 2004, before the Russian government, the Russian president laid out his proposals.[25] In response to the threat of international terrorism, Putin called for federal governors to be elected by local legislative assemblies upon recommendation from the president. Putin also proposed that elections to the State Duma be conducted entirely on the basis of proportional representation. Putin mentioned a public chamber that would provide oversight over government activities. With regard to the so-called 'power ministries', Putin called for an integrated security system to combat terrorism.[26] The president recognised the need for a 'fundamental revision of all policies' in the North Caucasus. Admitting that terrorism drew strength from desperate living standards, Putin proposed the creation of a Special Federal Commission on the North Caucasus, to be led by a new plenipotentiary envoy to the Southern Federal District, who would coordinate federal activities and focus on redressing the socio-economic situation. Putin nominated Dmitry Kozak, Chief of Staff of the Russian government, to the position.

Putin left more puzzlement than clarity. What was the link between the war on terrorism and new procedures for electing governors? What would be the nature of the integrated security system? What lay ahead for the North Caucasus? What did this mean for Russia as a partner of the Euro-Atlantic community? Indeed, Russia's foreign posture, if not yet policy, was affected by the attacks. Colonel General Yury Baluyevsky, Chief of the Russian General Staff, announced a few days after Beslan that: 'We will take all measures to liquidate terrorists in any region of the world.'[27]

By contrast, the Russian government has indignantly portrayed European statements about events inside Russia as 'interference' and examples of 'double standards'.[28] The emphasis on values and norms from the EU is irritating for Russia, especially when advanced against the background of substantive policy differences.

25. Putin's official speech is reproduced on the Ministry of Foreign Affairs website, IPD, Moscow, 14 September 2004; http://www.mid.ru.

26. For additional comments made by Putin on 13 September, *RTR Russia TV*, Moscow, reproduced in JRL, no. 8365, 2004.

27. Cited by Andrei Lebedev, *Izvestiya*, 9 September 2004.

28. See the Russian statement to the OSCE Permanent Council of 11 December 2003, by Alexandr Alexeyev, reproduced by the IPD, *DNB*, MFA, Moscow, 15 December 2003; http://www.mid.ru.

Structure of this paper

Given such differences between Russia and the EU, it is vital that both sides make an effort to understand the thinking of the other. Deeper understanding does not signify greater acceptance, but it may mean the avoidance of unnecessary clashes. 'What Russia sees' is a small step in this direction. The EU Institute for Security Studies asked five well-known Russian experts and opinion-makers for their view on various dimensions of Russian policy. Quite deliberately, the authors have been chosen as they have different backgrounds, professional experience and political views, in order to represent something of the spectrum of views in Putin's Russia.

Chairman of the Presidium of the influential Council on Foreign and Defence Policy, Sergei Karaganov explores Russian views on the new international order arising in the wake of the Cold War, the Kosovo crisis and the attacks of 11 September. Karaganov notes a weakening of the norms established after the Second World War on state sovereignty and the use of force, arguing that these are leading the international system in the context of globalisation towards ever less governability. In these circumstances, Karaganov discusses the needs facing Russian foreign policy mainly in terms of pursuing Russia's modernisation. Overall, Karaganov calls for a multi-vectored foreign policy – as opposed to a multi-polar one – which seeks to retain influence in the former Soviet Union in a 'modern' manner and to forge closer and more effective ties with the EU. At the same time, Karaganov's analysis highlights how much the United States has emerged as the star in Russia's foreign policy universe.

The political commentator and television presenter Alexey Pushkov devotes his chapter to the domestic political scene at the start of Putin's second presidential term. Pushkov explores the reasons for Putin's popularity in contrast to the Yeltsin years, and examines how Putin addressed the challenges he faced in 2000. While noting Putin's success in restoring Russia's governability and its foreign policy position, Pushkov also exposes the new

system of authoritarian rule that Putin has created. His conclusions raise doubts about the long-term sustainability of the regime and its ability to respond to the needs of Russia's modernisation. Internal stagnation is the danger in current circumstances.

Deputy Director of the Konrad Adenauer Foundation in Moscow, Andrei Zagorski discusses the 'shared neighbourhood' between the enlarged EU and Russia, concentrating mainly on Belarus, Ukraine and Moldova and the South Caucasus. After examining how different the states in this neighbourhood have become in political, economic and foreign policy terms, Zagorski explains the changes that Putin has introduced in Russian policy. Zagorski notes the divergences that exist between the EU and Russia on many questions in this area, but argues that these do not impact on the quality of the wider partnership. On the whole, Moscow and the EU have a range of common interests, which means that open conflict is unlikely in the shared neighbourhood, especially as Moscow does not see the EU as challenging the status quo.

Dmitry Danilov, Head Researcher at the Institute of Europe (Russian Academy of Sciences), analyses the evolution of Russian views on the architecture of European security. Danilov notes the complexity of Russian views of NATO, and the linkages of policy questions of enlargement and the ratification of the adapted CFE Treaty. No matter the progress that has occurred since the creation of the NATO-Russia Council, there are lingering questions in Moscow about the utility of NATO. Danilov explains the shift that has occurred in Russian views of the OSCE, which have become deeply critical. Without the reforms proposed by Russia and CIS countries, profound doubts will be raised in Moscow over the continued existence of the organisation. Finally, Danilov explores the dilemmas that have affected the security dialogue between the EU and Russia, as well as the differences that have emerged on a range of questions, such as modalities for peace support operations and the content of the common 'spaces'. Much work remains to be done to give substance to the strategic partnership.

Finally, Dmitri Trenin, Deputy Director of the Carnegie Centre Moscow, examines Russian views on the challenge of terrorism. Trenin starts his argument by stating that 'of all the major

countries at the turn of the twenty-first century, Russia has been one of the more directly and seriously affected by the scourge of terrorism.' Trenin discusses the essentially Chechen core of the terrorist threat faced by Russia, and takes in the arc of instability around the Russian Federation. Under Putin, counter-terrorism has become a pillar of Russian foreign policy, leading Russian to reach out to the Islamic world, align with the United States and entertain differences with the EU and European states on the means used in the struggle. After reviewing the impact of the Beslan crisis on Russian politics, Trenin concludes that Russia will only successfully manage the terrorist threat if the state itself becomes modernised. A tall order.

Two themes emerge from these chapters. First, domestic imperatives predominate in Russian thinking. Despite strong economic growth and greater state consolidation, all of the authors entertain doubts about Russia's future prospects. Specifically, the authors insist on the absolute need for the Government to pursue Russia's modernisation above all other domestic and foreign policy questions. While there is seen to be much that is positive about Putin's leadership, doubts over his will to tackle this central need have not gone away. Also, the struggle with terrorism inside Russia is seen as a key test for Russia's future, and one that, for the moment, does not look likely to be resolved.

Second, all authors highlight that a new international order is in the making, with new rules of the game, new actors and new stakes. In circumstances of uncertainty in world affairs, the currently weak Russia has little choice but to pursue a status quo-orientated foreign policy that seeks to preserve as many positions of strength as possible from the previous system and to ensure a voice in the formation of a new order. The United States looms large in the Russian view, and most Russian policies are taken with one eye on Washington. In Europe, bilateral relations with major states are seen to have key importance, but security institutions still matter for Russia. The shifts that have occurred since the late 1990s, with the decline of the OSCE and the transformation of NATO, have pointed, in the Russian view, to the increasing importance of EU as Europe's security provider. While much ground has been cleared, all the work is seen to remain ahead for the Russia-EU dialogue.

What does all of this mean for Russia as a partner?

Despite the exchange of rhetorical barbs between Brussels and Moscow, these views highlight that Putin's Russia remains a strong partner for the EU, one that is more predictable and coherent than ever before. Russia is not the easiest interlocutor for the EU, especially as relations with Moscow often divide member states rather than unite them. Still, however much relations are characterised by friction, forging a wide strategic partnership between the EU and Russia remains a necessary and feasible objective for both parties.

The last chapter in this volume examines the evolution of the EU's Russia policy since the 1999 Common Strategy on Russia. While highlighting recurrent weaknesses in policy, this chapter notes the emergence in 2004 of a more coherent framework for addressing European interests and values in common with Russia. Differences remain amongst member states, and problems endure in EU policy-making, but the new approach has strong potential to forge a genuine common foreign and security policy towards this strategic partner.

Russia and the international order

Sergei Karaganov

2

Russia and Russian foreign policy are now entering a new stage, having gone through both revolutionary and post-revolutionary phases. Russia is leaving the period when a predictable and constructive policy undertaken by the current president, contrasting favourably with the chaos and zigzags of Russian policies in the 1990s, has allowed the country to achieve easy victories and quickly improve its international prestige. The world's reaction to the new vector in Russian domestic policy has been cautious. Post-revolutionary transformations and consolidation always lead to the denunciation of some of the slogans and excesses of the revolutionary period. Moreover, these changes tend to presuppose a curtailment of democratic freedoms and in the economy. The results of the radical privatisation of the 1990s, which were not backed by legislative provisions, have been called into question by society and by the new elites that have come to power.

The revolutionary and post-revolutionary processes in Russia are proceeding at a time of unprecedented changes in international relations. This circumstance raises a most difficult challenge for Moscow: to meet Russia's foreign policy interests, which were never clearly formulated due to a process of continuing revolutionary transformation, in a radically changing external environment. This chapter first examines the wider trends at work in international affairs.

The world around Russia

The world order that we inherited from the Westphalian system, the bipolar structure of the Cold War, and the collapse of the colonial system (manifested in the concept of 'three worlds'), is undergoing a fast and profound transformation, whose results remain obscure. The world is undergoing concurrently two crises: a crisis of the international system per se, and a crisis in our understanding

of the nature of the processes under way in the international community. This second, intellectual, crisis can be overcome if the international community abandons customary institutional and theoretical frameworks that restrict expert thinking.

We must examine critically the political correctness that has emerged over the last few decades, which consists of a precarious dominant ideology fettering consciousness and leading one to draw inadequate conclusions, which, consequently, leads to dangerous mistakes in assessing the international situation. The postulates of this ideology include mutually exclusive concepts, such as 'inviolability of state sovereignty,' 'the right to national self-determination, up to separation and the establishment of a nation-state', 'democracy as a panacea for all social and economic problems', 'the democratisation of the world order', 'the moral obligation to support underdeveloped countries', 'the pursuit of a multipolar (or, on the contrary, unipolar) world' and even 'terrorism as the main threat to international security' (the main threat is rather posed by the proliferation and use of weapons of mass destruction (WMD) as well as general international instability).

The international system, based on the primacy of sovereign states and the central role of the United Nations (UN) in governing international relations, is weakening. In fact, the UN has never played a decisive role in international conflict settlement and peacekeeping, lacunae that have undermined its moral legitimacy. In addition, in the last few years another factor has emerged to challenge the legitimacy of the UN. Since the 1950s, dozens of countries have been granted independence and equal rights in the international system. Most of those countries have proven unable to develop into successful states. As a result, failing or failed states, incapable of ensuring economic and social progress or, indeed, guaranteeing human rights on their territories, abound in the UN. As such, the UN Security Council's mandate of 1945 must be brought up to date. How the Security Council should be modernised remains unclear to members of the UN, including Russia.

These deep-rooted factors, in addition to the UN's inability to prove its effectiveness in an overwhelming majority of acts of aggression and international conflicts, as well as United States and NATO actions made in circumvention of the Security Council, have led to a widespread perception that the organisation is in crisis. For now, the crisis has passed its acute phase. The United States, which has been unable to restore and reform Iraq on its

own, without the major powers that demand a UN mandate, is 'returning' to the United Nations. Washington seems to be departing from pursuing a primitive concept of creating a 'unipolar world'. The unilateral policy followed in Kosovo has also failed. These developments have alleviated, at least outwardly, the crisis facing the UN as the central organisation of the contemporary world order. However, should genuine UN reform not be launched soon, perhaps by strengthening related organisations intended to improve the governability of international relations, the crisis is bound to recur – and in a more unavoidable manner. For Russia, the UN crisis is a challenge, since UN Security Council membership is a principal source of political influence.

Globalisation is also developing in its myriad forms. These processes have helped to increase the world's Gross National Product (GNP) and to reduce poverty – largely because certain developing countries have successfully integrated into globalisation and benefited from it (above all, India and China). At the same time, globalisation has widened the gap between wealthy and poor countries. There are now three major groups of states in the world: core states, transitional states (which include Russia) and peripheral states and territories. The latter include failed states (numbering several dozen) and failing states (their number is greater). Russia is a borderline state, in the south neighbouring a group of failing or failed states in the former Soviet Union. Further to the south, the so-called Greater Middle East is almost entirely made up of failing states.

Recent developments – Pakistan becoming a full member of the anti-terrorist coalition, and the legitimisation of its and India's nuclear status; the increased attractiveness of WMD for many countries following NATO's attack on former Yugoslavia and the invasion of Iraq; abortive attempts to make Pyongyang give up its nuclear programme; renewed attempts by the United States to develop 'applicable' nuclear weapons; revelations of a widespread trade in nuclear technologies by Pakistan; the deep and long-lasting destabilisation of the Greater Middle East where there are several de facto or potential nuclear states, including Israel – all of these factors attest to the beginning of a 'second nuclear age'. A second nuclear age raises the danger of the use of nuclear or other WMD in international affairs. In this situation, Russia must also rely more on nuclear deterrence in new forms. In this, Russian policy and interests are close to those of the United

States – even though Moscow has criticised Washington's plans to make the threat of the use of nuclear weapons more credible. In addition, the threat of catastrophic terrorism involving WMD has increased. These developments taken together pose new challenges to international security as a whole, and to Russian security in particular.

The United States remains the world's indisputable leader in terms of economic potential, human capital quality, innovation resources and military might – including the readiness to use it. At the same time, its trend toward unilateral actions has tended to decrease. Certainly, the Iraq crisis has made the United States and its 'soft power' less attractive, which will most likely lead the United States to seek compromises and allies, including Russia. The myths of a 'unipolar world' and the 'unprecedented might of the United States' are being dispelled. Both international and Russian analysts now remind us that the United States was twice as strong economically as it is now – vis-à-vis the rest of the world – after the First World War and even more so the Second World War. Washington's huge military might has proven inappropriate for achieving concrete goals. Iraq is the latest demonstration of this paradox, but it was preceded by experiences in Somalia, Lebanon and Afghanistan, where the US-led coalition controls only Kabul. Moreover, at the peak of claims of US 'unipolarity', Washington 'missed' the emergence of two new nuclear states, and Pakistan's rise as a nuclear technology bazaar.

The United States is reducing its military presence in Western Europe and planning to deploy troops further eastward, specifically to South-East Europe, Central Asia and, possibly, the South Caucasus. These plans pose political and psychological problems for the Russian élite. At the same time, Russian and US interests largely coincide in their efforts to curb the proliferation of nuclear weapons, to combat terrorism, and to modernise the Greater Middle East. Thus, alongside trends that create friction between Moscow and Washington, there is a broad space for cooperation in the non-proliferation of WMD, radioactive and other hazardous material, in combating terrorism, and in the energy field. Thus far, Washington has placed the emphasis on cooperation with Russia in the wider strategic sphere, preferring to turn a blind eye to many aspects of Russian domestic policy. However, should fierce clashes between US policy-makers emerge over relations with Russia, or

should Russian policy reveal trends that are absolutely unacceptable to the American political class, Washington will waive its present realistic, if not cynical, approach and resume criticism of Russian domestic policy.

The European Union (EU) has scored impressive achievements in forming a new model of interstate relations and creating a precedent of a 'world government' – the cherished dream of many humanists of the last centuries. The integration process in Europe has overcome the grave legacy of continual war and is creating a new political culture. Moreover, Europe is consolidating its economic positions in the world. However, at the same time the EU has failed to work out a genuinely common foreign and security policy. Many observers in the European Union, and particularly outside it, have reached the conclusion that integration is consuming more political energy than it is producing, and that it is weakening the EU position in the world rather than consolidating it. EU enlargement, and the incorporation of the 10 new member states, may intensify this trend. The EU will face difficult decisions over the next few years if it is to make its foreign and security policies more suited to current realities and challenges. In the meantime, the EU remains a difficult partner for Russia, and indeed any other state. The EU institutional structure leads to complicated decision-making, which reduces opportunities for external partners, as well as EU member states, to influence the course of its common foreign and security policy.

The trend towards eroding transatlantic relations, which became apparent in 2002, remains a source of concern, rendering international relations ever more unpredictable. The disappearance of the uniting factor that was the 'Soviet threat' is one of the main reasons behind this trend. Thus far, the threat of international terrorism has not assumed the same importance as the former 'Soviet threat'. Also, the divergence of political cultures is deepening between the United States and Europe, as a result of Europe moving away from its own traditional values. The transatlantic difference in power potentials and readiness to use power has become ever more obvious. Also, the United States is moving to revise its long-held policy of supporting European integration, instead viewing Europe as both a partner and a rival, and seeking to impede its integration processes, especially in the political and military-political fields.

If in the past Russia was pleased to witness differences in the transatlantic community, these have become a source of concern, as the pool of potential allies for addressing new security challenges is diminishing. Moreover, Europe and the United States, in an almost undisguised rivalry, have begun to struggle to win Russia over to their side. The EU has sought alternatively to involve Russia in 'anti-American triangles' or to 'punish' it for 'excessive closeness' to Washington by toughening the EU position on Russia's accession to the World Trade Organisation (WTO). While tactically such rivalry may bring short-term dividends for Russia, strategically it involves Russia in disadvantageous conflicts, forcing it to divert already limited diplomatic resources to senseless manoeuvring.

At the same time, Russia's neighbour, China, has continued to develop rapidly. Analysis shows that the Chinese leadership is coping with challenge of modernisation and will continue to cope over the medium term. China has a strong chance of becoming the fourth, perhaps even third, world economic power over the next 10 to 15 years. Thus far, China has pursued a non-expansionist and non-aggressive foreign policy; this will continue over the next decade. Yet, China's size and growth rates pose a standing problem to Russia. The difference between the two countries' potentials has increased, and the problem of the depopulation and economic stagnation of Siberia and Russia's Far East is becoming psychologically difficult for Moscow to bear.

Over the last few years, tensions have grown between Islam-dominated countries, especially in the Arab Middle East and Iran, and other civilisations. The once great Islamic civilisation has seemed unable to adapt to the challenges of the contemporary world. Countries with a predominantly Islamic population, as a rule, have negative growth rates. Economic difficulties have tended to produce in them enmity toward the more successful parts of the world. The recent use of force by Western countries, above all the United States, has fuelled such enmity. The present upsurge of terrorism finds its roots in this economic gap and subsequent despair, against the background of a new international information transparency.

The former Soviet Union is also changing fast. Some of the newly independent countries, namely the Baltic States, have joined the EU and are 'destined' to stable development. Others, such as Kazakhstan, are also developing dynamically. At the same

time, other former Soviet republics can be classified as failing or failed states. The ruling circles of the members of the Commonwealth of Independent States (CIS) sometimes have complex views on relations with Russia and on the desirable extent and scale of cooperation with it. The situation in Belarus is a source of special concern from the social, economic and political points of view. The post-Soviet space has become a scene of growing competition between Russia and the United States and the European Union (the EU has thus far only stated its interests in the region). The competition has not assumed an antagonistic form, and in some cases competitive relations can be transformed into cooperation.

Since 2000, the world energy situation has been exacerbated, mostly owing to the profound destabilisation of the Greater Middle East and the aggravation of the Israeli-Palestinian conflict. Tactically, Russia has stood to gain from this situation, which has provoked a steady rise in oil prices, possibly to continue over the next few years, and an increase in world demand for natural gas. These trends have consolidated Russia's political position, although the inflexibility of the Russian pipeline network has reduced economic benefits and the political utility of the energy factor. The increase In the price of oil has also had negative consequences for Russia, as it has led Moscow to relax its zeal for reform. As a result, there is a strong probability that Russia will continue its traditional way of development, reliant on the extensive exploitation of natural resources, which would prove counter-productive in the medium term.

The growing instability of international relations, especially in the Greater Middle East (which de facto includes many of the former Soviet republics south of Russia), is reviving the role and utility of military force, and especially that of general-purpose armed forces. These forces have regained their role as an instrument for ensuring immediate state security and as a means for maintaining international stability within the framework of collective peacekeeping and police operations. The presence of forces capable of accomplishing new tasks, and the readiness to use them, has become an ever more significant factor in countries' overall weight and influence. This negative development in international relations has worked in favour of a relative increase in Russia's international weight. Despite a sharp decline in its military might, Russia has remained a major military power and is ready to use force.

However, Russia's contribution to world GDP will continue to decrease for several years, even if growth rates are maintained at an optimum level. This reality requires that Russia adopt a realistic approach in its foreign policy strategy, by avoiding costly variants and by constantly searching for coalition partners. Russia's share of the world population has also been decreasing. Although the decline is absolute, this trend does not signify that Russia is doomed to fall behind other countries, as contemporary international affairs attaches more importance to the quality than the quantity of a state's population: that is, its educational level, health and productivity. The trend is replicated elsewhere too, as the majority of underdeveloped countries have increasing population figures, while in advanced countries they are decreasing. As such, Russia's main task in order to sustain its competitivity and foreign policy positions lies in modernising the country's educational system and promoting the health of the bulk of the population. Certainly, one way to achieve this will be to overcome Russia's AIDS epidemic. From the point of view of foreign policy and national security, the modernisation of the educational system is as important as, if not more significant than, reform of the armed forces.

Trends in Russia

Since 2000, Russia has strengthened its foreign policy position. Russia's international weight has increased owing to positive changes in its economy, to the personal diplomacy of its president, and also to a number of objective factors, such as the destabilisation of international relations, the growing importance of the security factor and the increased dependence of the world economy on energy. The combination of these factors has gained Russia a leading position in world politics that does not reflect its real economic weight.

The last five years have seen continuous growth in Russia's status in international organisations, among them the G-8, in which Russia and its president have gained full rights. The Kremlin and the US Republican administration have focused efforts on becoming geostrategic partners, if not allies. Moscow's astute diplomatic manoeuvres following the attacks of 11 September created a unique atmosphere in Russian-US relations, made easier by the

personal relations between the Russian and American presidents. Their close cooperation in defeating the Taliban regime made the partnership weighty and real, so much so that Moscow and Washington avoided a crisis when the United States withdrew from the Anti-Ballistic Missile Treaty. The Kremlin ignored numerous domestic and international appeals to 'retaliate' against US unilateralism; yet it reserved the right to withdraw from the Strategic Arms Reduction Treaty (START) and to deploy ballistic missiles with multiple independently targetable re-entry vehicles. Russia also later declared plans to modernise its nuclear potential, all the while continuing its overall reduction.

In 2003, Russia and the United States skilfully 'stage-managed' the Iraq operation. Russia took a principled position against US plans to attack Iraq and warned in advance that it would oppose the use of force without UN Security Council approval. Yet, the Russian position was hardly one of confrontation with the United States, as Russia refrained from a direct clash, even if on several occasions it threatened to use its veto right. Overall, real friction over the military operation in Iraq arose between the United States and its traditional partners in NATO and not with Russia. For the first time in many years, Moscow did not let its European partners hide behind its back in their clash with Washington. Russia has gained much from its special relations with the United States. First, Moscow had relinquished its traditional disadvantageous anti-American policy. Second, Russia had become a privileged partner of the mightiest state in the contemporary world. Yet, Moscow's American policy cannot be considered balanced or sustainable. The bureaucracies of both countries abide by diehard traditional approaches and suspicions. More often than not, new and constructive agendas, planned at meetings between the two presidents, have failed to be implemented for lack of necessary mechanisms and follow-up. Traditional-thinking bureaucracies have often 'stifled', and even torpedoed, agreements reached by the two leaders through bureaucratic procedures.

Russia and the United States do have disagreements over policy on Iran. However, Teheran's position, which has become more realistic, has attenuated these differences. There remain inevitable suspicions about each side's residual nuclear arsenal. Moscow and Washington may clash if the United States opts to oust Russia from some of the former Soviet republics, especially considering that both countries' policies in the post-Soviet space remain

vague. However, the positive potential gained by the two countries in their bilateral relations, the commonality of many of their interests (combating terrorism and the proliferation of weapons of mass destruction), their energy dialogue, the closeness of their foreign policy philosophies, their mutual desire to avoid tensions in relations, and the new pattern of relations where they refrain from linking areas of cooperation with areas of conflict – these factors inspire hope that Russia and the United States will continue their positive interaction, especially in building an adequate institutional basis for relations.

Serious headway has been made in Russia-EU relations. The parties have intensified their bilateral dialogue, have had more frequent summit meetings, and have deepened their mutual familiarisation. Simultaneously, Moscow has maintained intensive summit-level contacts with major European countries. While the Russia-EU dialogue is useful per se, it has brought to light several problems. First, Moscow has realised that it has no bureaucratic mechanisms for extending effective influence over the decision-making process in Brussels before a decision is made. Also, the bureaucratic mechanism serving Moscow's European policy is very weak, both quantitatively and qualitatively. At the same time, EU foreign policy has become increasingly ineffective and sluggish, lacking flexibility in relations with other parties, including Russia. It is evident that both Russia and the EU lack a long-term strategy for their bilateral relations. On the one hand, the parties' declared programme to create a common economic space presupposes Russia harmonising its legislation with that of the EU. This point was also included in their Partnership and Cooperation Agreement (PCA) of 1994. On the other hand, the question of Russia's accession to the EU is not on the agenda, which calls into question the rationality and practicability of the objective of harmonisation.

Itself faced with an array of new challenges, the EU has decided to accelerate its enlargement. The increase in the number of EU member states has inevitably reduced the EU's ability to effectively interact with the outside world, including Russia. The long-term prospects of the EU itself have become even more vague, prompting questions about how the EU will develop over the next ten years and what form the Union will take.

Overall, the Russia-EU dialogue since 2000 has been positive, but no specific constructive solutions have been achieved. Negoti-

ations on Russia's accession to the WTO have been largely unproductive. Until recently, the EU resisted granting Russia the status of a market economy country. The negotiations on the Kaliningrad transit issue, which required much time and energy, produced only conflicting results. Early 2004 saw an aggravation of relations after Brussels demanded that Russia extend the PCA to the new members of the European Union and recognise all of their borders. In addition, the EU suddenly toughened its rhetoric against Russia, demanding a withdrawal of Russian military bases from Transnistria, the self-proclaimed republic inside Moldova, and from Georgia, even though having these bases makes possible effective peacekeeping, unlike European operations in former Yugoslavia. The EU also levelled harsh criticism against Russian policy in Chechnya, and concerning developments in Russian politics and the curbs on democracy. Brussels began to develop an independent policy toward some of the countries in the former Soviet Union, ignoring Russia's interests. Despite the efforts of individual EU member states, the general visa regime continued to be toughened. The impression is that the European Commission has started to revise its policy of rapprochement with Russia adopted in 1999, or, at least, has decided to sideline relations with Russia, as it did in the early 1990s. Such tough rhetoric provoked a strong reaction in Moscow. The parties did resume a constructive dialogue and were able to resolve many of the problems associated with EU enlargement. Yet, Russia and the EU have not worked out a long-term model for their relationship.

The goal of creating four common 'spaces' has not been rejected, but it has not been followed up by practical moves and remains for now purely declarative. Predictable limitations on the parties' rapprochement have emerged. The political classes in Russia and the EU have a noticeable difference in basic values. While existing within one civilisation, they live in different time zones. The Russian élite, which gravitates toward Europe, seeks to join the Old World of fifty or a hundred years ago. Meanwhile, contemporary Western Europe, which has received a unique chance to develop in a safe environment, is developing a new, 'post-European' system of values, which differs from its traditional one in renouncing the supremacy of the nation-state, rejecting violence and gravitating toward collectivism and social justice at the expense of individualism and capitalism. More recently, another source of friction has emerged. EU setbacks in the formation of

common foreign and security policies, and Europe's ensuing defeats in its rivalry with the United States, have prompted Brussels, some observers hold, to prove its capacity in the field of foreign policy by exerting pressure on Russia.

On the whole, the results of the last five years have been mixed. None the less, this does not mean that Russia must give up cooperation with the EU, especially as forms, directions and rates of Russia-EU rapprochement can be modified. However, Russia's 'Europe first' policy has not yet brought tangible dividends. Moscow has begun to depart from this policy line, but it would be disadvantageous for Russia to turn away from Europe. Still, the absence of progress in the 'Europe first' policy of the last few years is, perhaps, the largest setback in Russian (and EU) foreign policy. The historical opportunity to arrive at a strategic rapprochement between Russia and Europe has been missed yet again.

Russian relations with China are developing positively but controversially. The parties have continued their political rapprochement in both bilateral and multilateral formats. After a short break, Russian-Chinese trade has resumed at a fast pace, reaching US$11 billion. Political relations between the two countries remain outwardly positive. At the same time, there are problems in bilateral relations. Beijing reacted painfully to Russia's decision not to build an oil pipeline to Daqin, as this decision undermined China's plans to revive the backward economy of its north-east. Another setback for China was Moscow's last-minute decision to deny the China National Petroleum Corporation participation in the tender for Russia's Slavneft oil company. The propaganda about the 'yellow threat' remains alive in Russian society, although it has become less intensive, especially as the Chinese presence on Russian territory is microscopic (35,000 people according to the latest census). Even if this figure increased several times over, and included the numbers of Chinese staying in Russia illegally, it would not be as large as the number of Chinese who lived in Tsarist Russia. Close relations with China are important not only in themselves; they are a major factor affecting Russia's weight and influence on the international stage. Considering the huge potential of Russian-Chinese cooperation, the parties have made special efforts to restore and strengthen mutual confidence, to work out a joint economic strategy in certain fields, and to intensify political cooperation, both bilateral and with third countries. Cementing relations with China is a major factor for

building up Russia's international influence and boosting its economic potential.

Russian policy in the Greater Middle East may be described as largely successful. Moscow has avoided close attachment to either of the parties to the Arab-Israeli conflict, while at the same time consistently adopting a strong anti-terrorist position. Russia has preserved the possibility of an economic and political return to post-Saddam Iraq without being associated with the 'occupation forces'. Moreover, the final settlement of the Iraq conflict will occur, as has been repeatedly suggested, within a multilateral framework and in the direction of the international conference proposed by Moscow.

More widely, Russia has succeeded in cooperating with the United States and other members of the international anti-terrorist coalition in routing the Taliban, which posed the greatest threat to the security of Russia and its closest allies. Russian policy toward Iran has also been productive. Certainly, Moscow has not yielded to external pressure and has not halted the construction of a nuclear power plant in Bushehr, knowing well that this would rule out the prospects of Russian participation in similar projects elsewhere. At the same time, Russia, together with other members of the international community, led by the United States, has convinced Iran to agree to unconditional inspections by the International Atomic Energy Agency without prior warning.

On the whole, though, Russia does not have a deep understanding of the Greater Middle East. Neither has Moscow worked out a long-term strategy toward the region and its major states. In the meantime, it is quite obvious that Russia, as an immediate neighbour of this region and a country with unique experience in overcoming a totalitarian system and ideology, may help in the modernisation of the Greater Middle East. Russia may also play an important role in building a regional security system, without which all appeals for modernisation and democracy will remain utopian.

The Russian government has made some headway in policy toward the former Soviet republics. Russia has cemented ties with Kazakhstan, the fastest developing and most promising of these states. Relations with Georgia, a key country in the South Caucasus, have been moved from negative neglect to positive involvement by Russia. Yet, the almost hopeless crisis into which former Georgian leaders drove the country has prompted Tbilisi to divert

public attention from domestic difficulties by heightening tensions over its breakaway provinces and by trying to revive the phantom of an external enemy. In so doing, the Georgian leadership has ignored the reality that the only hope for Georgia to overcome its grave crisis lies in friendly integration with Russia in parallel with close relations with traditional Western allies.

Regarding security developments in the former Soviet Union, one should note first that Russian peacekeeping forces have continued to effectively maintain peace and stability in Transnistria, South Ossetia, Abkhazia and Tajikistan. Under Putin's leadership, the Collective Security Treaty Organisation and the Eurasian Economic Community have been created and reinforced. The Shanghai Cooperation Organisation has increased its potential, while GUUAM, the organisation uniting Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova, and intended to counterbalance Russian influence in the CIS, has grown noticeably weaker.

Serious difficulties have arisen in Russia's relations with Belarus. The construction of a Russia-Belarus Union has stalled, as the Belarussian leadership has departed from the policy of integration with Russia and has often taken outspokenly anti-Russian positions. Receiving significant subsidies from Russia, the Belarussian leaders use them to preserve their ineffective foreign policy and to suppress democratic freedoms, including the freedom of Belarussian and even Russian mass media in the country.

Finally, one should note that Russia has paid off the bulk of its huge foreign debt, which has given it more freedom to conduct a national foreign policy and has raised the level of Russian state sovereignty.

The tasks ahead

Russia's most important task ahead consists in its modernisation in order to become a first-class world power in the twenty-first century. To accomplish this task, Russia will have to overcome many problems. The list is long.

First, Russia must conduct an active and purposeful policy that seeks to preserve and build up its human capital, and to improve the level and quality of education in the country. In this field, Russia has a competitive edge over other countries with similar per capita GDP figures. Russia must also continue its efforts to ensure

its harmonious integration into the world economy and its timely and advantageous accession to the WTO. Russia must create the foreign policy prerequisites for attracting foreign investment. This objective requires comprehensive domestic measures and positive relations with developed countries. A country that has poor relations with the world's leaders is less attractive to domestic and foreign investors.

More widely, Russia must support international efforts to keep the world economy open. Russia must use the economic 'window of opportunity,' opened by the situation in the energy market, to develop advanced industries and improve the quality of its human capital.

The destabilisation of international relations, with WMD proliferation and the increased threat of conflicts involving WMD, requires Russia to devote more attention to security issues. These new challenges require continuous efforts to maintain a coalition with major countries, and above all with the United States, in combating terrorism and WMD proliferation. Also, Russia must pool efforts with other countries to stabilise the 'arc of instability' and the Greater Middle East through the non-violent modernisation of this region. At the same time, the growing unpredictability of world politics requires Russia to retain maximum freedom of action by avoiding formal obligations in the security field (this runs counter to the interest in maintaining coalitions).

The new military-political situation calls for the accelerated modernisation of Russia's general-purpose forces for use in preventing or suppressing local conflicts and participating in peacekeeping and police operations. In order to help prevent the further proliferation of WMD, Russia's nuclear forces must continue to be modernised in order to enhance their reliability and flexibility. The advent of the 'new nuclear age,' the proliferation of anti-missile defence systems, and the high degree of unpredictability of international relations, assign a greater role to nuclear weapons as a potential means to ensure security and to offset new threats and the further destabilisation of world politics. A serious nuclear potential is also critically important for maintaining the country's political weight during a period of relative economic weakness.

Russia is closely interested in the stability of the states of the former Soviet Union. In some cases, this objective can be accomplished by promoting their effective development. In others, the fulfilment of this task may require elements of military aid or even

coercion to create the conditions for peace talks. This policy should also seek to preserve Russia's military-political infrastructure in this region, including military bases that serve as a factor of stability in unstable areas.

More widely, a promising way to strengthen Russia's national security consists of building, jointly with the EU, an effective pan-European security system for combating terrorism, illegal human and drug trafficking, and organised crime. Russia wishes to see a strengthening of the UN system, modernisation of the Security Council and, possibly, an increase in the number of its permanent members. It may be expedient to review international law on the questions of humanitarian intervention, preventive and retaliatory operations, and the limitation of rights to self-determination. Another question to consider is the pressing issue of reviving the UN Trusteeship Council for mandated territories, which may be, for example, the only way to reach a settlement of the Palestinian-Israeli conflict. Moreover, it is likely that many failed states will have to become internationally mandated territories. On the whole, Russia must stop siding with conservative positions that cling to the crumbling international status quo, and adopt a prominent place among reformers of the system of international relations. Along with attempts to consolidate the UN and modernise international law, Russia must seek to form a security union among the world's strongest and most responsible states in order to maintain international stability, counter the further proliferation of WMD and international terrorism, and help in the modernisation of failing and failed states. Presumably, this will have to be formalised. The G-8, with China and India, may be the most logical basis for this union.

Moreover, Russia must upgrade and modernise its policy toward the former Soviet republics. An upgraded policy will include three elements:

- assistance in economic and social modernisation as well as the democratisation of these countries;
- their involvement in Russia's economic zone through market mechanisms;
- transition from the predominantly multilateral interaction within CIS frameworks to bilateral relations that would take into account the specificity of each country and Russia's interests in them.

At the same time, it would not be reasonable to abandon all CIS multilateral mechanisms. Those that have proven viable and effective must be preserved as instruments of national foreign policy. Russia must also provide active support to efforts to preserve and develop the Russian language and the position of Russian mass media in this region. Moscow must also actively support immigrants into Russia from the former Soviet republics and protect their human and social rights. As such, the essential philosophy of Russia's migration policy must be changed to create more favourable conditions for the assimilation and naturalisation of immigrants from the former Soviet Union. For this, Russian politics and society must resolutely abandon chauvinistic and racist attitudes towards immigrants and other foreign nationals, as these undermine Russia's international position.

Russia must seek progress, wherever possible and advantageous, in creating common 'spaces' in the former Soviet Union – in customs, economics, energy relations, and military-political ties. One should emphasise again that Russian policy toward CIS states must not be general but selective, aimed mostly at countries that are important for Russian economic and political interests. These states are, first and foremost, Kazakhstan, Belarus, Ukraine and the countries of the Caucasus. On the whole, Russia's CIS policy must be friendly and open, except towards countries that pursue an openly anti-Russian policy and violate en masse the rights of their citizens and ethnic Russians. This policy should be coordinated, wherever possible, with other countries that have interests in the post-Soviet space, such as the United States, China, and major countries of Western Europe.

At a wider level, global geostrategic realities, including Russia's inability to counter new security challenges on its own and the country's the need for economic and social modernisation, call for Russia to pursue further rapprochement with the West. At the start of the twenty-first century, 'the West' does not represent just the United States and Western Europe. Market economies and democracies, associated with the West, have also been developing successfully in parts of Asia and on other continents, while the traditional West is now characterised by increasing centrifugal tendencies. The notion of the West today includes all countries that are 'winning' on the contemporary stage of economic and political development. In the global context, Russia must not find itself

among the 'losers,' either economically or socially. Geostrategic challenges prompt it to seek a union with the 'winners'. Should Russia remain among the 'losers', the country will inevitably follow a path of further 'loss'.

At the same time, a fully-fledged union between Russia and the West is not yet possible. Moreover, such a union could be disadvantageous to Russia, as it has a unique geopolitical position, caught between two great divides: between the wealthy and the poor, and between the thus far losing civilisation of Islam and more successful civilisations. In addition, the relatively traditional character of Russia's economic and political culture, the differences of values between Russian and Western societies (this difference is greater with Europe, which has entered a new stage in its development, rejecting, or having outgrown, many of its traditional values, and somewhat smaller with the United States), the peculiarity of Russia's geographical position, and the specificity of security challenges raised by this position – all of these factors make a policy of complete Russian rapprochement with the West temporarily impossible and, therefore, undesirable. In this situation, Russia should adopt a policy that has as its slogan: 'Together with the West but going our own way'. None the less, rapprochement and integration with the West, that is, with the world's successful states, should remain a long-term vector of Russian policy.

Still, Russia should not focus only on relations with the West. Russian policy, and especially its economic policy, must be multivectoral in order to widen the scope for political manoeuvring. Russia must actively develop relations with India, China, the south-east Asian countries, and the states of Iran and, hopefully, Iraq. In 2004, Russia's foreign policy was officially described by the Kremlin as being 'multi-vectoral' rather than aiming at a 'multipolar world'. The 'multi-vectoral' character of Russian foreign policy has been repeatedly emphasised by President Putin and Foreign Minister Sergei Lavrov.

Of special importance in this connection is the deliberate diversification of energy flows from Russia, as well as efforts to overcome the political vulnerability of part of the infrastructure and the excessive dependence of Russian gas and oil exports on a narrow group of markets. This dependence can be overcome through state guarantees to private investment in the energy infrastructure, as well as through direct state investment in the construction of new oil and gas pipelines. Simultaneously, Russia

must adopt the practice of swapping energy flows with adjacent states. Other countries should not be alone in seeking to diversify energy delivery routes; Russia must also take the initiative in this field. Diversifying routes for energy transportation to the north, north-west, the Far East and the south, in order to be able to substitute energy flows, is a historic task for the near future. In the short term, this strategy will be costly, but in five to seven years it will yield tangible dividends.

An orientation to the West must not automatically involve Russia in actions against Islamic countries. Considering its geographical position, Russia must seek, wherever possible, to avoid confrontation with the Islamic world and to cooperate with it, by serving as a cultural bridge. This requirement is driven not only by the fact that Russia has a large Muslim population (which keeps growing) but also because Russia is vulnerable geographically and has already made a great contribution to fighting Islamic extremism – in Chechnya and adjacent areas. At the same time, there should be no doubts about Russia's role in the struggle against terrorism and WMD proliferation.

A paramount role in Russia's strategic orientation toward rapprochement with the West must be assigned to the establishment of the closest possible partnership with the United States as the leading country in the contemporary world. This policy of strategic partnership does not presuppose (as both parties have agreed) the total coincidence of Russian and American interests or the subordination of Russian interests as the smaller partner to American interests. Russia is not interested in the further degradation of the US policy toward an increased unilateral use of force and the ultimate transformation of the United States into an ineffective world leader. On the contrary, Russia is interested in the United States as an effective leader of a coalition of the world's most powerful and responsible states that can address the dangerous challenges of the new age.

For the United States to oust Russia from the post-Soviet space would run counter to its national interests. Both countries have a common interest in preventing further destabilisation in a number of post-Soviet states. But Moscow is deeply concerned with attempts to oust it from this space. In most cases, Russia is quite capable of fighting for the preservation of its position. At the same time, Moscow understands that such a fight – which would be a farcical semblance of the Cold War – would distract both countries

from resolving much more important problems. A complicating factor, however, is that the élites of failing states in this region harbour the illusion that they can save themselves by playing off conflicts between the great powers. As such, the most important task in the period to come is to build an effective mechanism for cooperation with the United States, which would let Russia implement summit agreements, defend and promote more effectively and specifically its interests in interacting with the United States, and establish an efficient partnership. Areas of top priority in relations with the United States include the non-proliferation of WMD, the common fight against terrorism, reform of the governance of the international system, regulation of the latent nuclear confrontation, the modernisation of the Greater Middle East, ensuring international energy security, interaction in countries of the former USSR, preventing a broadening of the transatlantic rift, and promoting the constructive integration of China into international structures and its transformation into a major and effective bulwark of international stability.

Building new relations with Europe, that is with the European Union, will be one of Russia's most difficult foreign policy tasks over the coming period. There is no alternative to long-term rapprochement. However, past experience, both negative and positive, requires a realistic modification of Russia's relations with the EU. Russia should also continue a twin-track approach in Europe that combines interaction with Brussels with an active dialogue with Europe's major states. Russia must build an effective mechanism for promoting its interests in Brussels *before* decisions are made there because, once a decision is made, it is very difficult to influence it or have it changed. For this, Russia should consider modernising the legislative basis for its relations with the EU. The 1994 Partnership and Cooperation Agreement could be modified so that it better corresponds to the real opportunities for rapprochement and the pursuit of Russia's interests, rather than some ideal perception of an interaction model. Considering EU reluctance to view Russia as a potential EU member and Russia's lack of desire to openly seek such membership in the foreseeable future, Russia should revise provisions on the harmonisation of Russian and EU legislation, which in fact call for the unilateral adoption by Russia of European legislation. Should the EU not agree to this, Russia should raise the question of drafting a new contractual agreement.

Russia should also continue its rapprochement with NATO, both from the political point of view and in order to create mechanisms for addressing specific security problems, especially as NATO still has the potential to become a global military and political union, indeed, even the UN's 'mailed fist'.

Russia's proximity to the Greater Middle East, which includes some CIS states, makes instability in that region a challenge to Russian security. Apart from internal sources of regional destabilisation and the rise of terrorism, directed both within and outside, several nuclear states in the region have emerged, reflecting an intensive regional arms race. Most of the countries in this region do not feel even relatively safe. Therefore, in addition to international efforts to modernise the region, it would be very useful to devise a model of collective security that was guaranteed by the great powers, possibly through a Helsinki-type dialogue. In this way, motives for obtaining and building up nuclear potential and general-purpose forces could be reduced in the case of Iran, Pakistan and later even Iraq, Saudi Arabia and other countries.

Finally, a key task is to strengthen and modernise the country's foreign policy apparatus, which was partly decimated during the years of revolution. Russia is gradually regaining the status of a normal great power and a world leader. In addition, contemporary international relations are becoming more complicated. Both factors require Russia to be underpinned by appropriate intellectual and foreign policy resources.

Putin at the helm

Alexey Pushkov

3

During the first presidential term of Vladimir Putin, Western observers were kept guessing as to what to expect from this former KGB officer, as the Russian president was constantly referred to. Putin established good, even warm personal relations with key Western leaders, including George W. Bush, Jacques Chirac, Gerhard Schröder, Tony Blair and, later, with Silvio Berlusconi. He deeply impressed America by having been the first foreign leader to call President Bush after the tragedy of 11 September 2001, offering Moscow's unconditional support. For his part, George Bush looked into Putin's eyes and 'saw his soul'. The American president felt a surge of trust towards Putin at their first meting, and immediately invited him to his ranch in Crawford, Texas. Putin became a natural participant in the G-8 summits. In May 2003 he even played host to its other members on the occasion of the 300th anniversary of his native St Petersburg, something his predecessor Boris Yeltsin had never been able to achieve.

And yet Putin remained largely an enigma to the world. Boris Yeltsin, the 'demolition man' of the 1990s, for all his bursts of rage and unpredictability, had been much more transparent and easier to read. Putin seemed to be Yeltsin's exact opposite: young, sober, healthy, considerate and reliable. Still, a large part of the Western media and political class felt nostalgia for Yeltsin, remaining suspicious of Putin. Strobe Talbott, the former US Deputy Secretary of State, described in his book *The Russia Hand* the ways in which the Clinton administration outmanoeuvred and effectively controlled Boris Yeltsin, despite Yeltsin's sumo wrestler approach to diplomatic interaction.[1] From the very start, Putin was a different kind of partner. Talbott was impressed by Putin's low-key and soft-spoken manner, as well as his well-advertised black belt in judo. 'Putin was just about the coolest Russian I have ever seen', Talbott recalled.[2]

Bill Clinton, who had two encounters with Putin that were filled with edgy debate about Chechnya, remarked: 'He is tough

1. Strobe Talbott, *The Russia Hand* (New York: Random House, 2002), p. 359.

2. Ibid., p. 335.

and he is strong and he's got a lot of energy and determination.'[3] The key question, for both Russia and the West, remained though: determination for what? Behind this query lay two other questions: who was Mr Putin, and what was he really after?

By the end of Putin's first presidential term and the start of the second, a number of foreign observers had reached an answer. Putin's main goal, in their view, was to establish an authoritarian regime and restore Russia as an imperial power. Some asserted that his aim was even to establish a dictatorship, comparing him to Josef Stalin. In March 2004, US Senator John McCain delivered a speech before the United States Senate in which he accused Putin's Russia of becoming a replica of the Soviet Union and called for a new policy that effectively would lead to a new Cold War. That this sentiment runs deep was evident on 30 September 2004 when, barely one month after the hostage-taking crisis at Beslan, 112 Western, mostly US political figures and experts, called on the heads of state and government of EU and NATO countries to reconsider policy towards Russia, accusing Putin of using Beslan to further undermine Russian democracy.

Year 2000: getting Russia back on its feet

On 26 March 2000, Vladimir Putin inherited a weak, corrupt and paralysed country on the verge of disintegration. Some considered Russia to be in the throes of 'wild capitalism', while others referred to 'robber baron' or 'crony' capitalism. At this point, the Yeltsin 'family' that controlled the country was still strong. To alter this inheritance presented a formidable task. Although the political and economic system created under Boris Yeltsin was distorted and inefficient, it had put down deep roots and was quite balanced, albeit in a perverse way. Rather like a paralysed body that summons up the resources needed to survive, Yeltsin's Russia had adjusted to the distortions of his rule. Putin's strategic goal was to get Russia back on its feet. Here, he confronted a number of challenges.

First, Putin had to face the danger of Russia's slow disintegration. The possibility of Russia's disintegration was widely discussed throughout the 1990s, and the scenario was more plausible than it seemed at first glance. Russia's collapse would not have led to its partition into three parts – European, Siberian and Far Eastern – as Zbigniew Brzezinski once predicted. However, Russia

3. Ibid., p. 361.

faced the real danger of losing Chechnya and then having to deal with the spread of separatism to other autonomous republics. The threat was most acute in the North Caucasus. Far from being content with achieving de facto independence from Russia under the 1996 Khasavyurt agreements, the leaders of Chechnya decided to export separatism and radical Islam to neighbouring, predominantly Muslim Russian republics.

The attempt by Chechen fighters to destabilise Dagestan in August 1999 was vivid proof of such designs. If Russia wanted to survive as a country and prevent the spread of bloodshed, these developments could not be tolerated. Therefore, the second Chechen war was less Putin's choice than an inescapable necessity. As a federation, Russia could not afford the luxury of tolerating separatism and excessive regionalism, unless it accepted watching itself slowly fall apart.

Putin's second challenge was to limit the incommensurate influence of big business. The so-called 'oligarchs' had by the end of the Yeltsin era acquired both influence and power, moving from economic privatisation to what was aptly called the privatisation of government. After 1996, when they came to Yeltsin's rescue and orchestrated his victory in the presidential elections, the 'oligarchs' started to regard themselves as Russia's real rulers. Boris Berezovsky was the first to put it publicly. In an interview with the *Financial Times* in November 1996, he declared that seven financial groups, and seven people specifically, owned half of the Russian economy and were running the country (interestingly, Yeltsin was not included in the list). Soon after the 1996 election, Berezovsky, despite his highly dubious reputation, was appointed Deputy Secretary of the Security Council. Another 'oligarch', Vladimir Gusinsky, used his powerful media assets to extort credits from the state-owned Gazprom, credits he did not intend to reimburse. Other leading business figures unabashedly used money and influence to extract significant privileges from the Government, which in 1996-97 was little more than a tool in the hands of the 'oligarchs'.

In January 1997, the Russian 'oligarch', Vladimir Potanin was asked at the Davos Forum by *The Wall Street Journal Europe* if the 'oligarchs' were not in fact 'robber barons'. To a straight question Potanin gave a straight answer. Russian businessmen, he said, like those everywhere across the world, seek to maximise profits by all means available. The task of government was to control and check big business. However, if the Government did not fulfil this role,

he said, no one could help this. Potanin, in other words, all but admitted that Russian oligarchs were indeed robber barons.

All of the 'oligarchs' were in fact former Soviet citizens-turned-businessmen, and therefore represented a particular type of *homo sovieticus*, in the phrase coined by the philosopher Alexander Zinoviev. Psychologically, they were heir to the old Soviet élite rather than some pro-democracy force. Their vision and objective was 'to divide up all property'.[4] As for 'democracy', it was little more than a useful term to disguise a process of 'wild privatisation'. Having received a Marxist-Leninist education, these men applied what they had learned to a new Russian reality, and, in this, were closer in thinking to Vladimir Lenin than to Western democratic thinkers. As Berezovsky put it, 'democracy everywhere in the world is the rule of big money.' And he meant it.

While Vladimir Lenin would have applauded this definition, Vladimir Putin did not and could not, if he intended to be a real as opposed to a token president. If Boris Yeltsin, who spent a greater part of his second term in the Kremlin hospital than in his Kremlin office, found it convenient to delegate running the country to 'oligarchs' closely connected to his 'family', Putin stressed from the outset that the rules of the game would change. Berezovsky failed miserably in his attempt to transform Putin into another puppet. Facing a number of criminal charges, he decided in mid-2000 to leave Russia. Gusinsky, who also failed to find a 'common language' with the new president, launched an information campaign against Putin, and turned his television company, NTV, into a political tool in a new information war. After six months of stand-off, Gusinsky recognised that he had lost the battle and control over NTV. After having spent a few days in a Moscow prison, he left Russia. With the two most politically aggressive 'oligarchs' exiled, Putin turned to address the remaining bulk of big business. At a Kremlin meeting in August 2000, he proclaimed new rules of the game: the oligarchs would preserve their assets and wealth if they stuck to business and did not try to dictate policy to the Kremlin. In 2000-01, Putin proceeded to remove control over the leading Russian television channels from the hands of the 'oligarchs' and the political groups connected to them.

The third challenge resided in the realm of foreign policy. The end of the Yeltsin era was marked by the lack of a clear political line. Yeltsin's erratic course was most evident in his dealings with the United States. On the one hand, Yeltsin tried to place Russia

4. See Peter Reddaway and Dmitri Glinsky, *The Tragedy of Russia's Reforms: Market Bolshevism Against Democracy* (Washington, DC: United States Institute of Peace, 2001), p. 494.

on an equal footing with the United States, and when rebuffed, repeatedly resorted to threatening rhetoric. On the other hand, he constantly bowed to pressure from the Clinton administration. Russian reactions to the war in Yugoslavia – the NATO bombing campaign in Kosovo – exemplified this inconsistency. Moscow had been adamantly against such a war. Having learnt of the start of the bombing while on his way to Washington, DC, Primakov called Yeltsin and made his famous U-turn over the Atlantic, aborting his trip. Three months later, Yeltsin saved NATO from the looming quagmire of a ground war by dispatching Viktor Chernomyrdin to persuade Slobodan Milosevic to accept the NATO ultimatum. Then, ten days later, on 11 June 1999, just as the Western media were praising Russia's role, Moscow startled all of her partners by moving Russian troops from Bosnia to Pristina, Kosovo's capital. Having raised the stakes and risked confrontation with NATO, Yeltsin then backed off. In order to ensure a pleasant G-8 meeting in Cologne, the Russian president dropped his demand for Russia to have its own peacekeeping sector in Kosovo.

Reflecting Yeltsin's policy of fits and starts, Putin opted for careful rapprochement with the United States and closer relations with Europe. His strategic partnership with George W. Bush was sealed after 11 September 2001, when he offered support in the war against international terrorism. Putin normalised relations with the North Atlantic Treaty Organisation (NATO) as well, and secured Russia's position as a privileged partner of the European Union (EU). As a result, for most of Putin's first presidency Russia avoided any major crisis in its relations with the United States and Europe, and engaged in a balanced and long-term effort to rebuild Russia's international standing.

By 2004: the emergence of a new system of rule

From the start, it was apparent that, although chosen by Yeltsin, Vladimir Putin would be a very different president. By 2004, it was clear that Putin had used his first term to set the stage for deeper changes in Russia's domestic, economic and foreign policies. By the end of his first term, few elements were left of Yeltsin's political regime. Although at official receptions in the Kremlin Boris Yeltsin stands next to Putin, and his 'family' still controls important finan-

cial assets, things have changed. The former president has little influence on domestic or foreign policies. Yeltsin's role seems limited to defending the position of his 'family' and to backing some figures from his former entourage. The political scenery is dramatically new.

First, Putin restored the governability of the country and stopped Russia's drift towards disintegration. Under Boris Yeltsin, the breakaway republic of Chechnya, led by armed separatists and Islamic terrorists, had slowly but inexorably moved towards independence. This movement exacerbated veins of latent separatism in other, especially Muslim, parts of the Russian Federation. At the same time, powerful regional leaders were distancing themselves from Moscow's rule. Yeltsin's famous 1991 call to Russia's autonomous republics to 'take as much sovereignty as you can swallow' was leading to the growing regionalisation of the country.

In a federation consisting of 23 ethnically determined republics, decentralisation was fraught with the potential of collapse, and Putin's first task was to put an end to this. In his first term, Putin also asserted Moscow's control over regional governors. The powerful Federation Council, the upper chamber of the Russian parliament that brings together regional leaders, was reformed to this end. The price of reform was high, as the Council effectively stopped playing a significant role in politics. However, controlling the governors allowed Putin to halt the drift of regions and republics towards greater autonomy.

In response to the Chechen invasion of Dagestan and terrorist acts in Moscow, Putin launched major military actions against Chechen separatists. The offensive brought results. By spring 2004, dozens of leading Chechen field commanders had been killed or arrested. In September 2003, elections had been held in Chechnya, under direct Kremlin supervision. Quite predictably, Akhmed Kadyrov, a former Chechen field commander and separatist who switched camps to become Moscow's man, was elected president. Although contested by the West, the elections were important for Putin, as they legitimised Kadyrov as Chechnya's new ruler. They also highlighted a split between Chechen élites and society, many of who, tired by the war, were inclined to seek compromise with Moscow. As a result, a number of powerful Chechen clans turned against the armed separatist movement. The hostage-taking crisis at Moscow's Dubrovka Theatre in

November 2002 seemed to be one of the last convulsions of a weakening Chechen resistance. Later, Russian success in Chechnya turned out to be less than certain. However, at the moment of his re-election in March 2004, Putin saw Chechnya moving from war to peace.

Second, under Putin, the clash in Russian politics between the right, embodied by liberal reformers, and the left, represented by the communist party, which had rocked Yeltsin's Russia, came to an end. During the Yeltsin era, this confrontation produced bloodshed in October 1993, drama-filled elections in 1996, a fierce stand-off between the executive and the legislative and repeated attempts to impeach Yeltsin. Nothing of the sort occurred during Putin's first term. Moreover, the Communist Party of Gennady Zyuganov, once a dominant force, received only 12.9 per cent of the vote at the Duma elections of December 2003. During the 2004 presidential elections, the communist candidate received only 14 per cent, much lower than Zyuganov's 32 per cent in the first round in 1996 and 22 per cent in 2000. In the 2003 Duma elections, United Russia, the party backed by Putin, captured a large part of the communist and the liberal electorate. The Communist Party could still generate opposition to controversial steps taken by the Government but was not strong enough to 'kill' new legislation.

The dramatic weakening of the communists was matched by the downfall of Russia's traditional right wing. In the mid-1990s, support for right-wing parties reached some 20 per cent of the electorate. In 1999, SPS and Yabloko obtained together around 15 per cent of the ballot. However, in 2003 neither managed to overcome the 5 per cent threshold to obtain seats in the Duma. The defeat of both parties was full and complete: they were supported by less than 9 per cent of the electorate. This has led to a dramatic reversal in Russian politics: a number of ring-wing politicians, who had defined the course of economic reform and occupied leading positions in government (Anatoly Chubais, Boris Nemtsov, Yegor Gaidar, Sergei Kyrienko) had either been marginalised or had, like former Prime Minister Kyrienko, joined Putin's team.

Third, the overriding influence of the 'oligarchs' over Russian politics was significantly reduced. Between 2000 and 2002, the quid pro quo offered to them by Putin seemed to have worked: the 'oligarchs' stopped meddling directly in Russian politics, and, in

response, assets and property acquired during the controversial privatisation and loans-for-shares auctions were not questioned by the authorities. However, in 2003 the cease-fire was broken when leading oil tycoon Mikhail Khodorkovsky decided to challenge the new paradigm of power built by Putin. Khodorkovsky attempted to convert a huge personal fortune (US$15 billion according to *Forbes* magazine) and control of Russia's premier oil company, Yukos, into political power. His goal was seemingly to establish a large degree of control over the legislative (the Duma and the Federation Council) to set the stage for turning Russia into a parliamentary republic. In such a republic, the role of the president would be reduced to largely symbolic functions, and real power would be concentrated in the hands of a prime minister chosen by a majority in the Duma. Persons close to Khodorkovsky hinted that he personally intended to become head of the government after a bloodless constitutional revolution. Although Khodorkovsky was strong and resourceful, his recent past made him vulnerable. In October 2003, he was arrested under criminal charges, accused of seven major breaches of the law, starting with a massive tax evasion. The criminal aspect of the Yukos affair was not lost on the other 'oligarchs'. A signal was thus sent by the Kremlin, and it was a very strong one.

The 'Yukos affair' marked a qualitatively new stage in relations between the Kremlin and big business. No more could 'oligarchs' claim, as Berezovsky had in 1996, that a few financial groups controlled the country. Understandably, these figures retained significant influence, but this was not comparable to the closeness to the Kremlin a number of them had enjoyed between 1996 and 1998. At the same time, the Khodorkovsky trial did not trigger the witch hunt against all oligarchs so feared by some influential businessmen. The affair appeared, at least until autumn 2004, to be a showcase rather than the start of a large de-privatisation campaign. Clearly, Putin did not want to destabilise the economy by reconsidering wholly the privatisation deals of the 1990s, however dubious and even illegal they may have been.

Fourth, Putin formulated a more consistent foreign policy, designed to break with Yeltsin's erratic line and to establish realism and pragmatism as key instruments for attaining Russia's national objectives. Putin started from the premise that Russia was a European country with a European vocation and, thus, a role to play in European affairs. According to the president, partner-

ship with the EU and leading European countries were the sine qua non of a successful foreign policy. Putin also placed a high value on partnership with the United States as instrumental for Russia's integration into the world economy. In his system of coordinates, an important role was also reserved for Asia, and, most importantly, China. The main goal of foreign policy, as reflected in Russia's official concept, was the creation of conditions to ensure Russia's economic rebirth through a logical and realistic *tous azimuts* policy that had a leaning towards the West. While this policy line was criticised for failing to take into account the divergence of Russia's strategic interests from those of the United States in a number of regions of the world, no viable alternative was elaborated. By and large, Putin's foreign policy received support from Russian citizens and political élites.

Finally, if, under Yeltsin, the Kremlin and Government were run to a large extent by Yeltsin's 'family' circle, thus creating a split in Russia's ruling élites, Putin built a new balance of different groups of influence. Around Putin, a qualitatively new configuration is at play, consisting of a combination of liberal reformers, Putin's St Petersburg loyalists (usually of moderately liberal conviction), former special forces and army officers who had served under Putin (the so-called siloviki), and representatives of the old Kremlin guard, inherited from Yeltsin times. Although liberals in government are less numerous than during the Yeltsin years, they have conserved a decisive influence over economic policy. These figures are also generally on good terms with the 'Petersburg moderates'. Putin appointees from Russia's second city occupy a number of high-level bureaucratic positions. The siloviki, military and security officers, had been largely under-represented in Yeltsin's apparatus, and their influx into positions of political influence, as well as in state-run companies, constitutes a major departure from Yeltsin times. The old Kremlin guard, former Yeltsin political and economic managers, which had been dominant in the late 1990s, suffered most from Putin's rule. In October 2003 and March 2004, Putin fired two key figures inherited from Yeltsin. The first was Alexander Voloshin, the powerful, not to say Machiavellian, head of the presidential administration. Then, on the eve of the presidential elections, Putin fired Prime Minister Mikhail Kasyanov. However, a large number of important positions both in the presidential administration and in the Government remain occupied by Yeltsin era appointees.

Taken together, these groups form a unique combination under Putin. All are interested in political and economic stability, and all have a vested interest in maintaining the status quo. Coupled with the high level of popular support for Putin, the basic consensus between these different élites underpins the political stability that marked Putin's presidency until recently. It is on this basis that Vladimir Putin intends to accomplish the strategic goal of modernising Russia and creating a competitive economy. The need for modernisation is strongly felt by Putin personally, and is supported by Russian society. The secret of Putin's popularity is simple: he has offered to Russia a national idea that was absent during the Yeltsin era, which is that of Russia's revival. And, unlike Yeltsin, who was obsessed with personal power, the majority of Russians think Putin is serious about this goal.

New challenges

Putin's triumph at the March 2004 presidential elections, when he received 75 per cent of the vote, was the result of his overall success in ruling post-Yeltsin Russia. However, the start of his second term has cast doubts on a number of his achievements.

On 9 May 2004, a powerful bomb placed under the presidential section of the Grozny stadium killed Ahmed Kadyrov, Chechnya's president who was strongly backed by Moscow. The terrorist attack marked the start of a series of terrorist acts that have deeply shaken Russia and called into question the efficiency of Putin's policy towards Chechnya. This series included explosions in Moscow, raids by Chechen fighters on Nazran, the capital of Ingushetia, and on Grozny, two suicide attacks against Russian aircraft that killed 90, and the seizure of a school in Beslan, a small town in North Ossetia on 1 September 2004. A group of terrorists managed to seize more than one thousand hostages in the school building. Even if the terrorists put forward the traditional demand to Moscow that Russian troops be withdrawn from Chechnya, their real goal was to strike at Putin's personal political authority. The terrorist act, and its human toll (there were over 300 deaths, the majority of which were children) provoked a short but intense political crisis which can be compared only to the crisis of September 2000, when the submarine *Kursk* sank in the Barents Sea. Putin's level of support plunged from 72-75 to 66 per cent.

By the end of September, this crisis subsided and Putin's rating returned to its usual high level. Still, a blow had been struck against the president and his 'vertical of power', which he had carefully built over the first four years of his rule. Suddenly, the wisdom of the 'vertical' was widely questioned. What was its use, indeed, if it could not prevent repeated terrorist attacks? The messy and seemingly improvised storming of the school, which was broadcast across the country on leading TV channels, the evident lack of a clear plan to save the hostages, the low level of preparedness of the security forces, all of these provoked a sharp public debate. While Putin was not held personally responsible by the bulk of the population, the authorities were blamed for the tragic outcome of Beslan. Since September 2004, terrorism, and the unresolved Chechen crisis, has become the most important challenge for Putin. The president reacted by proclaiming a state of war against terrorism. Paradoxically, he placed stress not on new security measures but on a wide range of reforms of Russia's political system, which aimed, in his words, to strengthen the unity of the country in the face of the threat. Putin was immediately accused by the opposition of exploiting the Beslan tragedy in order to achieve two goals: first, to bolster his personal rule and second, to establish a dictatorship. These accusations rang out despite the fact that the measures that Putin proposed – to appoint governors rather than elect them, and to introduce a new electoral system for Duma elections – do not contradict the letter of the Constitution.

This new confrontation between the president and the opposition, however weak and disoriented, constitutes the second new major challenge for Putin. If, during his first term, Putin had to face down a part of big business, including such political emigrants as Berezovsky and Gusinsky, and a few marginal democratic groups, his second term may feature a far more serious test of his political will and capacities. The new opposition is likely to consist of wider forces, and may include the liberal parties that lost the last Duma elections, parts of the media financed by some 'oligarchs', the anti-Putin section of big business, which is still hostile because of Khodorkovsky's arrest, some regional financial and power groups, irritated by the growing centralisation of power and the new reforms, as well a shadowy coalition of exiled 'oligarchs' now in London and Israel, who consider Putin a personal enemy.

A third, less dramatic challenge lies in the field of foreign policy, and especially in relations with the United States. Growing strains in the relationship had already appeared in 2002-03. After the US presidential elections, they may turn into a 'Cold Peace'. By unconditionally supporting the United States after 11 September 2001, Putin earned American sympathy but not influence over US foreign policy choices. In December 2001, the Bush administration withdrew from the ABM treaty, which was seen by Moscow as the cornerstone of global strategic stability. Washington continued to challenge Russia's interests in the former Soviet Union. The United States and its European allies had proceeded with a further round of NATO expansion, bringing the Alliance directly to Russian borders. Putin accepted these developments with calm. Although he called the unilateral abrogation of the ABM treaty 'a mistake', he maintained a steady effort to sustain good relations with the United States. The Russian president reached a new arrangement with the enlarged NATO, supported US military actions in Afghanistan and never voiced opposition to US military bases in Central Asia, even if the Taliban regime had long been overthrown.

While widely acclaimed in the United States and Europe, this policy produced few practical gains for Russia. NATO expansion was not postponed. The United States showed no inclination to remove its bases from Central Asia. While refraining from turning the Chechen issue into a point of conflict with Moscow, the Bush administration sharply and repeatedly criticised Russia for its 'indiscriminate and excessive use of military force.' Moreover, Washington kept calling for a 'political solution' to the situation, which was seen by the Kremlin as disguised support for Aslan Maskhadov and the exact opposite of Putin's policy. Washington and London added insult to injury by granting political asylum to Aslan Maskhadov's close collaborators, Ilyas Akhmadov and Akhmed Zakayev, rejecting Russian demands for their extradition.

Gains for Russia were mostly symbolic. Bush invited Putin to his ranch in Crawford, Texas, which was a sigh of sympathy and trust, but relations hardly went deep in substance. In May 2000, the two presidents had signed a treaty providing for deep cuts in their nuclear forces in largely symbolic terms: the removed warheads would not be destroyed but stored, and, thus, could be exploited in the case of necessity. At the same time, the United

States Congress refused to repeal the so-called Jackson-Vannick Amendment, which is one of the remaining symbols of the Cold War confrontation. In this context, Russia's refusal to support the US war in Iraq marked a watershed in relations between Moscow and Washington.

Therefore, at the start of his second term, Putin had to reconsider some of the premises of his post-11 September line towards Washington. Would Russia support the United States in the event of military strikes against Iran or North Korea? Would it consider it wise to support the hegemonic trends in US foreign policy or rather seek to curtail them? Would Russia curb efforts to enhance influence in the former Soviet Union under pressure from Washington? These are the questions facing Putin.

Relations between Russia and the EU were more smooth, but also displayed low-level tension. On the positive side, the two parties agreed to develop a 'strategic partnership' and made progress in drafting four common 'spaces'. On the bilateral side, the *entente cordiale* between Paris, Berlin and Moscow over the Iraq war was an important factor of political rapprochement between Russian and two leading EU countries. However, European criticism of the war in Chechnya poisoned the relationship. EU enlargement brought additional problems to the table: the Kaliningrad area became an enclave, and negotiations failed to produce an agreement to allow Russians to travel freely to and from this part of Russian territory. The EU visa regime exacerbated relations. Moscow sought a special agreement to give Russians greater freedom to travel to the Schengen zone; but, much to Moscow's dismay, Brussels refused the proposal.

Moreover, Putin's domestic policy had become a key issue in relations with the United States and the EU. A number of important American figures called for the new US administration to inject a 'dose of tough love' into relations with Russia, and sharply criticised Putin's political reforms. These voices insisted that good relations with Moscow should not be bought at the expense of Russian democracy. Similar refrains may be heard in Europe. It is unlikely that Putin will refrain from consolidating Russia because of this criticism. As such, the Russian president must make a difficult foreign policy choice: allow his domestic policies to jeopardise relations with Western countries or permit foreign policy considerations to prevail and refrain from moving Russia towards authoritarianism.

Year 2008: what kind of Russia?

Will Russia remain democratic or evolve towards authoritarian rule, even dictatorship? This is the question most often asked in Europe. Let us raise a different question: was Russia a democracy before Putin? In the West, the answer is positive; for most Russians, it is not that clear.

At best, Russia under Yeltsin could be considered fake or manipulative democracy, and, at worst, a pseudo-democracy in which Yeltsin's personal rule and the omnipotence of 'oligarchs' are disguised. Characteristically enough, 'oligarchs' and liberal reformers connected to the Kremlin were Yeltsin's only domestic backers at the end of his rule. The electoral process under Yeltsin was repeatedly manipulated in ways that negated the essence of democracy. The 1996 elections were a fiesta of manipulation, outward falsification, use of dirty money and the servility of the so-called 'free' media, which was for a large part controlled by 'oligarchs' and financial groups. This Yeltsinite 'democracy' was applauded in the United States and Europe but had little support in Russia itself. Most Russians saw this democracy equating to a freedom to loot, and freedom for crime and corruption. Russia's financial default in 1998 was seen to pass a verdict on Yeltsin's economic and social policies, which were more similar to 'market bolshevism' rather than true liberalism.[5]

While Russians value basic political freedoms, they do not want to live in a fake democracy of default, pervasive corruption and the unrestricted rule of big money. For most Russians, it matters that Russia become economically developed, rich and powerful. Putin has seemed to promise exactly this. In his first address to the Federal Assembly after his re-election, Putin proclaimed his main task to be improving the living standards of the population. Yeltsin's 'democracy', many Russian believe, brought turmoil, decay, corruption and disappointment, and, as such, presented an obstacle to rather than an instrument for Russia's revival. That this judgment is widely held has been shown by numerous opinion polls. For this reason, few Russians have shed tears over the defunct Yeltsin regime. Still, the question remains: if the Yeltsin system of rule was a pseudo-democracy, what is the Putin system and what are its guiding principles?

In the most general terms, one can speak of an authoritarian model aimed at economic modernisation. Yet Putin is far from

5. Ibid., pp. 595-601.

being a Russian version of Pinochet, who came to power through blood and was a dictator for most of his rule. Putin is more inspired by such leaders as Peter the Great and Charles de Gaulle. Still, Putin has a pronounced preference for liberal economic and social reforms over the development of democratic institutions. Most likely, economic modernisation in Russia will precede the next round of political democratisation, as has happened in a number of modem societies (including those such as South Korea, where a much stronger authoritarian model had been in place for years).

What are the main features of Putin's authoritarian model? The Duma and the Federation Council have been stripped of the influence they held previously. Most often, the Duma now acts as an extension of the executive branch. The upper chamber, composed of appointed senators, appears to be another rubber-stamp machine. The separation of powers in these conditions becomes more a slogan than a reality. The Duma and presidential elections of 2003-04 were marked by excessive use of so-called 'administrative resources', which involve influencing the outcome of voting by exercising pressure on governors and mayors all over the country, who, in turn, exercise pressure on local voters. In this sense, Russia's 'electoral post-modernism,' marked by a wide use of the 'electoral technologies' that were first introduced by the Yeltsin team of liberals and 'oligarchs' in 1996, has survived the Yeltsin era. The media, especially leading television channels, have come under stronger government controls. By mid-2004, many popular political programmes had been closed down, and state-controlled channels took the line of entertaining the audience rather than introducing it to the culture of political pluralism.

Under Boris Yeltsin, the Russian pendulum swung from the left (communist system) far to the right (the rule of right-wing liberals and 'oligarchs'). Under Putin, it has swung back, halting temporarily near the centre, in a place far from that which it had occupied in the Soviet era. This position combines moderate political authoritarian rule and limited market liberalism. Any comparison with the Soviet Union is misleading: what we see in Russia in 2005 is a qualitatively new development and reflects a deeply changed social and political reality.

Moreover, opposition to Vladimir Putin's system stems mainly from quarters and social strata that identify themselves with the previous system. The Russian political opposition is an odd com-

bination of communists and their electorate, members of the Yeltsin era élite who did not find their place in Putin's pyramid of power; some liberal reformers and right-wing politicians and activists, who, like Anatoly Chubais, have been marginalised politically, and a number of 'oligarchs', strongly opposed to Putin's methods and dreaming of political revenge. The democratic movement that had been so strong in the late 1980s has largely dissipated. The new opposition, where Berezovsky sides with of Zyuganov, can hardly be considered democratic, although it brandishes the banner of democracy. The real goal of its leaders is not to bring democracy to Russia but to use democracy as a slogan against Putin's rule.

The main danger stems from inside the system, and it is that of stagnation. Putin said once that he saw himself as Russia's top manager. In 2005, his managerial position is so strong that it resembles a monopoly of power. The pyramid that Putin has created seems stable and strong. But, as with any pyramid, strategic action and responsibility are concentrated at the very top; and this usually leads to stagnation. Vladimir Putin faces the challenge of proving this rule to be wrong. The main battle is to pursue Russia's economic modernisation. If by 2008 Russia has maintained current rates of economic growth (6-6.5 per cent a year) in conditions of political stability, then Putin's presidency will be considered successful. During his first term, Putin's popularity stemmed from the fact that he was Yeltsin's opposite. Putin's success in his second term will depend on his capacity to ensure continued economic growth, to limit terrorist attacks and to conserve social stability while pursuing liberal reforms. If he is successful, the 'right-left' opposition will pose no danger. If, however, doubts arise over Russia's political and social stability, Putin's presidency could be shattered. In this case, Russia could regress to the worst kind of criminal oligarchic capitalism or take a politically radicalised and growing anti-Western orientation.[6]

Thus, Putin has chosen the role of authoritarian moderniser, having spent his first term creating all of the conditions necessary to fulfil this role. At the start of his second term, he has all the power he requires to mobilise Russia to make a great leap towards a better future. It remains for Putin to demonstrate to Russians and the world that he has chosen the right path.

6. Western fears about Putin's Russia are well represented in 'Putin's Russia', *Internationale Politik*, no. 2, 2004.

Russia and the shared neighbourhood

Andrei Zagorski

4

This chapter addresses Russian policies towards the six newly independent states of the former Soviet Union that have been included in the European Neighbourhood Policy (ENP) within the context of Russian-EU relations. These countries are Belarus, Moldova and Ukraine in the western part of the former Soviet Union, and Armenia, Azerbaijan and Georgia in the South Caucasus. The latter were included into the ENP framework in July 2004. This new 'shared neighbourhood' matters, because it may stimulate both cooperation and possibly conflict between Russia and the EU. Shaping new relations with the countries concerned provides a challenge for the EU and Russia and their relationship. Will the EU and Russia seek to increase cooperation in the common neighbourhood or adopt diverging paths? The response to this question will depend on particular policy choices to be made by Brussels and Moscow.

Any discussion of the issue must begin with recognition of the fact that the states and regions in the 'shared neighbourhood' are very different. The years since the collapse of the Soviet Union have witnessed increasing differentiation of these countries not only as regards their domestic political and economic performance but also their policies and aspirations towards Russia and the EU. Therefore, the potential impact of EU and Russian policies will be different from country to country.

This chapter argues that, as long as the European Union maintains a relatively low profile and Moscow maintains a moderately assertive policy towards the countries concerned, the 'shared neighbourhood' is likely to represent more a source of ambiguity than direct conflict in Russian-EU relations. Relations will feature occasional limited cooperation as well as episodic conflict on particular questions. The overall ambiguity, however, is likely to have little impact on the wider agenda of EU-Russia relations.

This chapter starts with a discussion of the different performance, policies and aspirations of the countries concerned vis-à-vis Moscow and the European Union. The discussion then examines

features of Russian policy in the region before identifying areas of common interest, potential cooperation and conflict between Russia and the EU. The concluding part of the chapter addresses ways to minimise the potential for conflict.

Different neighbours

Many of the countries in the 'shared neighbourhood', namely the states of the South Caucasus and Moldova, represent the second poorest group within the former Soviet Union. Their per capita GDP in purchasing power parity in 2000, for example, was only slightly better than that of most of the countries of Central Asia, and they lagged behind Kazakhstan and South-Eastern Europe. The South Caucasian states and Moldova find themselves among the eight countries of the former Soviet Union that are candidates to be included on the United Nations (UN) list of the poorest states in the world. Moldova has had a better record of introducing institutional reforms, and was the first country among the six to enter the World Trade Organisation (WTO) in 2001, but it remains deeply poor.

Ukraine is one of the more developed states of the former Soviet Union. It has shown a better performance than most of the new eastern neighbours of the European Union. However, its per capita GDP is still comparable only to the poorer South-East European states. In terms of economic performance and institutional reform, Ukraine finds itself with an incomplete transition and lagging behind the Central and East European states admitted to the European Union in 2004. Statistically, Belarus is the only country in the group of neighbours that, in terms of per capita GDP, finds itself in the company of the South European and Baltic states. However, revealing the worst record of systemic reform and transformation in the European part of the former Soviet Union, the country has been unable to benefit from this advantage. The lack of reform and authoritarian rule by President Lukashenko are the most important obstacles to the country's development. Its economy has continually eroded over the last decade.

The relatively poor record of transformation and economic performance of the six countries impacts on their relations with the European Union and Russia. They have become a source of labour migration towards both West and East. Ukrainian and

Moldovan migrant workers are widely present on both Russian and European labour markets. Belarusian citizens tend to migrate more often to Russia. In the South Caucasus, the level of depopulation has been the highest, for both economic and humanitarian reasons. Azerbaijanis now comprise the largest migrant community in Russia, followed by Georgians. Armenians leave their country in more varied directions, following the presence of the Armenian diaspora in the Middle East, Europe, North America and Russia.

The combination of poverty, high levels of corruption and inefficient administration has contributed to the spread of organised crime in all six countries, though to a different extent, including illegal migration, and trafficking in human beings, weapons and illegal narcotics. Both the European Union and Russia are affected by these transnational soft security challenges, although Russia should also be considered part of the problem. Although they share soft security threats stemming from the 'shared neighbourhood', the EU and Russia have a surprisingly modest record of cooperation. Although cooperation in Justice and Home Affairs has increased, it has not been consistently targeted at jointly combating illegal trafficking from other geographic areas. Even where this has been the case, such problems are rather dealt with as a cross-border rather than a transnational issue.

The security agenda in four of the six neighbour states is largely shaped by the so-called 'frozen conflicts' in the Transnistrian breakaway republic of Moldova, Abkhazia and South Ossetia in Georgia, and Nagorno Karabakh in Azerbaijan. While the first three conflicts are basically domestic, the conflict over the Armenian-populated Karabakh has an explicit international dimension involving Azerbaijan and Armenia in an undeclared war over the enclave. The OSCE maintains field missions in Moldova and Georgia (in the latter mainly concentrating on South Ossetia), and is involved in negotiations over settlement of the conflicts, including that in Nagorno Karabakh. For its part, the UN has deployed a military observer mission in Abkhazia. As a whole, only Russia has played a crucial role in negotiations to settle the conflicts. Moscow has peacekeeping forces in Moldova and Georgia, and maintains military bases in both countries. Local governments see Moscow in its political and military roles, rightly or wrongly, not only as part of an eventual solution but also as part of the problem.

Table 1

Per capita GDP of selected countries
in thousands of US dollars in purchasing power parity

Data and projection by the Institute for World Economy and International Relations, Russian Academy of Sciences

Countries	**2000**	**2015**
Slovenia	20.5	27.5
Czech Republic	17.8	26.4
Poland	16.3	24.8
Hungary	15.7	26.0
Slovakia	13.9	24.5
Greece	13.2	22.5
Croatia	9.6	17.0
Estonia	9.0	17.1
FYROM	9.0	14.3
Latvia	8.4	17.0
Lithuania	8.2	16.9
Belarus	**8.0**	**15.5**
Bulgaria	7.9	16.7
Russia	**7.5**	**16.2**
Serbia Montenegro	6.9	14.4
Bosnia and Herzegovina	6.8	13.1
Turkey	6.5	9.5
Romania	6.1	12.6
Kazakhstan	5.1	11.0
Ukraine	**4.9**	**12.0**
Albania	4.4	6.3
Georgia	**3.7**	**10.6**
Armenia	**3.4**	**9.3**
Azerbaijan	**3.3**	**8.7**
Moldova	**3.0**	**8.0**
Kyrgyzstan	2.8	6.0
Uzbekistan	2.7	5.9
Turkmenistan	2.6	6.9
Tajikistan	1.7	3.2

Source: *Mir na rubezhe tysyacheletiy (prognoz razvitiya mirovoy economiki do 2015 g.) (The World at the brink of the new Millennium – a prognosis of the development of the world economy until 2015)*, Moscow, Nauka, 2001, pp. 561, 562, 564-5.

Georgia and Azerbaijan have revealed a tendency towards increasing state fragmentation which has challenged the ability of governments to effectively exercise control over the whole territory. Georgia, in particular, is sometimes considered likely to become a failed state. As a whole, the South Caucasian states and Moldova fall into the category of weak states. They find themselves in a region with a high potential for instability, especially in the North and South Caucasus.

Most of the countries concerned have not yet completed the formation of a stable political system. Except for Moldova, they all have strong presidencies. None of them is considered truly democratic, although particular political regimes vary from country to country. The strongly authoritarian Lukashenko regime in Belarus is echoed by the dynastic presidency in Azerbaijan. At least until recently the political system in Ukraine had the shape of an oligarchic presidency. The 'Rose Revolution' in Georgia in late 2003 brought about a change in the leadership, bearing the promise of change and reform that has yet to yield fruit. One should remember that the political systems of all six countries will continue to change in the years to come. The outcome is still open.

Moreover, these countries, as members of the Commonwealth of Independent States (CIS), have pursued different policies and shown different aspirations vis-à-vis the EU and Russia. Since the collapse of the Soviet Union, most sought to de-link themselves from Russia and to expand their trade with European countries. Bearing in mind their remaining, though mostly narrowing, economic dependence on Russia, these countries found themselves confronted with the dilemma of seeking a future either with the European Union or with Russia and the CIS.

Independent Ukraine has since 1992 been a CIS sceptic, reluctant to engage in any military alliance or integration project with Russia, and also the first country to voice its 'European vocation.' In 1998, then President Leonid Kuchma approved the 'Strategy of Ukraine's Integration to the European Union' that declared the ultimate goal of full membership of the EU. Since then, Kyiv has pursued a long-term diplomatic campaign to persuade the EU to admit that Ukraine would be eligible for membership once it has met the Copenhagen criteria. In 2002, the president of Ukraine also officially admitted the possibility of Ukraine's membership of NATO. However, Kyiv's policy has since become more ambiguous. In 2003, the country joined the 'Single Economic Space' (SES)

project with Russia, Belarus and Kazakhstan. In September 2004, the last senior government member of Ukraine openly advocating NATO membership, Defence Minister Yevhen Marchuk, resigned, following changes in the country's defence doctrine that removed the goals of joining NATO and the EU. These aims were replaced by a vaguely worded intention to strive for 'Euro-Atlantic integration'.[1] The presidential elections in Ukraine in the autumn and winter of 2004, opposing Prime Minister Victor Yanukovich and former Prime Minister and National Bank Director Victor Yushchenko, will decide the nature and consistency of Ukrainian policy. Yushchenko's victory in December has changed the stakes for Ukraine.

For many years, Moldova did not pursue a 'European option'. However, from 2003, its communist President Vladimir Voronin started to echo Ukrainian policy and launched a campaign on Moldova's European vocation. Although many observers in Moldova have doubts about this campaign, in September 2004, President Voronin – for the first time ever – boycotted a CIS summit meeting, instead proclaiming Moldova's unidirectional European orientation rather than one of balancing between Europe and Russia.[2]

Georgia's new government, in a country that has always been a CIS sceptic, looks to the strategic objective of cementing ties with the United States and expanding cooperation with NATO. At the same time, it has not officially pressed the EU membership question as strongly as have Ukraine and Moldova. Georgia's new French-born Foreign Minister, Salome Zourabishvili, has emphasised that Georgia is a European country 'by default' but that its EU membership aspiration would depend on progress with domestic reforms.[3]

Under the leadership of a new president, Ilham Aliyev, Azerbaijan has sought a balanced policy between Moscow and the West. Baku has allowed Russia to maintain its radar station at Gabala on Azerbaijani territory and has been cooperative on the question of Chechen terrorism. The President has also denounced any plans for the deployment of troops by NATO countries in Azerbaijan. Relations with the EU have not been smooth, because of the European concern over the country's record of bad governance and rule of law. However, the Azerbaijani government views increasing shipment of Caspian Sea energy reserves to Europe as a factor that will help to improve relations with Brussels.

1. *The ISN Security Watch*, 24 September 2004, pp. 1-2.

2. *The ISN Security Watch*, 20 September 2004, p. 1.

3. 'Moskau treibt ein gefährliches Spiel', *Frankfurter Allgemeine Sontagszeitung*, 14 October 2004, p. 14.

Armenia and Belarus are close allies of Russia. Their defence cooperation with Moscow goes beyond the CIS framework and is based on bilateral mutual assistance treaties. Moreover, since 1996, Belarus has engaged in numerous integration projects with Russia. Minsk has continued talks with Moscow over the shape of an eventual 'common state' with Russia, and the country is also a member of the SES and the Eurasian Economic Community.

Landlocked between Azerbaijan and Turkey, and with the access to world markets only through Georgia and Iran, Armenia has come to rely heavily on its alliance with Russia. Yerevan has never raised explicit aspirations for accession to the EU, and has developed only limited cooperation with NATO through the Partnership for Peace programme. For several years now, Armenia has cautiously explored opportunities to diversify its security policy, including from 1999 opening towards Turkey. Any significant shift in Armenian policy, however, has been hindered by a generally Russia-friendly public opinion. But this also has started to change. In September 2004, public opinion polls indicated that most Armenians consider accession to the EU preferable to CIS membership and want their government to forge closer links with NATO. Within Armenia's foreign policy and security community, support for such a shift is even more pronounced.[4] EU membership is not yet on the agenda of Armenian politics. However, the inclusion of the Southern Caucasus within the ENP framework has encouraged Yerevan to reconsider relations with Brussels. The Government has set up a special high-level body tasked with coordinating policy and promoting closer ties with the EU.[5]

Since 1997, political relations between Belarus and the EU have been frozen. And they are likely to remain so until there is a change from the current regime. As a result of the referendum of 17 October 2004 that allows Lukashenko to run for a third term in 2006, this frozen situation may persist for another seven years. Still, one should note that the official website of the Belarussian Foreign Ministry calls 'associated membership in, and a prospective accession to the European Union' a 'long-term strategic goal' of the country.[6]

Thus, the wider trend in these countries is towards further diversification of their economic and security relations. Yet most remain heavily dependent on close ties with Moscow. For Ukraine and Moldova, Russia is the major economic partner and a critical supplier of energy resources. They also have stakes in their exports

4. 'Poll Shows Armenians Prefer EU to CIS', *RFE/RL Caucasus Report*, vol. 7, no. 40, 22 October 2004, p. 4.

5. 'New Government Body to Coordinate Armenian Policy on the EU', *RFE/RL Caucasus Report*, vol. 7, no. 31, 5 August 2004, pp. 3-4.

6. Quoted from Andrei Zagorski, 'Policies towards Russia, Ukraine, Moldova and Belarus', in Roland Dannreuther (ed.), *European Union Foreign and Security Policy: Towards a Neighbourhood Strategy* (London and New York: Routledge, 2004), p. 93.

to Russia. Belarus is a special case, as the only post-Soviet country whose economic dependence on Russia has increased rather than decreased. For Georgia, Azerbaijan, Moldova and Belarus, the large number of migrant workers in Russia has become an important source of financial support through remittances. For the South Caucasus and Moldova, Moscow remains an important factor affecting their security environment, with the capacity to act as part of the problem or the solution to many problems they face. The prospect of membership, let alone closer association, with the EU is not evident for the countries that have declared a European vocation. This leaves them with a need to shape relations with Moscow accordingly, even if they see this relationship only as one possible modus vivendi. The importance of Russia will remain high, even if it is no longer the single most important actor in these regions.

The six countries comprise a highly complex and heterogeneous 'shared neighbourhood' for both Russia and the EU, which makes it difficult to conceive their long-term policies. As such, their polices have been and are likely to remain tailored to individual states rather to the region as a whole. Developments within these regions highlight a latent potential for cooperation between the EU and Russia as well as conflict. While the path of cooperation can hardly be taken for granted, the likelihood of conflict is strong in so far as the EU is beginning to consider seriously the European aspirations of some of these countries.

Russian policies

Russian policy towards the countries in the 'shared neighbourhood' is guided by both an overall general foreign policy line and regional and particular considerations. The six countries comprise half of the CIS, which, in official statements, is considered Russia's main foreign policy priority. President Putin confirmed this assertion when addressing the annual conference of Russian ambassadors in July 2004.[7] The underlying objective of policy is that of 'supporting, by all means, the integration processes evolving in different trans-regional associations'.[8]

Under the pragmatic hand of Putin's leadership, Moscow has largely abandoned its 'near abroad' rhetoric of the late Yeltsin

7. Statement by President Vladimir Putin in the plenary meeting of the conference of Ambassadors and Permanent Representatives of Russia, held in Moscow in the Ministry of Foreign Affairs on 12 July 2004; http://www.mid.ru/.

8. Ibid., p. 3.

years which asserted that the post-Soviet space was Russia's backyard – an area of vital interest and exclusive sphere of influence. Confronted with the reality of decreasing leverage and the increasing diversification of economic, political and security relations, Putin warned against the temptation of believing that Russia can pretend to retain a monopoly over developments within the post-Soviet space.[9] However, abandoning Yeltsin's 'near abroad' doctrine has not meant that Moscow has abandoned all of its underlying assumptions. Russia acts as a status quo power that is no longer able to prevent or resist the rise of change. Many in the Russian political élite, including those within Putin's government, continue to think in terms of a zero-sum game. For them, the appearance of American bases in Central Asia was a painful concession, acceptable only on a temporary basis, as was the launch of a US Train and Equip programe in Georgia. In this view, Russia is seen to be retreating in the post-Soviet space, leaving a vacuum that is being filled by other countries, and most importantly the United States. These views explain the deeper meaning of Putin's pledge to make Russia more competitive in the post-Soviet space in order to prevent its further erosion.[10]

Moscow has abandoned the ambitious project of reintegration within the CIS that was pursued in the 1990s and, instead, is concentrating on a few limited projects involving several 'shared neighbours'. Despite ongoing tensions in relations with Lukashenko, the idea of a Russia-Belarus 'Union State' remains alive. Moscow has continued to promote the Eurasian Economic Community with Belarus, Kazakhstan, Kyrgyzstan and Tajikistan. In 2003, Moscow launched a new project called the Single Economic Space (SES), including Ukraine, Belarus and Kazakhstan. Ukraine's participation was seen as vital in Moscow, because the SES now embraces Russia's three major trade partners in the former Soviet Union and the largest beneficiaries of the preferential trade terms offered by Moscow to the CIS. These countries also harbour the majority of ethnic Russians residing outside the Russian Federation. At least implicitly, these integration projects institutionalise competition with the European aspirations of some post-Soviet states, most notably Ukraine. It was not surprising that the presidential race in Ukraine represented, for many Russian observers, a choice between EU and Russia orientations to be made by Ukrainians.[11]

9. Statement by President Vladimir Putin in a meeting of the Security Council, Moscow, Kremlin, 19 July 2004; http://www.mid.ru.

10. Ibid., pp. 1, 2.

11. Vyacheslav Igrunov, for example, implied that the stake in the Ukrainian presidential election was that of Russia's presence in the post-Soviet space, of either Ukraine as an instrument of confrontation with Russia, or remaining within 'the orbit of Russia'. See 'The presidential elections in Ukraine. Prospects for Russo-Ukrainian relations', 'Open Forum Club Proceedings', *Open Forum*, issue 25, Moscow, 2004, p. 31.

Since the mid-1990s, developments in the South Caucasus are assessed in Moscow not just from the perspective of general developments in the CIS but in the context of the fragile situation of the North Caucasus and Chechnya. The controversy with Azerbaijan over the division of Caspian Sea energy reserves has dissipated, as has the dispute over oil transportation from Baku via Georgia and Turkey. After the start of the first war in Chechnya in 1994, Moscow no longer questioned the territorial integrity of Georgia or Azerbaijan, although it continued to provide military assistance to Armenia. Moreover, Russian peacekeeping forces have helped to freeze the conflicts in Georgia, even if Moscow was not active or efficient in promoting their full settlement. At the same time, Moscow prevented any real internationalisation of conflict mediation beyond the current modest roles given to the OSCE and the UN.

Moreover, since the mid-1990s, Russian concerns with the expansion of Turkish influence in the South Caucasus (and Central Asia) have been displaced by worries with the transborder migration of Chechen and other terrorist groups, and the financial and material support they receive. Putin's rise to power and the second Chechen war have made these points more salient. While Moscow has developed a 'satisfactory' level of cooperation with Azerbaijan on these issues, it has raised concerns with regard to Georgia's claimed inability/unwillingness to cut off support to the Chechen separatists and hand over the rebels on Georgian territory. To address both questions, Moscow has demanded the right to control Georgia's border and undertake hot-pursuit operations on Georgian territory. It has also claimed the right to undertake preventive strikes against Chechen groups hiding in Georgia.

During Eduard Shevardnadze's leadership of Georgia, Russia considered that OSCE monitoring of the border with Chechnya was inadequate. Nor did Moscow look positively on US military training of Georgian special forces, even if these forces allowed Georgia to undertake more control operations in line with Russia's objectives, including raids against Chechen fighters and the extradition of several alleged terrorists to Russia. After Mikhail Saakashvili's election in January 2004, this fragile basis for cooperation weakened. Increasing tension between Moscow and Tbilisi has been triggered, from Moscow's perspective, firstly, by Tbilisi's attempt to force South Ossetia and Abkhazia to reintegrate within

the country. This was manifest in the escalation of the conflict with South Ossetia in mid-2004 and the strong language used by Tbilisi with regard to Abkhazia. Secondly, Moscow has become increasingly concerned with attempts by Saakashvili to use the support he enjoys in the West, and particularly the United States, for the purposes of his policy towards Russia. The Kremlin does not appreciate it when Saakashvili says in London that the West exerts a 'positive influence' on Russia;[12] nor when the US Secretary of State publicly raises concern over Russia's policy to its neighbours and particularly Georgia.

Russia is aware that its role in the South Caucasus is challenged by Tbilisi's repeated attempts to secure more international engagement in the region. During the escalation of the conflict in South Ossetia in July 2004, Saakashvili explored the option of expanding the OSCE presence with the Chairman-in-Office of the OSCE, Bulgaria's Foreign Minister Solomon Passi. Foreign Minister Salome Zourabishvili formally asked the OSCE Permanent Council to increase the number of OSCE observers and to deploy them across the territory of the unrecognised republic. However, the Permanent Council failed to take any immediate action in response after Russia denounced the proposal as unworkable.[13] In mid-August 2004 Saakashvili launched the idea of holding an international conference on South Ossetia. Again, this proposal was rejected by Moscow, which saw no need to change the mechanism of settlement talks.[14] In September 2004, Tbilisi continued to seek greater international involvement in its conflicts and in its relations with Russia, with Georgia's State Minister for Conflict Resolution, Giorgi Khaindrava, explaining in Brussels that Tbilisi wanted greater EU and the OSCE engagement so as to minimise Russia's weight.[15]

Increasing tension with Tbilisi has reopened a debate in Russia on its policy objectives in the South Caucasus. Old ideas of recognising the independence of the breakaway republics or associating them with the Russian Federation gave rise to increasing concern inside and outside with the rebirth of neo-imperial discourse in Moscow.[16] Though official policy remains moderate, this debate has created a pretext for Georgia to complain about Moscow's policies of granting citizenship to people living in the separatist areas and reopening land communications with them, while maintaining a visa regime for Georgian citizens. Moreover, Moscow's reaction to Tbilisi's more assertive policy has shown

12. 'South Ossetia between war and demilitarization', *RFE/RL Caucasus Report*, vol. 7, no. 28, 15 July 2004, p. 3.

13. 'Georgia fails to secure OSCE support over South Ossetia', *RFE/RL Caucasus Report*, vol. 7, no. 31, 5 August 2004, pp. 1-2.

14. 'Conflict Resolution in South Ossetia on hold', *RFE/RL Caucasus Report,* vol. 7, no. 33, 27 August 2004, pp. 3, 4.

15. 'Georgia seeks EU, OSCE support for conflict resolution', *RFE/RL Caucasus Report*, vol. 7, no. 36, 16 September 2004, p. 1.

16. 'Leading candidates in Abkhazia elections vow to pursue secession from Georgia', *ISN/ISF Security Watch*, Issue 1, 5 October 2004, p. 5.

that any escalation of conflict on Russia's borders can become a disturbing factor in Russo-Western relations. At the same time, the dialogue Russia has established with the West and the United States ensures that tensions can be attenuated on the basis of compromise.

Like Armenia and Azerbaijan, Moldova has not registered strongly on Russia's radar screen. Apart from a moment of unexpected activism to settle the conflict with Transnistria in 2003, Moscow has largely ignored Chisinau. In 2003, Russia rejected Moldova's request to join the SES project. Apparently, the rejection was the trigger for Chisinau's decision to embark on the road of European integration and, ultimately, to denounce the Moscow-brokered settlement proposal with Tiraspol. One should note that Russian activism in Moldova coincided exactly with the Dutch government seeking, as Chairman of the OSCE, to push for faster settlement of the conflict and to consider the idea of an eventual EU-led peacekeeping operation in the area. This coincidence demonstrated Russian sensitivity to even vague prospects of a change in the status quo that would weaken Russia's influence. Moscow appears on the defensive and, working from a zero-sum game premise, seeks to prevent any serious change at its expense.

Moscow does not regard the European Neighbourhood Policy as a challenge to the status quo over the medium term. The much more proactive US policy in the 'shared neighbourhood', particularly with regard to Georgia and Ukraine, is considered more problematic than EU policies. Over the past few years, Russia has managed to mitigate the potential for conflict with the United States through intense bilateral consultations that have forged a broad consensus that Washington and Moscow should not work against each other. EU policies in the 'shared neighbourhood' are not seen as challenging even without such intense consultation. The EU has developed new tools to respond to the needs of countries in the ENP. Moreover, Brussels has enlarged the geographic scope of the framework to include South Caucasus and the EU has signalled its support to the reform programme of the new Georgian government by doubling its assistance to the country in the period 2004-06 as compared with the previous three-year period. Brussels has also appointed an EU Special Representative for the South Caucasus, and established in Georgia its first Rule of Law mission in a non-EU country.[17] Nevertheless, Moscow does not expect the EU to challenge the status quo for the foreseeable future. While

17. 'Georgia Donors' Conference – Welcoming Address', Speech by The Rt Hon Chris Patten, CH. Brussels, 16 June 2004; http://www.eu.int/comm/external_relations/news/patten/sp04_301.htm. See also 'EU deploys "rule-of-law" mission to Georgia', *RFE/RL Caucasus Report*, vol. 7, no. 29, 23 July 2004, p. 3.

upgrading relations with its neighbours, the EU does not appear eager to embrace the European vocation of some of the states. Caught up with digesting the 2004 enlargement and ratifying the Constitution, the EU seems reluctant to consider any further engagement in the 'shared neighbourhood'.

The EU and member states have concerns with a number of Russian polices, such as the unfulfilled commitment to withdraw military bases from Moldova and Georgia, and Moscow's reluctance to discuss its policies towards Belarus. However, the EU does not threaten Russia's predominant role in the post-Soviet security landscape. Furthermore, Brussels has renounced any intention to become directly involved in conflict resolution in the South Caucasus. On a visit in September 2004, the outgoing President of the European Commission, Romano Prodi, was clear. He told the leaders of the three countries not to expect the EU to 'act as mediator in the conflicts'.[18] Also, the EU has urged the Georgian authorities to improve their relations with Russia, while, at the same time, promising to engage Moscow on its Caucasus policy more actively. Even despite its interest in increased energy supplies, including from the Caspian Sea, the EU remains reluctant to actively engage Azerbaijan because of its poor record of domestic governance. From Moscow's perspective, the EU is likely to concentrate first on other regions, such as the Western Balkans and the Southern Mediterranean, and pay much less attention to the new neighbours of the East. The impact of EU policy on Belarus by 2004 has convinced Moscow that EU influence and policy are insufficient to make a difference in the post-Soviet space.

Finally, the EU, unlike the United States, is not seen by Moscow as having a desire to promote 'regime change' in the 'shared neighbourhood'. In sum, the European Union appears unlikely to act as a revisionist force at the expense of Russia, which leaves Moscow a faint hope of consolidating its positions in this region.

Areas of potential conflict and cooperation

Within a fairly densely institutionalised structure for political consultation, the European Union and Russia discuss a wide range of issues, from the Middle East, Iraq and Afghanistan, to the Western Balkans, Moldova, South Caucasus and Central Asia. However, the political dialogue has not gone beyond the stage of consultation.

18. 'EC cautiously hails new chapter in Caucasus relations', *The ISN Security Watch, Latest News*, 20 September 2004, p. 4.

With a few exceptions, consultations consist of one party informing the other on evolving policies rather than considering joint or parallel action. The dialogue serves the purpose of avoiding surprises rather than providing for more coordinated action.[19]

The 'shared neighbourhood' has not been subject of close cooperation between the European Union and Russia thus far, and this is unlikely to change in the near future. EU and Russian policies are developed independently of each other and according to their own logic. That they often diverge has never produced any serious conflict between Moscow and Brussels. Nor is this likely to change. At the same time, EU and Russian policies to states in the 'shared neighbourhood' carry a potential for cooperation and conflict. While this is likely to grow over time, it is not clear that the EU and Russia will be willing and ready to increase cooperation.

Potential for cooperation

It is widely believed that Russia-EU cooperation in ESDP-related areas has great potential for future cooperation, such as in peacekeeping and international policing. There are, however, many reasons to challenge this assumption. Moscow is reluctant to engage in, as well as unable to significantly contribute to, EU-led operations in (now) remote geographic areas such as the Western Balkans. At the same time, one cannot exclude the possibility that ESDP activities could become a source of conflict with Russia if the EU decides to raise its profile in the 'shared neighbourhood' with more active involvement in conflict resolution – which would challenge the status quo.

Given the scope of shared soft security challenges, it would be worth exploring how the EU and Russia can combine their efforts in this area. Cooperation in Justice and Home Affairs has not received significant attention from either side. Both Russia and the EU have concentrated on combating problems within their borders while cooperating occasionally with each other. Many issues relevant to the organisation of such cooperation, such as extradition arrangements or Russian membership of Europol, have become less controversial with time. However, the transnational nature of many soft security challenges increases the need to respond to them not only far beyond national borders. Combating illegal drugs trafficking from Afghanistan through the

19. See Andrei V. Zagorski, 'Russo-European Security Co-operation: Is the Glass Half Full or Half Empty?', in Hans-Georg Ehrhart and Burkhard Schmitt (eds.), *Die Sicherheitspolitik der EU im Werden: Bedrohungen, Aktivitäten, Fähigkeiten* (Baden-Baden: Nomos, 2004), p. 178.

transit countries, including Russia and most of the 'shared neighbourhood', would benefit all concerned and is, in fact, a long-standing Russian desire.

Jointly addressing the problem of migration, both legal and illegal, and cooperation on establishing new standards for 'homeland security' could improve EU-Russia relations and impact positively throughout the 'shared neighbourhood'. Certainly, these policy areas would solidify a win-win foundation to the relationship. Moreover, circumstances are such that that the EU cannot rely on Russia or the states in the 'shared neighbourhood' to deal effectively with such challenges on its own. Cooperation in these areas could also spill over positively into other, more difficult, areas between Russia and the EU.

Potential for conflict

While the probability of the EU challenging the status quo in the 'shared neighbourhood' at Russia's expense is so remote as to be unlikely to affect a policy, there are a number of issues that could become controversial in the short- to medium-term.

Moscow and Brussels have diverging policies with regard to the countries in the 'shared neighbourhood'. In many instances, the EU and Russia support opposite political forces, thus implying competition along zero-sum game lines. In the Ukrainian elections in late 2004, Moscow openly supported the designated successor to Leonid Kuchma, Victor Yanukovich, while the opposition candidate, Victor Yushchenko, received EU and US support. The stand-off between the opposition and the government in Ukraine after the second round of elections in November 2004, and the absolutely diverging reactions of the EU and Russia, clearly demonstrated the gap between the two. The controversial discussion of the Ukrainian elections during the Russian-EU summit meeting on 25 November 2004, however, also revealed that neither side was prepared to openly wage the conflict with the other.

While the EU welcomed the 'revolution' in Georgia and is assisting Georgia's reform programme, Moscow has seen Tbilisi's new leader as a challenge to its interests and stability in the Caucasus. While both European states and Moscow dislike President Lukashenko, Moscow will not boycott his regime. Should the EU and Russia wish to pick a political alternative to Lukashenko, they would definitely look in opposite political camps.

The European Union and Russia also have different approaches to the frozen conflicts in the 'shared neighbourhood'. While not yet seeking direct involvement, the EU does favour a wider larger international role in settling them, in the first instance through the OSCE. EU countries are also committed to the implementation of Russia's obligation to withdraw its military bases from Georgia and Moldova. Russia has sought to prevent further internationalisation of conflict settlement efforts and is still reluctant to withdraw fully.

The implicit competition between different integration projects in the 'shared neighbourhood' is more fundamental. During Putin's second term and under the new Commission, Moscow and Brussels are likely to be confronted with the need to take decisions that directly affect mutual relations. While pursuing integration projects with its post-Soviet neighbours, Moscow is also seeking to enter the WTO. Moreover, the deadline for renegotiating the Partnership and Cooperation Agreement with the EU is not far off. In thinking of future relations with the EU, Moscow aims to obtain a free trade arrangement. However, admission to the WTO would force Moscow to abandon its integration projects with Belarus, Ukraine and Kazakhstan, unless these states join the WTO simultaneously, which is highly unlikely. What is more, obtaining a free trade arrangement with the EU implies as the first step WTO membership. Thus, Moscow would need to clarify its policy priorities, which could lead the Russian government to seeing a challenge to maintenance of the status quo in the region. In turn, this could have direct impact on its relations with the EU on a level that would exceed the recent controversy over the consequences of the enlargement in 2004.

Conclusion

With its 2004 enlargement, the European Union has moved closer to Russia. This enlargement shifts the attention of both Brussels and Moscow to the countries in the 'shared neighbourhood' and increases their relevance for both Moscow and Brussels. Russian and EU policies on these states, and developments within them, contain the potential for both the mutually beneficial cooperation and conflicts of interest.

Russia is pursuing the policy of a status quo power that is no longer able to prevent or resist change. As long as EU energy is absorbed with managing enlargement and internal adaptation, the EU is unlikely to be perceived as an acute challenger to the status quo in the 'shared neighbourhood'. However, this does not exclude the possibility that, in the long run, the EU may become a revisionist power from Moscow's perspective, similar to the United States in Georgia and Ukraine. In the short term, different and occasionally diverging EU and Russian policies towards the 'shared neighbourhood' could trigger tension in their mutual relations, especially if Moscow is confronted with the need to choose between further integration into institutions of the global economy and the pursuit of integration with the Soviet successor states.

In order to alleviate the potential for conflict and reduce its impact, Russia and the European Union must abandon current zero-sum thinking and concentrate on the available win-win solutions in mutual relations and with regard to the six countries concerned. This can happen only if both sides explicitly formulate their concerns. In order to do so, the EU and Russia need to upgrade the level of political consultation. More than simply consultation, the Russia-EU political dialogue should contribute to the open discussion of problems, in clear language, on the consequences of specific policy options that could produce a conflict of interest. Such a dialogue would make the concerns, priorities and policy options as transparent as possible, with the objective of substantially raising the level of confidence to replace the current, unexpressed, mutual fatigue. At the same time, the dialogue should remain transparent to all countries concerned in order to avoid the impression that the EU and Russia are talking about them over their heads. The EU and Russia should exploit the potential for cooperation that already exists in order to maximise mutual benefits. In so doing, both sides should concentrate on shared soft security threats, such as combating illegal drug trafficking, managing migration problems and improving 'homeland security' standards.

Russia and European security

Dmitry Danilov

5

After the terrorist attacks of 11 September 2001, Russian President Vladimir Putin undertook fairly resolute steps towards the West, but still within a policy framework that he had created during the initial period of his leadership. Russian policy saw an emphasis on domestic developments, on the demilitarisation of Russian-Western relations and on the European priority of foreign policy (even if this was understood as occurring within the transatlantic framework). As a result, Putin sought to remove the most serious difficulties in relations with the North Atlantic Treaty Organisation (NATO) and the United States, and insisted on an equal footing in relations with the Euro-Atlantic community, including common decision-making mechanisms. Before 11 September, Moscow had appealed to the West for joint efforts to respond to the new global threats of international criminality, terrorism and drug trafficking. However, before 11 September, prospects for achieving these objectives were limited. The West was focused on other priorities, especially NATO and EU enlargement, and seemed wary of Moscow's unreliability. Russia, in turn, interpreted such a reserved and pragmatic Western attitude as being unfriendly, a perception that dampened any desire to take ambitious steps towards cooperation with the West.

President Putin took advantage of the opportunity opened by 11 September to consolidate the cooperative dimension of Russian foreign policy and proclaimed a 'new course' of rapprochement with the West. Many observers in Russia and the West were struck by Putin's readiness to proceed not only with an eye to Russian interests but also those of Russia's Western partners. This new willingness featured Putin extending cooperation with the West into new practical areas, such as exchange of intelligence data, and cooperation in Central Asia and within the Commonwealth of Independent States (CIS). As such, the main premise that had guided Russian foreign policy in the late-Yeltsin period was called into question – this zero-sum premise consisted in marking the

difference between 'we – Russia' and 'they – the West', according to which being 'pro-Western' meant being 'anti-Russian', and automatically. Putin disrupted this correlation. The new premise and, indeed, test for Russia's 'new course' was not how pro-Western it would be, but how pro-Russian.

The rapid rapprochement between Russia and the United States, combined with Putin's 'new course,' to represent the most serious change in international relations after 11 September, even if the rapprochement was motivated mainly by situational, even psychological, factors rather than by the development of a new line of American strategic analysis. The initial impulses of mutual rapprochement brought not only changes in Russian-American relations, but also helped remove considerable barriers that had existed in broader security cooperation between Russia and the West, especially with NATO and the EU.

Russia and NATO

The post-Kosovo crisis in Russia-NATO relations was quickly overcome. After George Robertson, NATO Secretary General, visited Moscow on 16 February 2000, contacts between Russia and NATO were renewed. The NATO-Russia Rome Declaration on a New Quality of Relations (approved on 28 May 2002) created the NATO-Russia Council (NRC). The NRC replaced the previous format of '19+1,' in which NATO consulted with Russia on the basis of previously consolidated member states' positions. By contrast, the new formula introduced a round-table dialogue between Russia and member states and has allowed for common decisions in areas of mutual interest.

The new Council represented a first attempt to transform traditional Russia-West cooperation into a partnership of equals, which meant working out common positions, taking common decisions and carrying common or coordinated actions whenever possible. These principles explain why Russia has become so insistent on the success of the NRC in itself and also as a precedent for building a new quality of relations with the West as a whole. Initially, nine areas of cooperation were agreed for discussion in the NRC, and noticeable progress was made in all of them. Russia-NATO cooperation has advanced on questions of counter-terrorism, the development of a joint peacekeeping concept, non-

proliferation, arms control, theatre missile defence, search and rescue at sea operations, military-to-military cooperation and interoperability, as well as cooperation in civil emergences. As a result, political debates in Russia have centred on the quality of the progress achieved and on the possible content of Russia-NATO relations.

Naturally, progress has been achieved through a series of small steps in the NRC that eventually provided substance to the new Council and the overall partnership. Small concrete steps were required by the depth of the crisis that shook relations after Kosovo and by the need for both parties to show the utility of the new Council. Despite this progress, many observers in Russia, while recognising the efficiency of the NRC when compared with the '19+1' mechanism, started to argue that no profound breakthrough had occurred, and that a new quality of partnership remained out of sight. On the one hand, cooperation appeared to develop successfully and intensively: the NRC work programme is comparable with cooperation programmes within NATO itself. On the other hand, the NRC has not focused on essential cooperative projects. Moreover, intensive Russia-NATO activities in the military-political sphere had not resulted in considerable practical progress.[1] In these circumstances, Moscow has raised the need to pinpoint areas of vital importance for NRC activity, in order to endow Russia-NATO cooperation with a new quality of real partnership and provide for a gradual dilution of residual mutual containment structures. In many respects, one should consider current NRC activities as a form of preparatory work, which will enable, when the political will and need arise, Russia and NATO to develop cooperation in such essential projects as theatre missile defence, data exchange and interoperability in AWACS activities, joint peacekeeping operations, and the creation of joint military units and headquarters.

The current state of the Russian Armed Forces represents a considerable obstacle to such essential cooperation, even though in 2004 significant measures for qualitative reform have been envisaged. Cooperation on military reform, which has been approved as a key issue on the NRC agenda, has remained insufficient and must be intensified as a matter of priority.

The aim of reaching a new quality of cooperation highlights problems concerning the eventual modalities of the Russia-NATO relationship. Officially, Moscow has continued to declare

1. As was noted by Andrei Kelin, Deputy Director of the Department for all-European cooperation in Russian Foreign Ministry at the international conference on NATO-Russia relations, held in the Russian Institute of Europe, Moscow, 13 September 2004.

that joining NATO is not on the Russian agenda. However, within Russian politics, a debate has arisen on this question, with some in favour of raising the option of Russia's membership, in order to rationalise and simplify the terms of Russia-NATO relations and draw up a 'road map' for deepening the partnership. Besides joining NATO, there have been proposals in the Russian debate for moving towards some form of 'Alliance within the Alliance', or associated Russian membership of NATO.

Russian attitudes to NATO and the Russian position on NATO enlargement have been linked. First, Russia has continually declared that its relations with NATO depend on the transformation of the Alliance, all the more importantly within the context of its enlargement. Second, Russia's position on enlargement has been defined to a large extent by the nature and state of its relations with NATO. The enlargement issue became more vital with the creation of the NATO-Russia Council, just half a year before the Prague NATO summit (November 2002) decided to invite new members. In contrast to the first wave of enlargement, Moscow's reaction was not outspokenly tough, despite the fact that the overwhelming majority of Russia's political and strategic élite still perceived the prospect negatively. Moscow made it clear that, given the positive changes in its relations with the West and especially the progress achieved within the NRC, the Russian government would not put forward a dramatic challenge to this wave of enlargement. Notwithstanding the fact that the three Baltic states were included in the last wave (with NATO thereby crossing former Prime Minister Yevgenny Primakov's so-called 'red lines'), the official Russian response to the event was calm if still negative.

This change in Russian diplomatic language did not answer the question of which forces stood behind the Kremlin's new calmness. The simplest and most widespread explanation was that Moscow did not have enough levers to limit or halt NATO enlargement, an explanation that was not unreasonable. Indeed, Russia, if it had been able, would have tried to prevent enlargement, which it viewed as a challenge to its security. Before the previous enlargement in the 1990s, Moscow had threatened to take adequate 'countermeasures;' under Putin, these were viewed as unnecessary given Russia's foreign policy interests in a new situation.

Moscow ceased to view its relations with NATO as being directly dependent on enlargement. At the same time, the new content of Russia-NATO partnership was seen as evidence that enlargement had lost its *raison d'être*. The process was seen to reflect the inertia of the previous decade, when the candidate states aspired to move away from Russia and the West sought to 'expand the zone of [its] stability'. The situation is now very different, featuring a predominant trend of rapprochement between Europe and Russia. Strengthening the zone of stability to the borders of the CIS can no longer remain the foundation stone of Western security policy. Yet, elements of inertia from the 1990s stand in conflict with the new trends at work in the European security system. Some new NATO members did not support the creation of the NRC. It was not obvious that the seven newcomers, who were particularly interested in the consolidation of Western institutions, would continue to support the line of building a partnership of equals between NATO and Russia. Therefore, although NATO enlargement has become a less critical problem for Russian security, it has complicated the formation of a European security system based upon a strategic partnership between Russia and the Euro-Atlantic community.

At the same time, the negative impact of the last wave of NATO enlargement was considerably cushioned by the development of wider Russia-West relations. Moscow has noted with satisfaction the progress achieved in the NRC, whose agenda has become more important to Russian security than jousting against the windmills of enlargement. Nevertheless, official Moscow has continued to emphasise the negative impact of enlargement. Generally, Moscow does not want the remaining elements of the mutual deterrence system to dominate the logic of NATO activities and its transformation. On the contrary, it wants this logic to be guided by the developing partnership. While NATO has accepted some aspects of this thinking, in terms of practical cooperation, Russia and NATO have been unable to find common language.

The movement of NATO military infrastructure to its borders has worried Russia. Both sides have admitted the absence of a mutual military threat, but this has not eliminated the need to make adjustments to Russia's defence planning in response to NATO's physical, if not geopolitical, movement eastwards. For

this reason, the Russian government has called on NATO to restrain from deploying military capabilities on the territory of new members. NATO has a different interpretation of enlargement. The new members want to join NATO in order to strengthen their defence as part of the Alliance's integrated military structure. From their perspective, they seek to contribute to NATO assets, in particular by developing their defence capabilities.

Despite such differences, Russia and NATO have harmonised their views. The contribution of new members to NATO has not come from their 'Eastern specialisation', in terms of the construction of new tracking radars, military bases and airfields on Russia's borders. Such measures would be logical only if NATO did continue to view Russia as a threat; on the contrary, new members have spearheaded specialisation in terms of new security challenges. Indeed, Poland did not require new infrastructure in the eastern direction in order to dispatch troops to Iraq. Moreover, Russia-West rapprochement in the context of the fight against international terrorism has opened unprecedented possibilities for practical partnership on a 'non-bloc' basis. As such, it was only natural that Russia signed an agreement with Germany in October 2003 to allow military transit through Russian territory to Afghanistan in order to support the NATO operation.

In this connection, Russia has considered it extremely important for the new NATO members to join the adapted Treaty on Conventional Armed Forces in Europe (CFE). The Baltic states have declared their readiness to join CFE, but this will not be possible before full ratification of the adapted Treaty by all signatory states. This has become a bone of contention between Russia and the Euro-Atlantic community. The West has viewed the withdrawal of Russian troops from Moldova and Georgia, in compliance with the 1999 Istanbul agreements, as a prerequisite for ratification, while Moscow has refused to accept a connection between the two. This difference has moved the CFE question from the realm of Russian-NATO relations into the wider arena of international politics. The perspectives for the CFE have thus remained uncertain.

This problem has reflected the persisting deterrence-cooperation dichotomy in Russia-NATO relations. As this dichotomy is unlikely to disappear in the near future, the question becomes

where will the balance shift? The answer to this question will depend largely on how the CFE issue is resolved. Uncertainty over this question has added to Russia's concerns that its withdrawal from Moldova, and even more so Georgia would be accompanied by an expansion of Western influence, including NATO, into the CIS, to the detriment of Russian interests.

These circumstances require serious consideration to be given to the prospect of further enlargement, as NATO's open-door policy will inevitably encourage remaining aspirant countries to strive for accession. All the more so if the differences between Russia and NATO over CFE persist. Russia's CIS partners, above all Ukraine, Georgia, Azerbaijan, Moldova, even perhaps eventually Belarus, may be included in the list of candidate countries. In principle, there are three possible scenarios. A first would feature a suspension of the question of further enlargement(s) for a long time, and would strengthen uncertainty and create additional tensions in Europe. According to a second scenario, further NATO enlargement would include CIS states and lead to the creation of a new European security organisation that excluded Russia. This would create a new, real dividing line in Europe and create serious military-political problems on concrete questions such as Russia's Black Sea Fleet, the CFE and other treaties. A third scenario is based on Putin's remarkable 'why not?' in reply to the question of Russia joining NATO, and would envisage Russia making such an overture. This would mean an end to NATO in its present form, if only because its effectiveness in a new format would depend on radical changes in the systems of decision-making, planning and control. This would be tantamount to the creation of a fundamentally new organisation of European security.

In other words, ongoing NATO enlargement would not only complicate NATO's future, its relations with Russia and the management of European security, it would also impact at the international level. The choice between the three scenarios remains open for Russia and NATO. As such, discussion of the possible consequences of further enlargement should be included in NRC agenda, taking into account the wider NATO-Russia desire to join efforts in managing European security.

Russia should not reject in principle the possibility of its eventual integration into a transformed NATO. This perspective would allow Moscow to view in a different light any further wave

of enlargement as part of the wider transformation of the Western alliance into a European security organisation with Russia. Given ongoing fundamental changes in international relations, this perspective should not be considered absolutely unrealistic. However, as long as it is seen as incredible, NATO enlargement will remain an impeding factor in the NATO-Russia relationship. Russia, if genuinely interested in promoting relations with NATO, has to take account of NATO's capacity for partnership and enduring utility. There are significant questions in this respect: will an enlarged NATO be successful both institutionally and operationally; to what extent will the NRC remain useful; to what extent will the Alliance's founding states continue to rely on an enlarged NATO? Should answers to these questions be pessimistic, the substance of Russia-NATO cooperation will gradually erode, even if, at the same time, incentives for new institutional forms of partnership might increase, not excluding the establishment a new Security Alliance.

Russia and the European Union

Over the course of the decade since they signed the Partnership and Cooperation Agreement (PCA), EU-Russia relations have come a long way. On the basis of the PCA, ratified in 1997, they have built a ramified institutional system of cooperation, which has been developing in virtually all areas, including international relations and international security. The dynamic development of a Common Foreign and Security Policy (CFSP) and European Security and defence Policy (ESDP), including the Headline Goal (Helsinki 1999), highlighted the need to introduce changes into Russia-EU relations. Also, the post-Kosovo situation of the late 1990s, when there was an obvious vacuum in the political dialogue between Russia and the West, especially on security issues, gave a strong impetus to Russia-EU cooperation.

Moscow officially and explicitly expressed its interest in the EU's new development and in the formulation of the European security and defence policy. The EU was itself interested in getting support for these new processes – not only from the United States and NATO, but also from Russia. After President Putin came to power, Russian policy became more pro-European and Russia-EU relations began to develop faster. These changes created an

impression that Moscow and Brussels could quickly achieve positive results in the political dialogue and the security field, unlike other areas of their cooperation.

The Russia-EU summit in Paris in October 2000 marked a breakthrough towards a positive development of cooperation in the security area and towards its concretisation. However, when examining the interests of both parties that lay behind the Paris summit, it is clear that the decisions were largely voluntary and did not signify a strategic choice. For this reason, the 'compensatory effect', which consisted in filling the vacuum caused by suspended Russia-NATO relations with closer ties to the EU, after the Paris summit proved to be limited and short-lived. Put simply, the parties' objectives did not coincide. The European Union needed Russia's loyalty and sought to leave open a window in the future for practical cooperation with Russia, whenever and if this was found to be expedient. For Russia, cooperation with the European Union was also instrumental. Russia sought to use security cooperation in order to implement its fundamental objectives in relation to the West. These consisted of achieving joint decision-making mechanisms, common principles for peacekeeping and humanitarian interventions, establishing rules and limitations on the use of force and debating the role of international organisations. At this point, the Russian government continued to separate the West into 'bad' (NATO) and 'good' (the EU), a division that in fact stood in the way of a Russia-EU rapprochement on security issues.

After 11 September, the progress reached in Russia-US and Russia-NATO relations helped remove obstacles to the further development of Russia-EU cooperation in security. Along with new opportunities, for the EU there were new reasons for greater cooperation. First, international developments, such as the establishment of warmer relations between the United States and Russia, led the EU to increase cooperation with Moscow in combating terrorism and building European security. Second, EU member states began to worry that the new quality of Russia-US relations might result in the weakening of Europe's position vis-à-vis Moscow and Washington. For these reasons, at the summit on 3 October 2001, the EU agreed to additional steps in cooperation with Moscow in security and defence. These included the fight against international terrorism; the two parties adopted a joint statement to this effect. Brussels and Moscow also agreed to strengthen the institutional basis of their cooperation in order to

make the dialogue capable of promptly responding to new challenges. The parties reached agreement on Russian consultation with the EU Policy and Security Committee (PSC), consisting of monthly meetings between the PSC troika and Russia. At the 29 May 2002 summit, the EU and Russia announced plans to deepen considerably cooperation in the security field and mapped out venues for further practical interaction.

However, the political declarations of the two parties have not been translated into practical and consistent movement towards a strategic partnership. Both Moscow and Brussels have spoken of the successful development of their political dialogue and their consultations on international issues (the Middle East, Afghanistan and Iraq). Yet, unlike Russia-NATO cooperation, these declarations have not been followed by practical interaction in the field of European and international security. A single example of Russia-EU cooperation was the participation of several Russian military officers in the EU Police Mission in Bosnia and Herzegovina, although this participation did not allow Russia political or operational influence over this ESDP operation. Also, Russia has been invited by the EU to take part in its crisis management exercises – but as an observer and not a partner. Moreover, the areas of shortfall in the EU's operational profile have not prompted Brussels to develop military-technical cooperation with Russia. In December 2002, the EU declined Russia's offer of its air transport capabilities in EU crisis management. A situation has emerged where repeated declarations about the development of partnership at every summit do not conceal and, in fact, only emphasise the absence of joint long-term goals and an increasingly limited bilateral partnership. As one European expert has noted, 'basic differences largely preclude the European Union and Russia from reaching agreement on what the actual results should be in the first place.'[2]

In 2004, both parties displayed greater determination to overcome the limited nature of their bilateral relations and to impart a new quality to them. One reason behind this change of position was Russia's growing dissatisfaction with the nature of relations with the EU and with the gap between declarations on a 'strategic partnership' and the lack of evident progress. Another reason, partly connected with the first, was the growing politicisation of issues on the agenda of bilateral relations. This politicisation has

2. Hiski Haukkala, 'A problematic Strategic Partnership', in Dov Lynch (ed.), 'EU–Russian Security Dimensions', *Occasional Paper* 46 (Paris: EU Institute for Security Studies, July 2003), p. 18.

provoked mutual discord and even crisis, as happened in 2002 over the Kaliningrad region. The framework of Russia-EU cooperation ceased to correspond to the parties' strategic interests.

The pressing need for a long-term strategy to reflect changes taking place in Europe and international relations more broadly led Russia and the EU to undertake practical steps to breathe new life into cooperation. At the May 2003 summit in St Petersburg, Russia and the EU reached agreement on the main strategic goal of their partnership – the creation of common 'spaces' in four fields, including external security. The step was logical: despite the existence of 'two Europes', both parts constitute a common space from the point of view of problems and challenges. Both parties pointed out the need to proceed from declarations about a strategic partnership to practical moves. In response to Moscow's growing dissatisfaction with the nature and effectiveness of relations with the EU, the Commission admitted in 2004: 'The EU and Russia have agreed ambitious political declarations (e.g. on the 'common spaces', the Energy Dialogue, environmental cooperation and political and security cooperation) . . . [b]ut, despite common interests, growing economic interdependence and certain steps forward, there has been insufficient overall progress on substance.'[3] This admission attested to constructive changes in EU policy, which seeks to 'engage with Russia to build a genuine strategic partnership, moving away from grand political declarations and establishing an issues-based strategy and agenda.'[4]

However, Russia and the EU still have not formulated the long-term goals of their 'strategic partnership'. They have different ideas of the content of the four common spaces. The EU seeks to improve the level and quality of its cooperation with Russia by leading Moscow closer to Europe, thus seeking to impose its logic of expanding the integration space on Moscow. This approach is reflected, from Moscow's view, in the EU 'Wider Europe – New Neighbourhood' concept, first proposed by the Commission in March 2003.[5] Russia has adopted the opposite approach, preferring to develop partnership on the basis of mutual rapprochement and proceeding from the fundamental interests of each party. Russia understands 'the EU's desire to create a friendly environment around its new borders' but it does not share the EU's wish to forge this environment into a EU 'near abroad' that would be 'mostly oriented to EU standards'.[6]

3. Communication from the Commission to the Council and the European Parliament on Relations with Russia, COM(2004), 106, Brussels, 9 February 2004, p. 3.

4. Ibid., p. 6.

5. 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', Commission Communication COM(2004), 373 final, Brussels, 12 May 2004.

6. From Russian Deputy Foreign Minister V. A. Chizhov's speech at the 23 February 2004 conference in Berlin; http://www.regions.ru/printarticle/news/id/1420467.htm, p. 2.

Russia and the EU still differ in their approach to many fundamental issues of cooperation – the modality of joint peacekeeping efforts, partnership in the EU's 'new neighbourhood', and especially in the CIS, as well as the institutional structure of the partnership. With regard to interaction in crises, Russia has not agreed with the EU view on Russian participation in EU crisis management missions, instead favouring equal cooperation at all stages – from the identification of a problem to the implementation of joint actions to solve it. The differences between the EU and Russia over settlement of the conflict in Moldova, which arose in late 2003 amid the absence of mutual preliminary consultations on this issue, attested to persisting unilateral approaches, which are not in line with the declared goal of a strategic partnership. The EU-Russia summit of 25 November 2004, which failed to complete the 'road maps' on the four spaces, was overshadowed by the political crisis in Ukraine and the differences between Russia and its European partners.

Thus, already at the initial stage of working out 'road maps' for the common spaces, the EU and Russia have encountered a serious problem in the lack of a common vision. Even if the parties agree to such 'road maps' in 2005, their application will be complicated by the non-coincidence, even clash, of political approaches. One should note that such conflict would affect mostly those areas where the partnership potential between the EU and Russia is not symmetric; this means, first and foremost, the economy. Prospects for forging a common space in the field of external security are somewhat more favourable.

Differences of approach and the lack of a common vision should lead Brussels and Moscow to seek greater effectiveness of existing cooperation rather than a new quality. Following in the footsteps of the EU, which has come out against excessive institutionalisation in favour of concrete results, the Russian government has said that the formation of a common security space should not rule out a policy of making 'small steps'. These developments show that, under the new banner of 'strategic partnership', the parties will, most likely, continue to develop relations of a different nature, consisting of selective and pragmatic partnership in areas of mutual interest. At the same time, providing substance to cooperation in the security field (which will require

much effort to work out mutually advantageous compromises) will create the prerequisites for the future strategic partnership.

How can Russia and the EU break out of this vicious circle? How can Brussels and Moscow resolve the dilemma of their relations, in which practical cooperation is required to develop a new overall quality of relations but where the effectiveness of practical interaction depends on the nature of the overall partnership? In building a common external security space, the two should combine the development of specific, functional and results-oriented cooperation with the gradual elaboration of principles for a strategic partnership. These principles would include adherence to common values and declared priorities, equal and mutually advantageous cooperation, joint responsibility, a multilateral approach on the basis of international law, transparency and continuity, as well as the comprehensive nature of cooperation.

Russia and the OSCE

The Organisation for Security and Cooperation in Europe (OSCE) plays a traditionally important role in Russia's European policy. The OSCE's advantages for Russia reside in its pan-European format, which also includes the United States; its comprehensive content (the three baskets); and its equitable decision-making mechanism, which enables Russia to use its veto right when there are essential differences with partners, above all on questions in the security dialogue. Yet, Russia's hope in the 1990s of creating a hierarchical structure for pan-European security around OSCE leadership failed. In the late 1990s, in fact, Russian efforts to defend the OSCE's priority role became increasingly counterproductive. Amid the aggravation of differences between Russia and the West, the OSCE became a convenient forum in which the latter could exert pressure on Moscow. By advocating a strong role for the OSCE, Moscow only weakened its own political position.

The situation culminated in Russia's isolation at the OSCE Istanbul summit in November 1999, where Russia received a great deal of criticism (especially with regard to Chechnya), failed to reach an understanding with the West on key issues pertaining to the situation in Kosovo (the use of military force and its

projection, and the role of international organisations), and worsened its position in relations with CIS partners (above all, Georgia and Moldova). The only state that supported Russia in Istanbul was Belarus. Considering Western attitudes to the Lukashenko regime, this factor marginalised Russia ever more.

Paradoxically, Russia's failure to promote its 'pan-European' concept produced positive changes in Russian and European policies. In Istanbul, Russia finally gave up its desire to assign to the OSCE the role of a centre-forming organisation in a hierarchical security structure. After the summit, the opportunity for building a system of interlocking institutions in Europe became a reality. This model, which differed from Russia's earlier proposals, was approved by all countries, including Russia, in the summit's final documents. In a non-hierarchical system of interlocking institutions, the OSCE was to be responsible mainly for the all-European political dialogue, human rights monitoring, possibly peacekeeping missions, and would serve as a forum for disarmament and arms control negotiations.

However, after the OSCE had become simply one of many security organisations, Russia began to lose interest. It also became obvious after Istanbul that the OSCE would preserve its orientation towards the East and remain a tool for putting pressure on Russia and its CIS partners. Moreover, one of the main practical tasks facing the OSCE, one that was important both to Russia and NATO, namely the preparation of an adapted CFE, had been implemented in Istanbul, thus decreasing perceptions of the utility of the organisation.

Even before the Istanbul summit, the Russian expert community insisted that the Government's vision of the OSCE was erroneous and unrealistic. After the summit and once Russia had relinquished this vision, attitudes to the OSCE among the Russian public and in political circles became even more critical. Russia's foreign policy establishment, which had earlier recognised the limited utility of the OSCE for Russian interests, immediately dropped all obsolete dogmas. All the more so as it became obvious that the OSCE could not fill the dangerous institutional vacuum that had opened in the late 1990s in the military-political dimension of relations between Russia and the West. While paying lip-service to the traditional rhetoric about the importance of the OSCE and remaining interested in its pan-European function,

Moscow focused on practical ways to improve relations with the EU and NATO.

Russia's loss of interest in the OSCE was also due to the general weakening of the organisation. Amid the 'identity crisis' of all European security institutions, made graphically manifest by the fundamental changes in international relations in the wake of 11 September, the decline of the OSCE was most visible. Considering its institutional amorphousness and the consensus rule in decision-making, this organisation simply cannot play the role of a 'European UN' (especially considering the eroding role of the UN itself). The main functions of the OSCE are increasingly shifting to other European institutions (humanitarian issues and human rights to the Council of Europe; economic cooperation to the enlarged European Union; and military-political aspects to NATO, ESDP and the Collective Security Treaty Organisation). In these conditions, the 'OSCE problem' has acquired new meaning in Russia's security policy. The need has arisen to decide whether or not the OSCE should be reanimated – from the point of view of consolidating the European security system and from the point of view of Russia's interests.

Obviously, the answer to this question should be positive, but with one caveat: one should not seek to prolong artificially the life of this organisation or to invent new functions and tasks to keep it afloat. In the security field, there are four main areas where participating countries may be interested in strengthening the OSCE. First, the organisation still retains significance as a forum for pan-European dialogue. Second, the OSCE can be used more actively as an instrument (convenient but not obligatory) for legitimising decisions on European security. Third, the OSCE can provide a convenient framework for negotiations on specific issues, including the drawing up of treaties. Finally, the OSCE can undertake field missions (wherever it is considered expedient) to monitor crisis situations and undertake crisis-settlement activities. Moscow has chosen a policy of strengthening the OSCE by seeking to adapt it to new challenges. In practice, this has opened a new chapter in Russia's policy towards the OSCE, following a moment of a relative loss of interest. Politically, this signals elements of continuity in Russia's security policy, which remains oriented towards strengthening the role of international institutions – including the UN and the OSCE.

Thus, Moscow's earlier rhetoric on the importance of the OSCE allowed it promptly to make a choice in favour of a push for its adaptation. And yet the fundamental questions remain: how can the OSCE be revived and to what extent do Russia's interests coincide with those of its OSCE partners? Importantly, as differences between the West and Russia decrease and as a cooperative approach consolidates in Europe, joint institutions, such as the OSCE, cease to be viewed as a political battlefield or as a tool of struggle. Therefore, the potential of the OSCE as an institution of dialogue and cooperation may be increased if the organisation is able to reform. Advocating such reform, Moscow has levelled hard criticism at the state of affairs in the OSCE. Keeping in mind its previous isolation, Russia worked to obtain support for its position from its CIS partners. The 3 July 2004 statement by CIS member countries called for the removal of functional and geographic imbalances in the organisation's activities, the abandonment of double-standard practices, and improved field activities.[7] This was followed by their Appeal to the OSCE Partners adopted in Astana on 15 September 2004, which also insisted on a radical reform of the OSCE's field activities and the introduction of transparent principles into the workings of the organisation.

Although Moscow emphasised the positive nature of this criticism, the results will be far from evident. Russia has not really hoped only for understanding and reciprocal steps from partners, but has nevertheless considered such demonstrations as conditions for productive cooperation. For Moscow, if the shortcomings mentioned in the 2004 statements are not removed and the OSCE remains unreformed, the organisation will have little role to play and will not be able to fulfil its primary task of serving as a forum for broad and equitable dialogue on paramount European security issues. This rigid approach is likely to complicate prospects for achieving Russia's desired outcome for the OSCE, given partners' reactions to Russian proposals. Most importantly, Russia's wish (supported by other CIS countries) to remove the 'Eastern imbalance' from the OSCE's activities has been at variance with the position of the EU and NATO member states, which view security problems in the East as a priority focus of the OSCE.

The OSCE ministerial meeting in Sofia on 6-7 December 2004 provided evidence of differences. The divergent views of Russia and Europe and the United States on events in Ukraine showed divergences in values and principal interests between Russia and its

7 See Russian Foreign Ministry website: http://www.mid.ru.

'strategic partners,' and not only the temporary difficulties. As a result, ministers did not agree a final declaration, and Russia distanced itself from the statement released by the Chaiman-in-Office. The Russian delegation expressed its 'regret' that the initiatives of the CIS countries 'were left without due attention' and raised questions about the enduring utility of the OCSE, which continues to show both 'functional and geographical distortions' as well as 'double standards'.[8]

Along with criticism, Russia and its CIS partners set forth a number of specific proposals for reform. Some of these are in line with measures planned by the OSCE, including the introduction of a new scale of membership dues from 1 January 2005, in order to redistribute expenses on a fair basis.[9] Russia also proposed amending OSCE rules and procedures (the OSCE Secretariat has already prepared their compendium) and adapting the 1973 Blue Book to the new situation. Its proposals included improving OSCE accountability by working out a transparent mechanism for consultations between the acting chairmanship and the member states, and between the OSCE and states receiving missions, and by restructuring the OSCE Secretariat to make it compact and more effective. Russia also expressed its readiness to discuss the OSCE Secretariat's proposal to strengthen the role of its Secretary-General. These proposals were submitted to the Bulgarian chairmanship, with the aim of reaching specific decisions during the OSCE ministerial meeting in Sofia on 6-7 December 2004.

Despite its harsh criticism, Russia's proposals have been constructive, falling broadly in line with the organisation's long-awaited reform. Objectively, these proposals were intended to optimise the organisation's efficiency and transparency. As such, they may meet with the support of the other participating states, even if many in the EU and NATO have not supported Russia's view of the OSCE's excessively Eastern focus. Another factor that may help Russia win support may be the 30th anniversary of the OSCE in 2005. Certainly, adopting these proposals would enhance Russian and other states' interest in the organisation. The OSCE's Eastern concentration, which Russia has justly viewed as an unacceptable unilateral pressure, may prove useful from the point of view of imparting a new quality to a partnership that is developing in the context of challenges that require common effort. For this reason, Russia has supported the OSCE's efforts to step up activities in the struggle against international terrorism and in guarding borders.

8. Statement by the Delegation of the Russian Federation at the OSCE Ministerial Council (2599), Sofia, 7 December 2004.

9. Resolutions of the OSCE Standing Council of 5 April 2001 and 11 April 2002.

Conclusion

European security is increasingly determined by external factors and non-traditional threats that require international adaptation. The formation and institutionalisation of the partnership between Russia and the Euro-Atlantic community has constituted a major part of this adaptation. However, building this partnership has been made more complicated by the fact that it has been part of a wider, and increasingly acute, question of how an integrating Europe will build relations with Russia.

On the whole, despite a noticeable rapprochement between Russia and the West, the 'deterrence-cooperation' dichotomy has persisted in their relations and will survive into the foreseeable future. The security field remains decisive for the content of these relations. Strengthening partnership in addressing international security problems has been impeded by persisting differences in the interests of major states. On some key security issues, differences have been increasing. Such developments place responsibility on Russia to conduct a balanced foreign policy that will spare it the need to look for alternative partners and alliances in its relations with the West and will not allow some Euro-Atlantic states to use Russia as a card in inter-Western political relations.

First of all, Russia must retain a balance in its foreign policy between American and European orientations in order to achieve success in each of them. Divisions inside Europe require another balance. Russia, seeking a strategic partnership with the EU, is interested in Europe's unity and growth in political importance no less than Europe itself. It would be short-sighted to lay emphasis on the development of relations with only one of the political poles in Europe. The importance to Russia of Central and Eastern Europe is objectively increasing, and the invigoration of policy in this region defines the content of the third balance. Recent developments, especially in the context of Iraq (the so-called 'Declaration of Eight'), show that Central and East European countries have become a significant element in international politics. A fourth balance must be reached between Russia's bilateral ties with Western partners and cooperation with Western institutions, in particular the EU and NATO. European history has shown the danger of the nationalisation of security policy. For Russia,

reliance on priority partners in Europe should not be an alternative to political cooperation with the EU, NATO and, especially, with such international organisations as the OSCE and the Council of Europe. This approach is becoming firmly established in Russia's present foreign policy and will evidently remain its benchmark.

Russia and anti-terrorism

Dmitri Trenin

6

Of all the major countries at the turn of the twenty-first century, Russia has been one of the more directly and seriously affected by the scourge of terrorism. Yet, while the United States has been at war, and felt it was at war, Europe is not at war, and generally does not feel that it is at war; Russia, at least until Beslan, was at war, but did not really feel it was. Then things began to change. This chapter will seek to explain the nature of the terrorist threat facing Russia, the Government's response to it, society's attitudes, and what it might all lead to.

Aspects of terrorism

Russia, which saw the birth of political assassinations as a revolutionary tactic in the second half of the nineteenth century, rediscovered modern terrorism after the break-up of the Soviet Union. While the USSR was not exactly spared from acts of terrorism, they were few and far between.[1] In the post-Soviet context, terrorism made its appearance at several levels. The process of initial accumulation of capital through privitisation of formerly state-owned property resulted in a massive wave of contract killings of rival entrepreneurs. The Russian state, much weakened and extensively 'privatised' by vested interests, was unable and often unwilling to check this spree of terror. Most killings were never solved, with perpetrators and those who hired them usually escaping punishment, at least from the law. Although contract killings have not stopped to this day, they had definitely peaked by the late 1990s. Individual terror tactics were also used against prominent public figures, including members of parliament, governors, TV personalities and investigative journalists.[2]

Another side of post-Soviet terrorism was its use as a weapon by the parties in various ethnic conflicts across the post-Soviet Commonwealth of Independent States (CIS). In many of these cases, as

1. For instance the 1977 explosion in the Moscow metro, several plane hijackings in the 1970s and 1980s, and rare (and unsuccessful) assassination attempts on the lives of Brezhnev and Gorbachev.

2. Some of the better-known cases were those of the Duma Deputies Galina Starovoytova and Sergei Yushenkov, Deputy Governor Mikhail Manevich of St Petersburg, Director General Vladislav Listyev of *ORT TV* and newspaper reporter Dmitri Kholodov.

in the South Caucasus, Moldova and Tajikistan, individual Russians were implicated, either as victims (alongside others) or as perpetrators. October 1992 saw the outbreak of the first ethnic conflict on the territory of the Russian Federation itself, between the Ingush and the North Ossetians. There, as well as in the CIS, the Russian government relied on the Russian military to impose and police order, which allowed Moscow to keep the conflicts 'frozen' for years.

Chechnya at the root of terrorism in Russia

More recently, and to this day, terrorism has come to be associated with Chechnya and, more broadly, the Northern Caucasus. Even before the start of the first Russian military campaign in Chechnya in 1994, the republic experienced what might be called 'routine' terrorism. The first campaign itself was preceded by a series of bus hijackings for ransom in the neighbouring territories of southern Russia. That first campaign was officially aimed at 'restoring constitutional order' and putting an end to lawlessness, but in reality it sought to suppress Chechen separatism. When, by mid-1995, Chechen separatists were routed in the lowlands and driven into the mountains, Shamil Basayev, a previously little-known rebel leader, discovered the power of mass terrorism as an effective weapon in asymmetric warfare against the Russian state.

In June 1995, Basayev took 1,000 people hostage in a hospital in a Russian town, Budyonnovsk, some 200 km deep inside Russia. This saved the rebels, who continued to fight another day. Basayev's success was repeated in 1996 by another field commander, Salman Raduev, who took over a maternity hospital in Kizlyar, Dagestan, again, with hundreds of hostages and, like his mentor, got away with it. In the same year, rebel General Dudayev's threat to take the fighting to Moscow, and use nuclear materials against Russia's population, materialised in bombings of Moscow buses and the discovery of a contaminated container in a Moscow park.

Djokhar Dudayev was killed in 1996 by a Russian missile, but his scare tactic worked. The Russian government was exposed as weak, actually impotent, with its prime minister having to negotiate with the terrorists by phone in front of television cameras. The security services and the military were proven inefficient and their

leaders utterly incompetent. The population was terrified; they knew the authorities were unable to protect the ordinary people. Media attention to the acts of terror gave the terrorists a chance to propagate their cause as a way to promote national liberation against Russian colonialism. The authorities' riposte lacked any credibility. Occasionally, 'noble rebels' were even romanticised by the media, their use of terrorist tactic notwithstanding – a Stockholm syndrome on a national scale. The public's general reaction was, stop the war and make peace, immediately! This widely shared attitude was among the major factors contributing to the withdrawal of Russian federal forces from Chechnya and the emergence in 1996 of a de facto independent Chechen Republic of Ichkeria.

With the end of hostilities, terrorist acts in and around Chechnya, *albeit* on a smaller scale, increased in number. Although popularly elected, President Aslan Maskhadov proved unable to keep the situation under control. What had presented itself as a national liberation movement degenerated into common 'warlordism'. Chechnya was fast sliding into complete lawlessness and anarchy. Abductions for ransom emerged as a profitable business activity. In a preview to what became widespread in Iraq in 2004, foreigners became a prime target, with some being brutally killed. Neighbouring regions of Russia were terrified at having to live next to bandit-ruled Ichkeria, from where robbing raids were occasionally launched. Plans to build a wall around the small republic, fencing it off from the rest of Russia, were discussed.

The 1999 watershed

The military and security services, however, were leaning toward a more decisive solution. In 1999, Basayev's incursion into Dagestan, where he sought to link up with local Wahhabi enclaves, marked the post-Soviet nadir of Russian state power and the low-water mark of its functionality. Repelling the attack took much time and effort. However, in contrast to the 1994-96 campaign to 'restore constitutional order', this time the Russians were attacked and thus felt morally superior. It was the series of apartment house bombings in September 1999, including in Moscow, which claimed a total of about 300 lives, which won broad popular support for the second Chechen campaign. Ordinary people

immediately accepted the Government's dubbing of the second campaign as an anti-terrorist operation.

This had important repercussions. After Maskhadov failed to condemn Basayev's raid, he became associated with the main terrorist as an accomplice. This was not dissimilar from the later US treatment of Taliban's Mullah Omar because of his connections with Bin Laden. Thus, Moscow rejected negotiations with the rebel leaders, lumping them together with the certified terrorists. Instead, it promised to pursue, capture or kill them. Further, sympathy for the rebels was now tantamount to sympathy for the terrorists. Rather than referring to constitutional order, and thus starting another historical discussion of 400 years of Russo-Chechen relations, the authorities invoked the law against terrorism that had been passed in 1998. The media were told to comply, and they largely did.

Chechnya II brought with it a sea change in the world-view of the top echelon of Russian decision-makers. Vladimir Putin, who succeeded Boris Yeltsin as President on New Year's Eve 2000, and the security services from which he had emerged, no longer saw Chechnya as just another ethnic conflict resulting from the break-up of the USSR, along the lines of so many others in the CIS area. The challenge that they saw emerging was nothing less than an attack on civilised order by barbarians utterly alien to civilisation. These barbarians had no right to be spared. They had to be, in Putin's own words, 'wiped out in an outhouse'.

Putin's declaration of a war on terror – almost exactly two years ahead of President Bush's – not only helped establish Putin's reputation and authority, it defined his presidency. While security professionals scoffed at the idea of calling a military campaign an anti-terrorist operation, he proceeded to reorient Russia's security policy towards the new challenges as he saw them.

Putin's arc of instability

Putin and his associates also saw Chechnya as part of a wider international conspiracy. Since the early 1990s, Russian security services had been sounding the alarm at the prospect of Muslim extremism that was raising its head in the Balkans. Moscow's support for the Serbs in both Bosnia (1992-95) and Kosovo (1998-99) was driven by the fear of extremism unchecked. In his book of inter-

views with Russian journalists, *In the First Person*, Putin explained that the aim of the extremists was to found a caliphate that would include, besides the countries of the Greater Middle East, the former Soviet republics of Central Asia, and the Russian Northern Caucasus as well as the lower and middle Volga regions.[3] More broadly, Putin and his cohort were concerned about a gigantic arc of instability stretching from Northern Africa across the Balkans and the Middle East to the Caucasus, Central Asia and then on to South-East Asia: from Fez to the Philippines, no less. This amounted to a security philosophy very far removed from the East-West stereotypes of the Cold War. The Islamist incursions into Kyrgyzstan and Uzbekistan in 1999 and 2000, the first of which coincided exactly with Basayev's raid into Dagestan, seemed to vindicate that view. In terms of threats, Putin's Russia started to look southward.

While the worldwide conspiracy theory was too facile an explanation of the rising challenge, turning south was certainly the correct strategy. What made it far less effective were the methods used by the Russian authorities in the fight against the terrorist menace. The rules of engagement designed to minimise friendly losses called for a liberal use of firepower. However, massive retaliation against resistance did not deter the latter. Indiscriminate use of violence and repression, including against real or presumed enemy sympathisers, helped recruit more Chechens to the rebel cause. Deficient discipline among the various federal armed formations, and commanders' and courts' leniency toward friendly offenders, led to loss of the forces' credibility in the eyes of the local population. The taming of the Russian parliament and its de facto emasculation, and the clampdown on free media reporting from Chechnya, ensured that mistakes would not be corrected, and that such crimes would go unpunished. This undermined the effectiveness of the anti-terrorist fight, and damaged Russia's reputation abroad.

Russia, terrorism and the West

Originally, Putin had hoped that the West would understand Russia's problems and agree that the methods used in the fight against international terrorism in the central section of the arc of instability were justified, in the circumstances. At the very least, he hoped,

3. Vladimir Putin, *Ot pervogo litsa: Razgovory s Vladimirom Putinym* (Moscow: Vagrius, 2000), pp. 132-7.

America and Europe would express solidarity with Russia the victim and would not second-guess its methods of retribution. In that, Moscow was bitterly disappointed. The Russia-EU summit of October 1999 in Helsinki and the OSCE summit at Istanbul the following month were perceived by the Kremlin as international humiliation. The Russians, in turn, accused the West of cynicism, hypocrisy and double standards. They claimed that America's friends in the Balkans (i.e. the Muslims, and especially the Kosovar) were harbouring extremists and terrorists, that US allies, such as Turkey, were providing a haven for Chechen rebels (Turkey having itself fought a long and brutal campaign against Kurdish separatists), while nuclear-armed Pakistan had been behind the Islamist Taliban regime in Afghanistan, and Saudi Arabia was busy promoting destabilising Wahhabism in the Muslim world. The conclusion was that expediency and not principles was guiding the US and European approach toward Chechnya. Some even claimed that Chechen resistance fighters (like the Taliban) were used by the West to undermine Russia's geopolitical positions in the oil-rich Caspian region.

The 1999 and 2000 Islamist incursions into Kyrgyzstan and Uzbekistan exposed Central Asian regimes as corrupt, unpopular and incompetent. However, from the Russian perspective, the alternative could only be incomparably worse. The Taliban in Afghanistan served as an object lesson and had a demonstrative effect on the region. In an attempt to contain the challenge, Russia made common cause with its former Afghan enemies, the *Mujaheddin*. In 2000, even that was almost not working, and Moscow threatened Kabul with air and missile attacks against Islamist training camps in Taliban-controlled Afghanistan. One good piece of news, from Moscow's standpoint, was that after the 1998 embassy bombings, and the attack on the USS *Cole*, the United States was also turning against the Taliban. In 2000, in another historical about-face, the United States and Russia established a working group to coordinate their activities in Afghanistan.

The 11 September attack on the United States had been preceded by the first Bush-Putin summit, which promised a good personal relationship. Putin was very quick to seize upon the momentum at a time when US security priorities were moving towards convergence with Russia's. From Putin's perspective, after Chechnya and the Moscow apartment house bombings, it was now America that was joining him in the fight against international

terrorism. Putin's strategic decision to provide assistance to the United States on Afghanistan, including by sharing intelligence with the Americans, and not to protest against the US military presence in the Central Asian countries, was based on a hard-headed analysis of Russia's resources, as well as on a range of expectations, but central to it was a world-view which clearly saw Islamists as the principal enemy. Chechnya had paved the way to a US-Russian rapprochement.

The notion of an anti-terrorist coalition embodied a new version of the Russian-Western alliance. For the first time since 1945, Russia and the West had a common enemy. New front lines were being delineated. US bases in Central Asia and even military instructors in Georgia were tolerated. Russian insiders were boasting that their country was now worth more to the United States than its traditional Cold War allies – due to Russia's geography, recent experience and willingness to take losses. A revamped US-Russian alliance, it was hoped, would provide a new core to the emerging global governance structure. In very personal terms, Vladimir Putin, once condemned as a brutal pacifier of Chechnya, was on his way to becoming a leading figure of the 'white hats' coalition, alongside George W. Bush. Chechnya was being subsumed within the struggle against terror.

Later, however, there was considerable disappointment over the perceived US unwillingness to reward Moscow for its stand on Afghanistan and Central Asia. Washington's withdrawal from the ABM Treaty came only a few weeks after the triumphant Crawford summit in November 2001. The Bush administration's toning down of criticism of the situation in Chechnya was the only sign of gratitude, and it was deemed too little. Even this was not guaranteed to last. In the run-up to the US election campaign, the Republicans reverted to moderate criticism of Russia's policies on Chechnya.

Relations with Europe suffered much worse. Less willing than the United States to include Chechnya as a battlefield in the global war on terror, the Europeans were not just cool toward Russian arguments. In many EU countries, public opinion turned decisively anti-Russian. When Putin attempted to compare the situation in Chechnya to that in Northern Ireland, Corsica or the Basque country, he did not find a sympathetic audience anywhere. Russian government videos about the atrocities performed by the Chechen terrorists failed to provoke a groundswell of support for Moscow's just cause.

In turn, Europe's attempts to help Russia find a way out of the Chechen conflict were scoffed at in Moscow. Suggestions of a cease-fire, Russian troop withdrawal or negotiations with the elected Chechen President Aslan Maskhadov were never seriously considered. Maskhadov was said to be irrelevant, or worse, not unlike Mullah Omar, a self-styled leader playing host to out-and-out terrorists. As for Shamil Basayev, he was Russia's Bin Laden and thus totally inconceivable as a negotiating partner.

In practical terms, Russia limited Western oversight by refusing to guarantee the safety of the OSCE mission in Grozny, which thus had to stay away from Chechnya. The Parliamentary Assembly of the Council of Europe, suspected of anti-Russian bias, saw some forceful defenders of Russia's anti-terrorist operation, such as the Duma's populist members Vladimir Zhirinovsky and Dmitri Rogozin. The assembly's seat in Strasbourg became the scene of heated debates between them and Britain's Lord Judd. At a wider level, Moscow also enacted a policy of legally pursuing terrorists and punishing their sympathisers. The holding, in 2002, of the World Chechen Congress in Copenhagen brought Russian anger on the government of Denmark, and Britain's granting of refugee status to Ahmed Zakayev, a Maskhadov associate, strained relations with the United Kingdom. (In both these cases the inability of the Russian Procurator General's office to build a good case against the Chechen leaders in question resulted in the courts' rejection of the extradition requests. In Moscow's eyes, however, the refusals were politically motivated: a clear case of lack of professionalism combined with a facile explanation of the West's anti-Russian bias.) The triangular situation of a modern industrial Russian state handling the Chechnya situation in a largely pre-modern environment, with the post-modern Europeans looking on, is an illustration of the discrepancy between the historical time zones in which these three worlds exist.

Chechen terrorism in central Russia

The defeat of the rebels on the battlefield, however, did not make Russia safe from terrorism, quite the reverse. Since terrorism is a weapon used by the weaker side, Russia's military dominance is being offset by asymmetrical strikes. That these are often anonymous only adds to the terror effect. Routine acts of sabotage

against Russian soldiers and policemen in and around Chechnya are being interspersed with major terrorist attacks that claim dozens of lives at a time. In October 2002, Russia was shocked by the taking of 800 hostages in a theatre in Moscow. The siege continued for three days before the building was stormed, with the loss of 129 hostages' lives due to poor, if not non-existent, treatment for the effects of the incapacitating gas used by the special forces. The outside world expressed sympathy but recoiled at the incompetence of medical provisions and the secrecy surrounding the identity of the agent used. As in Chechnya as a whole, Russia was simultaneously both scoring points and losing them.

In 2003 and 2004, Chechen terrorists started employing suicide bombers, many of them young women, to attack assorted soft targets, such as a rock festival outside Moscow, a commuter train in the south of Russia, a Moscow underground train, as well as government and security police headquarters and a military hospital in Chechnya itself. Loyalist Chechen President Akhmed Kadyrov was also assassinated. Then, in a Russian version of 11 September, two passenger planes crashed simultaneously in late August 2004, killing nearly 90 people. This was followed, in short order, by bombings and another case of a mass hostage-taking. The rebels also managed to assemble several hundred fighters for surprise raids on the Ingush capital, Nazran, in June 2004 and Grozny in August 2004, each resulting in about 100 people killed.

Dealing with terrorism

Putin declared that dealing with the terrorist threat was the principal task of the Federal Security Service (FSB), the principal successor to the Soviet KGB.[4] Yet the President's attempt to reform and reorientate the military and security services have yielded meagre results. The failure of Russian intelligence and counter-intelligence to prevent attacks has been striking. Both Basayev and Maskhadov have been on the run since 1999. At the same time, the high level of corruption within the law-enforcement agencies has allowed the terrorists to move around with ease and to collect information about the authorities' next steps. The failure to fully investigate security lapses and their causes, as in the case of the 2002 theatre hostage-taking, is remarkable. The public has not yet heard a convincing explanation of the 1999 Moscow apartment

4. President Vladimir Putin's address to the leadership of the Federal Security Service, 15 January 2004, available on Ministry of Foreign Affairs website: http://www.mid.ru.

house bombings, or of the purported 'anti-terrorist exercise' held in Ryazan at the same time. Inevitably, with many crucial questions unanswered, much of the public have become sceptical and suspicious.

Court cases against captured terrorist leaders, such as Salman Raduyev, have been few. Ordinary terrorists have been brought to justice somewhat more often. In many other cases, terrorists commanders like Khattab and Ruslan Gelayev were killed. *All* members of the group that hijacked the theatre were killed when it was stormed.

Little thought has been given to how Russian actions contribute to the rise in violence. In one highly publicised case, an army colonel, Yury Budanov, was convicted of having killed a Chechen girl during an interrogation. The Budanov case divided the Russian military and was controversial in society as a whole. The Chernokozovo detention centre, infamous for prisoner abuse, was allowed to function for a long time before it was closed. The practice of *zachistki* (mopping-up operations), which often result in sanctioned abductions of young Chechen males for questioning and subsequent ransom, is particularly vicious. Some of these Chechens disappear or are killed, earning Russia many more enemies. Revenge for their husbands or brothers has pushed many Chechen women into becoming suicide bombers. The Russian press calls them 'black widows'.

However, Russian forces' actions merely reflect the state of the armed services. There is a crying need for strict discipline, better quality personnel, properly functioning equipment, training, tactics and sorely needed specialisation. Chechnya represents a powerful case for fundamental military reform. This is not to say that no improvements have been attempted. Responsibility for Chechnya has been passed from the Ministry of Defence to the Federal Security Service and the Ministry of the Interior. A decision was made to raise the level of the military's professionalisation. Conscripts may no longer have to go to Chechnya, but will be replaced by contractees. A local Chechen police force has been created, in principle eventually to replace the federal police authorities. After Akhmed Kadyrov's assassination, his private guard, whose members had been accused of massive abuse, is being gradually dissolved.

There have been some improvements across the country, including in border controls, identification checks (partly as a

result of the Russian government's quest to ease visa requirements for Russians travelling to Schengen countries). In 2004, internal Soviet-era ID cards were finally replaced by new format Russian Federation documents. One CIS country, Georgia, even saw Russia introduce a visa regime for it in retaliation for being soft on Chechen rebels crossing into its territory. Recognising the danger of having to confront Muslim enemies on the battlefield while the country's Muslim population amounts to some 20 million (or 12 per cent of Russia's population), the Kremlin has made an effort to reach out to Russia's Muslim community.[5] Islam was legally recognised in the 1900s as one of Russia's three indigenous religions, alongside Orthodox Christianity and Judaism. After some discussion, the Russian authorities allowed Muslim women to have their ID photos taken while wearing headscarves. In a 2004 government reshuffle, Putin appointed Rashid Nurgaliev, a Muslim, as Minister of the Interior and thus nominal head of the Interior Troops, which are formally responsible for operations in Chechnya.

In Chechnya itself, Putin has adopted a policy of *Chechenisation*. As far back as 2000, he realised that only Chechens could rule Chechnya, thus rejecting ideas of a Russian proconsul or a military governor-general. The fact that the Chechens were banished by Stalin to Central Asia and had to stay there at least until the late 1950s resulted in their inability to form a Soviet nomenklatura élite and thus divide post-Soviet spoils in a 'civilised' way. The first Chechen to run Chechnya under the Soviet regime was Doku Zavgayev, appointed to the post of local party secretary in 1986, which was already too late. His fateful support for the failed putsch in 1991 resulted in a Chechen 'revolution' and the rise of separatism.

The Central Asian dimension and outreach to the Islamic world

In Central Asia, the threat of terrorism has been used by Moscow to reinforce the 1992 Tashkent Treaty, which has been provided with a military function in its Collective Security Treaty Organisation (CSTO). The CSTO's focus is the fight against terrorism. The former Shanghai Five, linking Russia, China and the Central Asian states, has also been turned into an organisation, the Shanghai Cooperation Organisation (SCO), headquartered in Beijing.

5. It is striking that since 1979 (the invasion of Afghanistan) Russian forces have been fighting *almost exclusively* against Muslim enemies – in Afghanistan, Tajikistan, Chechnya, Dagestan and Ingushetia.

Several anti-terrorist centres have been established in the area with Russia's participation. Russia has also established a military base at Kant, Kyrgyzstan, next to Manas airfield, operated by the US Air Force. This is the first case since 1991 of the Russian military returning to a country which they had previously left.

At the bilateral level, Russia has sought a rapprochement with Uzbekistan, the region's most populous country, and also the Islamists' prime target. Moscow seeks to replace Washington as Tashkent's principal security and foreign policy partner. Cooperation with the region's security services has increased, with Moscow repatriating those whom Central Asian authorities call terrorists. In some cases, this refers to critics of the regime and political opponents. This is the crux of the matter: it is essentially the socio-economic policies and repressive instincts of Central Asian governments that provide support for the Islamist cause and breed terrorism.

Beyond the former Soviet border, Moscow has proceeded to strengthen or establish links to the conservative and moderate regimes in the Greater Middle East. In 1999-2000, the purpose was to prevent any recognition of the separatist government in Chechnya. In its version of West Germany's Cold War Hallstein doctrine, Moscow threatened to cut off diplomatic relations with any country that recognised Chechen independence. In the event, only the Taliban regime risked it. Later, Russia became more active. In 2003, Putin took the unusual step of addressing an annual meeting of the Organisation of the Islamic Conference (OIC). Granted guest status, Russia now seeks to become an observer at the OIC. There have also been high-level meetings between Russian and Saudi officials, including the Crown Prince's visit to Moscow in 2003. Akhmed Kadyrov travelled to Saudi Arabia in early 2004 in an attempt to win recognition for his loyalist administration in Chechnya. Russian efforts suffered a setback, however, when Zelimkhan Yandarbiev, former interim president of the Chechen separatist government, was assassinated in Qatar, and Russian security agents were convicted of his murder. However, even this case provided an opportunity for intensive behind-the-scenes manoeuvring and bargaining between the Kremlin and the Gulf state.

Even as Russia was reaching out to the moderate Arabs, it solidified its relations with Israel. Putin has cultivated Israel's right-wing leaders, including Ariel Sharon, Binyamin Netanyahu and

Nathan Scharansky. Russian media reports of terrorist attacks against the Israelis, some of them ex-Russian/Soviet citizens, are sympathetic to the victims. The Russian security community and society as a whole broadly admire Israeli methods of fighting terrorism. To some, the troika of staunchest fighters against terrorism is composed of America, Russia and Israel.

Outreach to the Muslim world did not preclude Russia from joining the West, in the G-8 format, in proposing in June 2004 a plan to tackle the socio-political and economic problems of the Greater Middle East. This plan, however, was barely mentioned in Russia before or after the event. While dealing with what used to be known as the Third World, Moscow has been much more at home at the United Nations. In the UN, Russia, which sees itself as a front-line state in the fight against terror, has been advancing plans for an overarching global anti-terrorist organisation. It was gratified with the establishment in 2001 of a UN Counter-terrorist Committee, of which Russia held the chair in 2004. Essentially, the global dimension of anti-terrorism is important to Moscow chiefly as a means to firmly embed Chechnya into the rubric of the fight against terror. That fight goes on.

Beslan and its aftermath

The unparalleled series of terrorist attacks which began with the raid on Grozny and included passenger plane bombings, an explosion at a Moscow bus stop and a much deadlier one outside a metro station – all in a week – culminated with the seizure of a school in the small town of Beslan, North Ossetia, on the traditionally festive day of 1 September marking the beginning of the school year. The drama turned into a tragedy as some 350 children and adults out of some 1,500 hostages were killed two days later. Beslan once again revealed the nature of the Russian state – incompetent, uncaring and eaten away by corruption from top to bottom. In order to get to grips with the challenge of terrorism, Putin logically had to take on the Russian state in an effort to modernise it.

Instead, the Kremlin has decided to revert to more traditional forms of governance. Unity of state power; extending the 'power vertical' from the president to regional governors, hitherto popularly elected; and suppression of single-constituency seats in favour of proportional representation – such is the essence of the

political reform announced by President Putin on 13 September 2004. Putin is concerned with the unity of the country, and despite his still high popularity does not feel he has a partner in society. His deep pessimism about the people's ability to make the right choice pushes Putin toward open paternalism. The downside, however, is the erosion of the legitimacy of the entire political system. Putin's initiatives, when enacted, will effectively make the presidency the *only* political institution in Russia legitimised by popular choice. This makes the entire 'vertical' a highly unstable construction. Should the president's popularity dip, should the backroom succession process run into difficulties, or should the next president lack credibility with the electorate, the political system will either crumble or will have to be replaced by some sort of a dictatorship.

In other policy areas, Beslan has facilitated a similar traditionalist backlash. Russia's capitalism is becoming even more state-directed, which is likely to stifle economic development, even if the oil/gas generated growth continues. More ominously, the embrace of the notion that 'those who are not fully with us are against us' leads the Kremlin figures to accuse political opponents of being terrorist accomplices, and a 'fifth column'.[6] Internationally, Putin suggested in his 4 September 2004 statement and others that the terrorists are being backed by those seeking to diminish Russia's role as a nuclear power, and to annex 'juicy' parts of Russian territory. The analogy of Munich appeasement, also used by the Russian president, implies that the West, primarily the United States, is trying to channel Islamist extremism towards Russia so as to protect themselves and further reduce a former rival. These are very serious indications that a fundamental change in Russian domestic, economic and foreign policy is under way. Unless checked, or at least blunted, this trend could turn Russia, some 14 years after the fall of the Soviet Union, into a very different country.

Conclusion

For Russia, therefore, the issue of terrorism is certainly linked to Chechnya and the North Caucasus and, to a much smaller degree, to Central Asia (including Afghanistan). Al-Qaeda as such is not deemed to be Russia's direct enemy, except as a financier of

6. See the interview of Vladislav Surkov, Deputy Chief of staff of the Presidential Administration, in *Komsomolskaya Pravda*, 27 September 2004.

Chechen resistance and other Islamist organisations that are active in the North Caucasus and Central Asia. It is very important for the Kremlin that Russia's efforts in Chechnya be recognised by the international community as part of the general effort to combat terrorism.

The effectiveness of Russia's own effort in Chechnya depends on the success of its *Chechenisation* policy, that is in handing authority over to loyalist Chechen leaders willing and capable of cooperating with Moscow in the reconstruction of Chechnya as a republic of the Russian Federation. Key to the success of that approach is Moscow's ability to help loyalist Chechens unite for peaceful reconstruction (rather than impose its own choices on them), to provide resources toward that reconstruction and to see to it that those resources are properly used and not stolen. That is a tall order.

To provide security for the reconstruction effort, Russia needs disciplined, well-trained and well-equipped military, police and security forces. It needs to root out unprofessionalism and corruption in those services, and bring to justice those abusing their power and living off the war. This will mean ending the semi-paralytic condition of the law-enforcement agencies and vastly improving the quality of the police and security services.

Russia also needs a thoroughly revamped intelligence and counter-intelligence system. The one that exists is clearly not adequate to the challenges the country is facing. Overall protective security – at airports, in trains, at public places – leaves a lot to be desired. Major security lapses of the past years, including the 1999 apartment house bombings and the 2002 theatre hostage-taking, warrant a thorough, independent investigation, with its results to be made public.

The North Caucasus remains a highly volatile region, with Dagestan, Ingushetia, Kabardino-Balkaria (as well as the neighbouring conflicts in South Ossetia, Abkhazia and Nagorno Karabakh) in the danger zone. Corrupt local officialdom and a preference for violence as a solution to difficulties lie at the heart of the problem. Terrorism-breeding radicalism, often wrapped in the colours of Islam, is touted as a solution by extremists. In order to reduce the potential for terrorism in its southern border provinces, Moscow needs to work with different political, ethnic and mainstream religious groups.

In Central Asia, Russia needs to be able to work with local governments toward expanding the political and social support base of the ruling regimes. Simply supporting purported allies in this region without asking questions and delivering émigré regime critics to their jailers will only help associate Russia with those regimes. Should the autocracies become wobbly, Russian air force planes will probably not be enough to help them, or Russia's own interests. Careful prodding towards institutional and economic reforms needs to be coupled with dedicated efforts in close intelligence cooperation and raising the professionalism of local anti-terror commando units.

Prospects for cooperation with the West in the fight against terror include: continuing and expanding cooperation with NATO/EUROCORPS forces in Afghanistan, for which a Status of Forces Agreement (SOFA) is key; anti-drugs trafficking effort in Afghanistan and across Central Asia, in which the United States as well as Europe have a major role to play; bilateral US-Russian security monitoring and contingency planning in Central Asia; and improvement of border security with the European Union as part of the building of a common security space with the EU.

In a word, to prevail over terrorism Russia should move toward state modernisation and a more active and mature civil society. It needs a breakthrough toward modernity, not a slide back to authoritarian traditionalism. And it needs friends, not enemies in the West. The war on terror is in reality a battle for Russia.

Struggling with an indispensable partner

Dov Lynch

7

What is happening in EU policy towards Russia? This concluding chapter reviews the evolution of that policy since 1999. Although the EU had a policy before this date, 1999 marked a starting point in current relations. In 1999, at the Cologne European Council, EU member states agreed to a Common Strategy on Russia (CSR). The Russian government presented to the EU its own Medium-Term Strategy for relations with the EU (MTS) later that year. August 1999 also saw the start of the second Chechen war and the appointment of Vladimir Putin as Russia's Prime Minister and then acting President. Relations with Russia raise some of the more difficult questions facing EU foreign policy. Can the EU develop a genuine partnership with an important European state that does not seek accession? Where is the balance between the pursuit of values and the promotion of interests? Given Russia's enduring, if reduced, great power status, where is the line between member state policy and EU policy?

The Dutch Foreign Minister Bernard Bot wrote in *Izvestiya* on 19 October 2004: 'The EU sees Russia as a major power with an instrumental role in securing international peace and security. We share a common neighbourhood with many unstable areas. And that makes Russia an indispensable partner in any attempt to stem the flow of drugs, small arms and human beings illegally trafficked into the EU from and through these areas.'[1] That Russia matters for the EU is clear. It is also clear that serious strains have emerged in relations with Russia. The Russia of 2004 is not the Russia of 1999.

2004 saw a reassessment of EU policy towards Russia, with contributions from the European Parliament, the European Commission, the Council General Secretariat and the Irish Presidency. There were numerous drivers to this reassessment, most important of which was the perception amongst member states that EU policy was not as effective as it could and should be. The EU has

1. Bernard Bot, 'Why Russia and the EU need one another', *Izvestiya*, 19 October 2004.

not abandoned the objective that it set in 1999 – namely, the transformation of Russia into a democratic, stable and economically prosperous partner. However, the means employed by the EU were seen to be uncoordinated and unexploited. In 2004, a new chapter opened in EU policy towards Russia. The premises underlying policy have changed, as has its tone. With this, the EU is emerging as a strategic actor in relation to Russia. The process is nascent and countervailing forces are powerful, but it has been launched.

This chapter will examine the way in which this new trend has taken shape. The analysis is divided into five parts. A first part outlines the stakes of the partnership for the EU, the constraints the EU has faced in developing policy and overall trends in relations. The second section examines the framework for EU policy since 1999. The third section explores the forces inside and outside the EU that drove the reassessment of its policy framework in 2004. The fourth part analyses the new approach and its first policy manifestations. A final section points to areas for further development in EU policy. The focus throughout the chapter falls on the political and security dialogue.

Stakes, constraints and trends

Stakes

What are the stakes in EU policy towards Russia? Russia poses both positive and negative challenges to Europe.[2]

On the positive side, Russia matters as a major source of energy, and especially natural gas. Russia also represents an important market for EU goods. Moreover, Russia has at times added value to European diplomacy. Often, as with the Quartet for the Israeli-Palestinian conflict, Russia's presence is important because its participation contributes to creating an image of international consensus. In some crises, Russia has played an active role. Moscow's key role during the Kosovo crisis is a case in point, and since 1999 Russia has played a supportive role to EU policy in the Western Balkans. As noted by Bernard Bot: 'Like Russia, the EU believes in an effective multilateral system with a strong United Nations at its core in which political conduct is subject to the rule of law. One might argue that, despite a relationship that is at times

2. This discussion draws from the author's 'Russia faces Europe', *Chaillot Paper* 60 (Paris: EU Institute for Security Studies, 2003), and 'Russia's Strategic Partnership with Europe', *Washington Quarterly*, Spring 2004, pp. 99-118.

uneasy, Russia and the EU share a world view.'[3] In non-proliferation and combating organised crime, Russian cooperation adds significant value to European security.

Russia is also a source of challenges. Russia poses a spectrum of risks that stretch from humanitarian spillover from conflicts inside Russia to the activities on its territory of transnational criminal organisations. As noted by the European Commission *Country Strategy paper 2000-2006*, 'soft security threats from Russia are a serious concern for the EU and require continued engagement – nuclear safety, the fight against crime, including drug trafficking and illegal immigration, the spread of disease and environmental pollution.'[4] Ensuring effective control over materials related to weapons of mass destruction in Russia is another vital challenge facing the EU. More widely, developments inside Russia that raise doubts about Moscow's commitment to the rule of law pose difficult questions for the EU. Finally, the new common neighbourhood between Russia and the enlarged EU raises the challenge of developing cooperative measures with Russia in its self-declared 'sphere of vital interest'.

The stakes for the EU in Russia are strategic. Since 1999, Russia's importance has increased as the Union has moved geographically closer and the range of questions raised by the shared neighbourhood has become more salient.

Constraints

The EU faces constraints on its ability to develop coherent policy towards Russia at five levels.

First, and most fundamentally, Russia and the European Union are different kinds of actors. Russia is a sovereign state, with a unified political, economic and military system, an elected leadership dedicated to advancing the state's interests and institutions for coordinating means to desired ends. The EU has unclear sovereignty, a sometimes weak sense of common interests and few institutions in the political area, yet able to achieve its declared ends. These essential differences have rendered the development of EU policy difficult because the security agendas of both are very different. The political dialogue brings together a state that is defensive about its sovereignty and territoriality and an association where sovereignty is pooled and traditional notions of

3. Bernard Bot, 'Why Russia and the EU need one another', *Izvestiya*, 19 October 2004.

4. *Russian Federation, Country Strategy Paper 2000-2006, National Indicative Programme, 2002-2003*, European Commission, Brussels, 27 December 2001.

territoriality diluted. Russia's security agenda is that of a state under siege externally and internally, where terrorism mingles dangerously with separatism and institutional weakness. EU objectives vis-à-vis Russia reflect the peculiarity of the EU, which is as much a community of interest between member states as a community of shared values. This duality renders the EU a prickly partner.

Second, the EU and member states have had little time and energy to devote to Russia. Since 1999, the EU has been caught up in its largest wave of enlargement and has drafted a constitutional treaty. This period also saw the rapid development of ESDP, which led the EU to dedicate time to building ties with NATO. As long as the so-called 'Berlin-plus' agreements remained unsigned, the EU could not develop a deeper security partnership with Russia.

Third, the nature of the foreign policy instruments at the EU's disposal impacted on its Russia policy. The CFSP structures, from the office of the High Representative to the Military Staff, were established during this period and required time to assume substantive roles. At the wider level, the dispersal of decision-making power across the different EU institutions has often impacted on the Union's ability to interact strategically with Moscow. This situation has concerned the Commission and the Council, as well as relations between Commissioners and their interaction with the rotating presidencies. Russia has come to master using EU complexity for its purposes, playing various levels of the organisation off against each other – which has not enhanced EU coherence.

Fourth, Russia's importance on the international stage has meant that Russia often divides rather than unites member states. Many major member states have special relations with Russia for historical and strategic reasons. Vladimir Putin's election as President in 2000 made bilateral relations all the more important for many European states. Close bilateral relations developed after 1999 between Britain and Russia, and Russia's ties deepened significantly with Germany, France and Italy. Moscow has not been shy about seeking to use bilateral ties to influence EU policy.

Finally, developments inside Russia have impacted on EU policy. In the 1990s, EU policy was based on the optimistic premise that Russia was transforming in the direction of democratic politics and a market economy. Trends since 2000 weakened this assumption. In particular, the perception that the rule of law was being applied for political reasons, as in the Yukos affair, and

ongoing violations of human rights in the second war in Chechnya, undermined the foundations of EU optimism. Faced with EU concern, Moscow has continually insisted on Russia's state sovereignty and rejected European criticism of internal developments as interference. Worrying trends inside Russia have tended to exacerbate differences within member states over the relative weight of values and interest in EU policy: that is, the balance between promoting a strategic partnership that turns a blind eye to violations of shared values and a relationship founded on such values.

Trends in EU policy

Since 1999, EU policy towards Russia has featured five trends.

1) *Politics and economics de-linked*
   A peculiar characteristic of EU-Russia relations is that economic relations are largely de-linked from the political dialogue. That the EU is heavily dependent on Russian energy (and will become all the more so) has hardly 'spilled over' in ways one might expect into the political dialogue in terms of influencing EU positions.

2) *A wide but shallow political dialogue*
   Since 1999, the political dialogue with Moscow has come to include a wide range of questions, from nuclear safety, organised crime and civilian crisis management to military-technological cooperation. However wide, the dialogue has remained shallow.

3) *From friction-prone to frictional*
   In the 1990s, EU-Russian relations crossed moments of tension that did not detract from a cooperative overall relationship. By 2004, friction was no longer episodic. The political dialogue was becoming increasingly frictional as opposed to simply friction-prone.

4) *From optimism to realism*
   In 1999, the premises underlying EU policy reflected the expectation that Russia was transforming along positive lines. By 2004, EU policy was founded on a less optimistic view of Russia's transformation.

5) *From benign neglect to urgency*
In 1999, Russia and the EU were not urgently called to forge close security relations with the other. Both were caught up in internal transformations that did not require a deepening of the security partnership with the other. This benign neglect dissipated by 2004, with the rise of new questions that demanded urgent attention.

The Common Strategy framework

The PCA and CSR

EU policy in 1999 was founded on two documents: the Partnership and Cooperation Agreement (PCA) and the Common Strategy on Russia (CSR).[5] The Partnership and Cooperation Agreement was agreed at the Corfu European Council in 1994 and came into force in December 1997. The objective of the 'partnership' reflected a wide range of ambitions, from increasing economic ties, supporting Russia's democratic and market transition to the eventual creation of a free trade area.[6] Despite a heavy technical focus, the PCA had the objective of developing a 'political dialogue' between Russia and the EU to 'bring about an increasing convergence of positions on international issues of mutual concern, thus increasing security and stability'. The PCA also created institutional mechanisms for Russia-EU interaction, from biannual presidential summits to annual meetings of a Cooperation Council (at the ministerial level), biannual meetings of a Cooperation Committee (at the level of senior officials) to the launch of a Parliamentary Cooperation Committee to meet annually.

The CSR, approved in Cologne during the German presidency in June 1999, was the Union's first attempt to formulate a common vision to a third party.[7] The CSR was a limited exercise that remained underpinned by the PCA, and had no dedicated resources. Still, the aim of the Strategy was to assist 'Russia's return to its rightful place in the European family in a spirit of friendship, cooperation, fair accommodation of interests and on the foundations of shared values, enshrined in the common heritage of European civilisation.' To achieve this, the CSR determined four specific objectives:

5. The following discussion draws on the author's 'Russia faces Europe', op. cit. in note 2.

6. http://www.europa.eu.int/comm/external_relations/ceeca/pca/pca_russia.pdf.

7. 'Common Strategy of the EU on Russia of 4 June 1999', 1999/414/CFSP, *Official Journal of the European Communities*, 24 June 1999.

1) the consolidation of democracy, the rule of law and public institutions in Russia;
2) the integration of Russia into a common European economic and social space;
3) cooperation to strengthen stability and security in Europe and beyond;
4) cooperation in responding to common challenges on the European continent, such as on nuclear safety, organised crime and environmental problems.

Three dimensions of the CSR are important to note. First, the Strategy called for a more efficient political dialogue 'to bring [the EU and Russia] closer together and to respond jointly to some of the challenges to security on the European continent'. Joint foreign policy initiatives were specifically supported. In addition, the EU allowed for the possibility of Russian participation 'when the EU avails itself of the WEU for missions within the range of the Petersberg tasks'. The CSR envisaged cooperation with Russia at all stages of peace support, from conflict prevention to management and settlement.

The second feature was the assumption that for Russia to return to the 'European family' it had to become like the EU. The Strategy sought Russia's full transformation.[8] The list of actions required by Russia was dizzying: 'In the first instance, an operational market economy needs to be put in place;' 'The rule of law is a prerequisite for the development of a market economy which offers opportunities and benefits to all the citizens of Russia;' and 'The emergence of civil society in all areas is indispensable for the consolidation of democracy in Russia.' The Strategy recognised that Russia was not a candidate for EU membership, yet the approach resembled the heavily conditional style the EU had adopted with accession candidates. The document, thus, featured a tension between the comprehensive demands placed on Russia and the limited endgame envisaged for relations.

A third feature concerned the balance between values and interest. On the one hand, the Strategy stated that the EU had a 'strategic interest' in Russia. At the same time, it declared that a reinforced relationship between the EU and Russia was to be based on 'shared democratic values'. The CSR thus contained two yardsticks for considering a partnership with Russia: the 'strategic' and

8. See discussion in Hiski Haukkala, 'The Making of the EU Common Strategy on Russia', *Working Paper* 28 (Helsinki: Finnish Institute of International Affairs, 2000).

the 'democratic'. The tension between these two lay at the heart of EU policy towards Russia throughout this period.

Results

At one level, the results were impressive. Institutionally, the political dialogue became more frequent than with any other third party. In addition to biannual summits, the EU and Russia entertained consultations between the EU Political and Security Committee (PSC) and the Russian ambassador in Brussels, including a monthly meeting with PSC officials. Meetings between the EU Military Committee chairman and Russian Defence Ministry officers were launched in May 2002. In 2002, Russia also assigned a liaison officer to the EU Military Staff in Brussels. These mechanisms were important in allowing the EU and Russia to defuse the tensions that arose in 2002 over access to Russia's Kaliningrad oblast, and in 2004 over Russian concerns with enlargement.

In terms of substance, the security dialogue developed over five areas. First, Russia and the EU sought to coordinate positions on wider foreign policy issues, most notably on the Balkans and the Middle East. Second, Brussels and Moscow exchanged views on conflict prevention and crisis management. In 2001, the Russian Defence Ministry developed proposals for joint activities in this area, and, in 2002, Russia's Ministry for Emergency Situations presented a paper for cooperation in civilian crisis management. Moreover, the EU worked out modalities for the participation of Russia in EU operations in 2002.[9] Russia sent three officers to participate in the EU Police Mission launched in January 2003. Third, the 11 September attacks brought counter-terrorism to the table. The EU and Russia have agreed to exchange information on terrorist activities and networks, not to allow such groups on their territories, to block terrorist groups' financial sources, and to exchange intelligence on dubious transactions.[10] In 2002, Russia and the EU pledged to cooperate in bringing to justice the 'perpetrators, organisers, and sponsors of terrorist acts'.[11] Moreover, meetings of the Russian and EU Justice and Home Affairs ministers have become routine. Fourth, Moscow proposed military-technical cooperation in areas of perceived Russian advantage. Europe's lack of strategic airlift capabilities has long been noted. An inventory process was launched to explore this area further. Finally, Russia and the EU cooperated in the spheres of nuclear

9. *Presidency Report on ESDP*, 10160/2/02 REV 2 ESDP 188, Annex IV, 'Arrangements for Consultation and Cooperation Between the EU and Russia on Crisis Management', Brussels, 22 June 2002.

10. *Statement on International Terrorism*, EU-Russia Summit Press Release 342Nr 12423/01, Brussels, 3 October 2001.

11. *Joint Statement on the Fight Against Terrorism*, Russia-EU Summit, Brussels, 11 November 2002.

safety and disarmament. After the June 2002 G-8 summit in Kananaskis, EU programmes became part of a wider effort to support the dismantling and securing of Russia's nuclear, biological, and chemical weapons, agents, materials and infrastructure.[12]

While, the dialogue covered a lot of ground, as a whole it remained largely declaratory. Despite similar views on many international security questions – ranging from the role of the UN to that of the Quartet – the dialogue produced few, if any, meaningful joint positions. The EU sought to influence Russian policy towards the conflicts in Moldova and the South Caucasus and the situation in Belarus, but to little avail. Despite participating in the EUPM, Moscow rejected the so-called 'Seville arrangements' for its participation in ESDP operations, arguing that these had not been negotiated with Russia and did not allow for the option of joint operations. Areas of military-technological cooperation have been discussed for years (initially by the Western European Union) with no progress. Moreover, the dialogue on counter-terrorism was constantly held up by differences over defining the Chechen conflict and European concerns over Russian actions. Finally, the internal mechanisms contained in the CSR were weak. The one formal requirement was that each presidency issue a priorities report for implementing the strategy – these quickly became a bland and repetitive exercise. The CSR was too vague to add significant value to EU policy.

Towards policy assessment

The CSR can hardly be blamed for these problems. The 2004 policy reassessment was driven by wider forces, including the transformations occurring within the EU, shifts in the tectonic plates of European security, differences between EU and national policies, and developments inside Russia.

First, the EU is no longer what it was in 1999. Change has occurred at several levels. In May 2004, the EU experienced its greatest enlargement. As a result, internal political workings are changing and new constellations of actors arising. Externally, new members are likely to alter the tone if not the substance of policy towards Russia. With enlargement, the EU also has new borders, which forces the EU to consider more deeply the states on its periphery. In the 1990s, EU 'foreign policy' revolved around the

12. For more on EU programmes in this area, see Kathrin Höhl, Harald Müller and Annette Schaper, 'European Union', in Burkard Schmitt (ed.), *Protecting Against the Spread of Nuclear, Biological and Chemical Weapons: An Action Agenda for the Global Partnership*, vol. 3: *International Responses* (Washington, DC: Center for Strategic and International Studies, January 2003).

question of membership/non-membership: if membership was on the cards with a state on its borders then the EU had a full policy; if membership was not planned, then the EU had little foreign policy as such. This is changing. The European Neighbourhood Policy is a part of the emergence of the EU as a fuller foreign policy actor, able to think and act beyond the accession/non-accession dichotomy. Enlargement alters quite fundamentally the context for EU policy towards Russia.

The second force consists of shifts in Europe's security landscape. Put simply, the end of the Cold War is finally coming to a close. The OSCE seems to be moving into the troubled waters that were always predicted for it. The North Atlantic Alliance is being fundamentally transformed, acquiring a more global role, as witnessed in the operation in Afghanistan and training mission in Iraq. At the same time, in 2003, the EU launched three missions, in Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and the Democratic Republic of Congo. In December 2004, the EU assumed responsibility from NATO SFOR with Operation *Althea*. EU operations have included tasks ranging from law enforcement and cease-fire monitoring to security and humanitarian crisis management, and have involved close to 10,000 police and military personnel.[13] At the institutional level, the EU reached agreement with NATO on the so-called 'Berlin-Plus' agreement. In 2004, EU member states decided to create some 13 battle groups of 1,500 troops to provide the EU with a rapid reaction capability. Also, divisions over how to handle the Iraq crisis stimulated thinking about an EU security strategy. The EU High Representative for CFSP, Javier Solana, was tasked with taking the idea forward and a final version of the European Security Strategy was approved in December 2003.[14] For all the difficulties, the EU is emerging as a primary actor in Europe, willing to act in pursuit of its interests and increasingly able to do so.

These trends in European security have raised the importance of the EU-Russia dialogue and complicated it at the same time. For its part, Russia now finds itself projected back to the early 1990s, seeking a partnership founded on equality with a security organisation that is enlarging and exclusive. In 2004, this was no longer NATO but the EU.

A third force pushing for a reassessment of EU policy was the differences between EU and member state policies. The international context since 1999 increased the importance of Russia in

13. See Dov Lynch and Antonio Missiroli, *ESDP Operations*, EUISS website, http://www.iss-eu.org, 2004.

14. Javier Solana, 'A Secure Europe in a Better World', Presentation to Thessaloniki European Council, 20 June 2003; http://ue.eu.int/pressdata/EN/reports/76255.pdf (accessed 16 December 2003); the final version can be found at http://ue.eu.int/pressdata/EN/reports/78367.pdf (accessed 16 December 2003).

the foreign policies of major member states, which created scope for divergences from EU policy. Major 'old' member states have long had special ties with Russia. New member states also have particular policies towards Russia as well as the former Soviet Union. In the run-up to accession, Poland pushed for greater EU engagement in Ukraine and Moldova. The three Baltic states have been active in developing military ties with the Caucasian states. With enlargement, the EU inherited the question of the Russian-speaking minorities in Estonia and Latvia, which has always been a sore point in these states' relations with Russia. As a result, the EU faces difficulty in developing coordinated and consistent policies on Russia. All the more so as Putin sought to align member states against agreed EU policy on specific questions. Even if this rarely changed the final shape of EU policy, it did sometimes weaken EU resolve. The EU-Russia summit in Rome in November 2003 highlighted differences between the position of one major member state and agreed EU policy lines.

National policies towards Russia had three effects on EU policy: first, they placed topics on the agenda that might not otherwise have been there; second, they influenced the tone of EU policy, if not always its substance; three, they contradicted established policy lines. What is more, EU policy was also often divided between the Commission and the Council, and within the Commission itself.

A fourth force was recognition that Russia was not transforming on the lines envisaged in the CSR. Under Putin's leadership, the Russian state had consolidated and impressive growth rates were reached in the economy. However, these rates were heavily dependent on energy prices. In addition, they disguised a slowdown of fundamental economic reform. Staunchly defensive about Russia's sovereignty, Putin developed an interest in a strategic partnership with Brussels that was not all encompassing but limited. By the end of his first presidential term, trends inside Russia struck many member states as deeply worrying.

The Chechen conflict and the struggle against international terrorism was a constant area of divergence. After a period in 2000 when the EU applied quasi-sanctions against Russia, the EU developed a twin-track policy. The Swedish Report of June 2001 on the implementation of the Common Strategy on Russia described this policy as one based on engagement to raise concerns about developments, including the conduct of the Chechen war, and

also to advance 'shared values'.[15] Brussels realised early on that it had little leverage over Moscow and could not afford to suspend ties. At the same time, the emphasis on 'shared values' as the basis for partnership remained. Chechnya and Russian counter-terrorism were constant irritants. The EU rejected the Russian definition of events in Chechnya as being solely part of the struggle with international terrorism. Brussels also called for the resumption of meaningful political dialogue. EU member states have not accepted Russian requests for the extradition of Chechens connected with the former government of Aslan Maskhadov.

Russian policy in the former Soviet Union was also seen as increasingly problematic. In 2003, developments around Moldova and its conflict with Transnistria threw light on divergent policies in the shared neighbourhood. In December 2002, the EU started to push for the settlement of this conflict through the use of coercive measures against the separatist leadership, work to control the Transnistrian border with Ukraine and discussion of a possible OSCE-led and mandated peace consolidation force. In parallel, Moscow worked throughout 2003 on its own settlement initiative, known as the Kozak Memorandum, which was published in November 2003. After having initialled the Russian proposal, the Moldovan President withdrew support from the Kozak Memorandum. Moscow interpreted this turn of events in zero-sum terms – as being targeted against Russian influence and counter-productive to conflict settlement. These events highlighted not only divergent perceptions but also clashing interests in the neighbourhood.

As a result of these pressures, the EU began to reassess its Russia policy. Inside the EU, it was accepted that, despite areas of enduring utility, the PCA needed revision. At the same time, Russia was not willing to be part of the EU's European Neighbourhood Policy. During the Greek and Italian presidencies in 2003, therefore, member states decided not to abandon the PCA or to negotiate a new treaty – in order to avoid the difficulties this would imply legally and practically inside the EU and with Russia. The decision was taken to negotiate with Russia a 'softer' legal framework, based on the development of four common spaces, which are easier for the EU to negotiate and imply fewer legal difficulties. They also have the advantage of being jointly negotiated and agreed with Russia, and thus jointly 'owned'. The summit in May 2003 at St Petersburg ratified this decision. Brussels and Moscow

15. *Report on the Implementation of the Common Strategy of the EU on Russia to the European Council Göteborg*, 9805/01 PESC 226, Brussels, 12 June 2001.

agreed that 'road maps' would be elaborated for each of the spaces, which would then be included under a single Action Plan. In all, therefore, late 2003 was a propitious moment for the EU to reassess policy on Russia.

The new framework

In December 2003, the European Council called on the Commission and the Council to undertake a full assessment (the notion of a *re*assessment was never formally enshrined) of relations with Russia and EU policy. In February 2004, the European Parliament, the Commission and the Council Secretariat presented reports to this effect.

Assessment reports

The European Parliament was first with its report and recommendations of 2 February 2004.[16] The report declared from the outset that 'Russia has not gone through a transition of the kind foreseen when the international community, including the EU, formulated its basic response to developments there a decade ago.' The report noted the deep concerns the Parliament had with the application of the rule of law in Russia, namely with regard to the Yukos affair, the problems raised during the parliamentary elections in December 2003 and the slow-down of economic reform. The ongoing war in Chechnya received particular attention as a problem that was not seen as Russia's internal affair but a threat to international security.

In addition, the European Parliament raised a range of political questions that had to be addressed by Brussels. These included Russia's responsibility for developments in Belarus and its obligations before international human rights conventions to revise its policy in Chechnya. The report called for greater cooperation between Russia and the EU on security challenges arising in the new common neighbourhood. In particular, the European Parliament linked Russia's desire for more cooperation in ESDP with efforts to work with the EU in settling the conflict in Moldova. This was first evidence of pursuit of a strategy of linkage in EU policy.

Most of the analysis fell on the EU itself. The report declared that the objectives set forth in the 1999 Common Strategy were

16. *European Parliament Report with Proposals for European Parliament Recommendations to the Council on EU-Russia Relations* (Final A5-0053-2004, PE 329.339), 2 February 2004.

not obsolete, but that the EU had to ensure that it acted as one in policy towards Russia. Two problems were noted. First, there were enduring divisions between member states on policy towards Russia. Second, mixed signals from the EU and member states about their priorities undermined the EU ability to promote European interests. In addition to recommendations on specific policy areas such as Chechnya, the European Parliament placed much emphasis on the need to develop more coordination between member states and the EU as well as inside the EU. EU objectives vis-à-vis Russia were not misplaced, but the tools were failing.

The Commission followed with a Communication to the Council and European Parliament on 9 February 2004.[17] The Communication was striking for its frank and critical tone. The analysis was based on two premises. The first was that, despite the importance of Russia for the EU, 'relations have however come under increasing strains, with divergences between the EU and Russian positions on a number of issues.' These issues included approaches to the common neighbourhood and policy on 'frozen conflicts' in the former Soviet Union. More fundamentally, the Communication noted its concern with policies in Chechnya and other areas 'that raise doubts about Russia's commitment and ability to uphold core universal and European values'. The Communication admitted that, while the rhetoric of the partnership is high-blown, there has been 'insufficient overall progress on substance'. The second premise was internal: 'There is a need for increased EU coordination and coherence across all areas of EU activity – sending clear unambiguous messages to Russia. It is only via engagement, making full use of our combined negotiating strength, that the EU can promote a fully functioning rules-based system in Russia to the benefit of both.' In other words, it was vitally important that the EU speak and act in as united a way as possible.

The Communication had three leitmotifs. First, the Commission insisted on the need to develop a *frank* dialogue with Russia. This would consist of 'moving away from grand political declarations' to 'establishing an issues-based strategy and agenda' with Russia. Frankness also implied the need for the EU to raise difficult questions with Russia. In this, the Communication also called on Brussels to defend its interests 'vigorously' with Moscow. The second leitmotif was the call for a *balanced* relationship that made full use of EU negotiating strength to advance its interests and values. In this, the Communication noted the need for the EU to

17. *Communication of the Commission to the Council and the European Parliament on Relations with Russia* (COM 2004 106), Brussels, 9 February 2004.

'bring together related issues, where relevant, to promote EU interests'. In other words, the Commission called for the EU to undertake a policy of linking relevant policy areas – the declared goal would be to 'bring together issues in which Russia is anxious to see progress with our own goals'. For example, the Communication linked Russia's desire for visa facilitation to the EU interest in finalising a Readmission Agreement with Russia. The last leitmotif was an insistence upon *values*. Far from disappearing, the Commission argued the importance of holding Russia to its commitments to international conventions and the membership obligations of Russia's place in the Council of Europe and the OSCE.

The Communication made three main recommendations. First, the EU should adopt internal practices that ensure greater coherence and coordination, namely by drafting six-monthly lists of priorities with regard to Russia that propose agreed lines for the EU to follow. Second, the Communication placed emphasis on substance over form and argued for exploitation of the Permanent Partnership Council (PPC). The PPC should become the main clearing-house for the dialogue, with the inclusion also of important 'line ministries' (for example on JHA cooperation) and the presidential administration. Finally, the Commission argued that the EU should develop an active role in promoting stability in the common neighbourhood, with a particular focus on the 'frozen conflicts'. The Communication called for linking Russia's desire for greater involvement with ESDP with Moscow's practical cooperation in conflict settlement in this region. The Commission also advanced the idea that the EU should become engaged in the South Caucasus (Armenia, Azerbaijan and Georgia) and the Western Newly Independent States (Belarus, Ukraine and Moldova) 'whenever possible in cooperation with Russia' – that is, *without* Russia if Moscow was not cooperative. For the Commission, EU engagement would happen even *without* Russian cooperation: 'The EU should demonstrate its readiness to engage with the newly independent states on the basis of its own strategic interests, cooperating with Russia whenever possible.'

On 17 February 2004, the Council drafted an internal document called Relations with Russia – Assessment Report. The report was similar to the Communication except that the analysis went deeper and was sharper. The starting point was recognition of the strains that had emerged in relations and the procedural problems swamping the dialogue. In response, the member states

emphasised the need for the EU to speak with a single voice. A number of internal mechanisms were proposed to enhance such coordination, including priority reports on key outstanding issues and EU policy lines to follow. The member states also called for a comprehensive dialogue, which included the possibility of linking relevant policy issues. In policy terms, greater EU engagement throughout the common neighbourhood was seen as vital, through the OSCE and other organisations and, again, as much as possible in cooperation with Russia. Finally, the report insisted on the shared values that lay at the heart of the dialogue. The report also laid out a list of outstanding questions in the relations, with the EU line to be taken in each case.

Lines of consensus

From these reports, six lines of consensus emerged on policy towards Russia.

1) Russia was not transforming on the lines hoped for in the 1990s. Externally, Russian foreign policy sometimes posed a challenge to EU interests.
2) The EU had to speak with a single voice both within the EU itself and between the EU and member states. For this, internal coordination mechanisms are required to strengthen coordination.
3) Substance matters more than form in the dialogue – the emphasis must now fall on streamlining mechanisms and exploiting the PPC.
4) The tone of policy has changed. The EU is intent on developing a realistic and pragmatic, issue-focused relationship with Russia, in which Moscow can expect Brussels to actively promote its own interests and use the influence at its disposal.
5) The EU must adopt a 'balanced' and joined-up approach that makes full use of its negotiating weight and exploits linkages between relevant policy questions.
6) European and universal values remain at the core of relations, as both a standard by which to assess the dialogue and criteria to follow.
7) The shared neighbourhood emerges as a critically important area for the EU, and one in which the EU will seek 'whenever possible' to work in cooperation with Russia.

On 23 February, the General Affairs and External Relations Council (GAERC) reviewed the Communication and approved the Council report. In the Council Conclusions, member states reaffirmed 'EU determination to build a genuine strategic partnership with Russia based on equal rights and obligations, mutual trust and an open and frank dialogue . . . and encourage the respect for common values and the balanced and reciprocal promotion of interests.' All of the leitmotifs of the new framework were evoked. In addition, the Council stressed the need for greater internal coordination mechanisms, including through the drafting of priority lists and common positions.

Manifestations

After February 2004, the new approach was manifested on three occasions.

The first concerned EU enlargement. In January 2004, the Russian government presented to the EU a list of 14 concerns that it considered necessary to address before enlargement and the extension of the PCA with the new member states. The list referred mainly to questions of tariffs, limits on Russian steel products, anti-dumping measures, grain quotas and veterinary standards.[18] Moscow also included its concern over the sustainable development of the Kaliningrad oblast and the situation of the Russian-speaking communities in Estonia and Latvia.

In response, the EU rejected any linkage between addressing these concerns and the extension of the PCA, which legally should be an automatic procedure. At the same time, the EU used the Permanent Partnership Council to agree with Russia to a Joint Statement on EU Enlargement and EU-Russia Relations in late April.[19] The Joint Statement declared that there was no linkage between Russian concerns and PCA extension, and then proceeded to address a whole range of Russian points. The question of the Russian-speaking communities in the two Baltic states proved most problematic, as Russia sought initially to include a tougher and more specific phrase in the Joint Statement, which many member states rejected with a pointed 'no'. In the end, the final paragraph of the Joint Statement contains a vague declaration that enlargement represents a 'firm guarantee' for protecting the human rights of peoples belonging to minorities.

18. *List of Russian Concerns in the Context of EU Enlargement*, Moscow, 19 January 2004.

19. *Joint Statement on EU Enlargement and EU-Russia Relations*, Brussels, 27 April 2004.

A second manifestation concerned work on the four common spaces. Both Russia and the EU hoped that the 'road maps' would be ready for signature at The Hague in November. Two factors prevented this from happening. First, it became clear that Moscow and Brussels had a different vision of how to approach the negotiations. Russia sought agreement in those spaces where it was possible, whereas the EU was determined to pursue a package approach of 'all or nothing'.[20] EU thinking was straightforward: movement on all four common spaces at once would allow the EU to coordinate policy on different areas and across pillars, and also to exploit possible policy linkages. Bernard Bot argued before the summit, 'We are not going to give up our goals of an overall balanced package in order to get an agreement [at the summit]. We are going to take the necessary time to obtain an ambitious and balanced agreement on all four spaces.'[21] To which the Russian First Deputy Foreign Minister, Vladimir Chizhov, replied on 10 November: 'Package is a relative concept'.[22] In the end, the EU held firm and the road maps were not ready for signature in November 2004.

Second, Russia and the EU had different views of the substance of the road maps. With regard to JHA questions, the EU sought to include reference to a regular dialogue on human rights questions. The Dutch presidency also raised with Moscow the importance of promoting human rights standards in the struggle with international terrorism. The visit by Gijs de Vries, the Council's Counter-Terrorism Coordinator, to Moscow in October was linked to this concern.[23] In reply, Moscow drew EU attention to the need to promote the rights of Russian-speaking communities in Estonia and Latvia and to avoid giving asylum to Chechens that Russia had declared terrorists. Discussions on the common space on external security featured significant divergence. Russia proposed to develop cooperation with ESDP in institutional and functional terms beyond the EU's current desire and capacity. For its part, the EU insisted on including the principle of cooperation in the shared neighbourhood in the road map, including on concrete questions of conflict settlement in Moldova and the South Caucasus – all of which Russia resisted.

The third manifestation of the new EU approach occurred with Ukraine. The dramatic events that followed the second round of elections in November 2004 featured the EU and Russia adopting diametrically opposed positions on the nature of the crisis and the

20. See, for example, the GAERC Conclusions of 2 November 2004 (13589/04 Presse 296), which stated: 'The presidency noted that the four spaces were part of a single package.'

21. Cited in a report by *Agence Europe*, Brussels, 8 November 2004.

22. Interview for *Vremya Novostei*, 10 November 2004, reported by Information and Press Department of the Russian MFA; http://www.mid.ru.

23. See discussion in report by *Agence Europe*, Brussels, 21 October 2004.

means to resolve it. In the run-up to the elections, the Russian president took a clear line in favour of Viktor Yanukovych, as the candidate most likely to retain a Russia-friendly position and the status quo. Differences of approach were evident at the Russia-EU summit of 25 November, where the EU declared that it could not accept the election results – to which Vladimir Putin replied: 'We have no moral right to push a major European country into disorder. We have no right to interfere in the election process of a third country.'[24]

The interview given by Putin's adviser on EU affairs, Sergei Yastrzhembsky, on 27 November revealed the gap opening between Russia and the rest of Europe. 'There was Belgrade', Yastrzhembsky declared, 'there was Tbilisi; we can see the same hand, probably the same resources, the same puppet masters and the scenarios are very similar.'[25] This statement was made while the EU and member states were actively involved in mediating in Kyiv. The role played by Javier Solana, the Polish President Alexander Kwasniewski and the Lithuanian President Valdas Adamkus was physical embodiment of the new EU that has emerged, confident of its interests and values and willing to act on them. Far from weakening it, enlargement has strengthened CFSP.

Prospects

The era of grand declarations is over. The optimism that underpinned EU policy in the 1990s has dissipated. EU objectives remain unchanged – the aim is still a 'rules-based system in Russia' – but the tools are to become coordinated, balanced and frank. EU-Russia differences are no longer seen as temporary episodes but built-in features of the 'strategic partnership'. What is more, the EU has declared its readiness to link relevant policy issues and also use its presence in other multilateral forums, such as the OSCE and the UN, to advance its interests with Russia. The EU recognises the vital importance of Russian cooperation for European stability. EU member states show no desire for unilateral policies that work against Russian interests; the aim is to have more and better cooperation.

What does all of this mean? In a word, trouble – trouble because we are witnessing the concurrent rise of three new realities, which mark the final end of the Cold War order in Europe. First, there is

24. Cited by *Agence Europe*, Brussels, 25 November 2004.

25. Interview on *RTR Russia TV*, Moscow, 27 November 2004.

the rise of a new Europe, where the EU as a political model and a security provider is increasingly central. Second, there is the rise of a new Russia, which is no longer necessarily in 'transition' but has arrived, and in a worrying place. Third is the rise of a new shared neighbourhood between Russia and EU-Europe, in Belarus, Ukraine and Moldova and the South Caucasus. EU enlargement has had a double effect on Russia. On the one hand, the EU's idea of 'Europe' is brought much closer to Russia. At the same time, Russia has moved further away from Europe in terms of membership of its most exclusive club. Enlargement obliges both Moscow and Brussels to cooperate in the shared border region.

This will be difficult. As discussed in the first chapter, the former Soviet Union has become Russia's front line. Moscow long ago declared that the former Soviet Union constituted its 'sphere of vital interest', where Russia had special responsibilities and rights. One of these was the desire to be the main gateway for international organisations and external states in the region. Another was to ensure that the new states on Russia's borders were 'friendly' – in so much as they did not pursue an anti-Russian agenda. On both counts, Russia's self-declared rights are weakening. After 11 September, the United States deployed bases in Central Asia. 2003 saw the 'Rose Revolution' in Georgia, the failure of Russia's attempt to settle the Moldovan conflict, and the rise of greater EU engagement – a difficult year. 2004 was worse, and will be remembered as the year of Ukraine, which saw Russia and the EU adopting opposite views. The post-Soviet space has shattered, and Moscow has difficulty in accepting that there are new orbits to which the former Soviet republics gravitate.

These developments have confirmed two points for Moscow. First, a domino effect is at work in the post-Soviet space, which sees domestic challengers and external actors working together to overturn regimes that reigned throughout the 1990s in the states on Russia's borders. The rise of new nationalist and genuinely popular leaders in Georgia and Ukraine (and others?) is seen to work against Russian interests. Second, the EU is emerging as a potential challenger to the status quo in the region. Until 2003, Moscow saw the EU as being too weak to be able or willing to alter the status quo in the former Soviet Union. Events in Ukraine show differently. The promise held out by the EU European Neighbourhood Policy, however diffuse, also says differently.

Thus far, Russia's reaction to these new realities has been defensive, surly and hostile – defensive in Ukraine, surly in Moldova and sometimes hostile in Georgia. The current Russian leadership is unlikely to become a willing partner to the final shattering of the post-Soviet space. Quite the contrary, Russian policy in 2004 highlighted its retrenchment to firm defensive positions. Moscow continues to view events through the lens of a zero-sum game.

The challenge facing the EU with Russia in the common neighbourhood is threefold:

1) to defuse Russian zero-sum thinking that every crisis is a 'test' of overall relations;
2) to promote EU interests and values in this region on our immediate border;
3) to create the conditions for the greatest possible cooperation with Russia in this sphere.

There are two policy levels to consider in this respect.

Specific projects

The first level concerns compromise with Russia in elaborating the road map for the common space on external security. In negotiations, the EU has linked greater cooperation with Russia in ESDP with concrete cooperation in conflict settlement in the former Soviet Union. While this linkage is significant and reasonable, the EU can show more flexibility in responding to Russian proposals.

One idea to consider in particular is that of developing a joint conceptual framework for peace support operations. This would address a critical gap in the security partnership and help to craft a common security space by assuaging Russian concerns and satisfying EU interests. Brussels and Moscow must follow through on the point agreed in 2003 to define a 'standing framework on legal and financial aspects to facilitate cooperation in crisis management operations'. There is little reason for the 2002 'Seville arrangements' for Russian participation in ESDP operations to remain fixed forever, especially if these do the EU a disservice in precluding operations in the common neighbourhood. In the same way that NATO has developed a framework with

Russia – as it has on the ground and in the agreement of September 2002 – so should the EU. The occasions that will call for such a framework are increasingly probable. To formulate a Joint Conceptual Framework for Peace Support, the modalities and conditions of joint operations must be discussed. The focus should be on both civilian and military crisis management.

Another specific proposal is to bridge the strategic culture gap that is opening between Europe and Russia. This gap is widening and dangerous. It lies not only at the level of élites but also experts, academics and journalists, and was evident in the completely different views in Russia of events in Moldova in 2003 and Ukraine in 2004. Crafting a genuine common security space will mean bridging this strategic culture gap across multiple audiences. For this, the EU should consider developing a Russia-focused EuroMeSCo-style network between Russian and European research institutes on security questions. Over the long term, this network may help to build a shared strategic culture, and, at the least, foster greater understanding of differences.

EU diplomacy

Most fundamentally, the task facing the EU – of defusing crises, building cooperation while advancing our interests – requires the development of genuine EU diplomacy. The point here is not that the EU does not now have diplomacy; it does and, in fact, it has several. The challenge posed by Russia requires from the EU a deft hand, quick thinking, widespread foreign representation and a single-minded sense of purpose. The EU does not yet possess these qualities. The creation of the Union Minister for External Affairs and the External Action Service is vital for the EU. Genuine diplomacy will be possible only if together these represent a single, coherent and resourceful tool at the disposal of the EU.

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Abbreviations

ABM	Anti-Ballistic Missile
CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
PSC	Political and Security Committee
CSR	Common Strategy on Russia
CSTO	Collective Security Treaty Organisation
EAPC	Euro-Atlantic Partnership Council
ECHO	European Community Humanitarian Office
CFE	Treaty on Conventional Forces in Europe
ENP	European Neighbourhood Policy
ESDP	European Security and Defence Policy
EU	European Union
EUPM	European Union Police Mission
FYROM	Former Yugoslav Republic of Macedonia
FSC	Forum for Security Cooperation
GAERC	EU General Affairs and External Relations Council
GTEP	Georgia – Train and Equip Programme
GUUAM	Georgia, Uzbekistan, Ukraine, Azerbaijan and Moldova
FRM	Federal Republic of Moldova
JHA	Justice and Home Affairs
KFOR	NATO-led Kosovo Force
MTS	Russia's Medium-Term Strategy on Relations with the EU
NATO	North Atlantic Treaty Organisation
NRC	NATO-Russia Council
OIC	Organisation of the Islamic Conference
OSCE	Organisation of Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PfP	Partnership for Peace
PJC	Permanent Joint Council
PMR	Pridniestrovskaya Moldavskaya Respublika, or Transnistria
PPC	Permanent Partnership Council
PSC	Political and Security Committee
SCO	Shanghai Cooperation Organisation
SES	Single Economic Space
SFOR	Stabilisation Force in Bosnia and Herzegovina
SOFA	Status of Forces Agreement
START	Strategic Arms Reduction Treaty
UN	United Nations
WEU	Western European Union
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation

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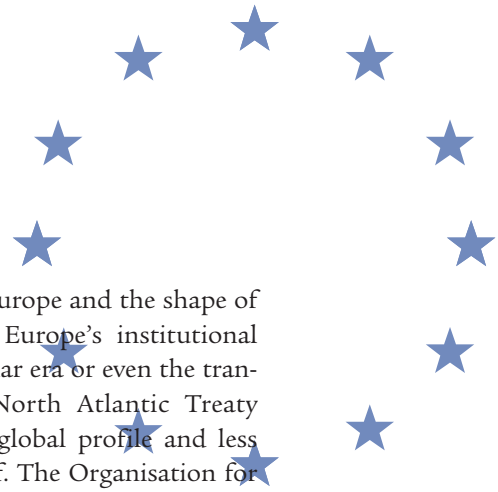

The Cold War is finally ending in Europe and the shape of a new order is becoming visible. Europe's institutional structure is different from the bipolar era or even the transition years of the 1990s. The North Atlantic Treaty Organisation is assuming a more global profile and less direct responsibility in Europe itself. The Organisation for Security and Cooperation in Europe has entered a crisis, in which major participating states are challenging its utility. Meanwhile, the European Union is emerging as the Continent's primary security provider. With enlargement in 2004, a new Europe has been born, founded around the ambitions and values of the EU. So much is clear.

What is less clear is the place of Russia in the emerging order. What is the role of Russia in the new Europe? How does Russia view such developments? What policies will Russia adopt in Europe and the new 'shared neighbourhood'? As the EU has moved closer to Russia geographically, real differences have arisen in EU-Russia relations, featuring as much misperception of the other's policies as divergent interests. These circumstances are the justification for this *Chaillot Paper*. Given the strategic importance of Russia for the EU and Europe, it is vitally important that EU member states understand better Russian views and interests. 'What Russia sees' is one step to help clear the landscape of relations, in order dispel myths that are false and highlight differences that are real. The authors of this paper are Russia's foremost experts, and they have different backgrounds, professional experiences and political views.

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the European Union
Institute for Security Studies
43 avenue du
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F-75775 Paris cedex 16
phone: +33 (0)1 56 89 19 30
fax: +33 (0)1 56 89 19 31
e-mail: institute@iss-eu.org
www.iss-eu.org
€ 10