

Beyond Ukraine: How to Handle Russia Right?

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In 2005 Dmitri Trenin declared the need to read Russia right. He saw Russia as an economically free country with no democracy; individuals were consumers, but not yet citizens. He also forecast the hyper-presidential form of government, comparing it to a return to the czarist leadership. Concerning the lack of an independent judiciary, he said the rule of law was so deeply damaged that “universal application of justice would land the business class and the entire government bureaucracy in jail”.¹ The main elements of Trenin’s analysis, outlined at the beginning of President Putin’s second term, are valid today, although he did not foresee Russia’s involvement in the former Soviet space. Instead, Trenin stated: “Russia is not disengaging from its neighborhood, but its mode of engagement is changing. It is increasingly approaching the new countries as full-fledged states, rather than parts of the long-defunct whole, and is being guided by specific national interests. In the process, imperialistic illusions will be dropped (to the relief of the neighbors), together with the system of imperial preferences (to their dismay). Russian economic expansion will continue, but it will be driven by companies (some of them government-owned) pursuing concrete interests and so will not be territorial”.²

At the time, Russia was starting to reassert itself by taking on a more influential role in external affairs. Today, the

problem is not how to read Russia right, but how to handle Russia right. In fact, after key turning-point events – such as the “gas war” Russia initiated in 2006 with Belarus and Ukraine, the August 2008 war with Georgia, and the Ukrainian crisis triggered in November 2013 – Russia’s main partners are confronted with the need to decipher Russian power correctly and, in addition, to elaborate new forms of engagement with this oppositional partner. This essay explores main drivers of Russian empowerment that contribute to explain the country’s confrontational rise since the second mandate of Putin. I argue that the forms of engagement of Western partners have pursued strategic objectives along normative ones, producing limited or even counterproductive capacity to deal with Russian interests. Additionally, I underline that the issue of Russian re-emergence has to be understood as a product of developments in the Asian fringe.

Russia is a country with vast frontiers, and the fact that it is the biggest country in the world, spanning both Asia and Europe, are core drivers of its foreign affairs. Historic experience related to the collapse of the former Soviet Union in 1991 has impacted Russia’s development, and it is still important to understand the post-Soviet space. What Moscow calls the “near abroad”, the former Soviet states and satellite states, is instrumental in Russia’s security perceptions. Additionally, Russia’s geo-economy helps centre its interests in this space, particularly in Europe. In fact, the European orientation of its core economic assets has contributed to anchor the Kremlin’s choice towards the countries of the EU and former Soviet republics.

1 Dmitri Trenin, “Reading Russia Right” (Carnegie Endowment for International Peace, Policy Brief, Special Edition, No. 42, October, 2005), p. 4.

2 *Ibidem*, p. 6.



First and foremost, Russia is an energy giant. Russia has leading industries in mining, and oil and gas.³ Russia also possesses the largest estimated gas reserves. In 2012, the EU imported 23% of its gas from Russia, with only 33% of consumption guaranteed by internal production. Around 82% of the gas Europe consumed was routed by pipeline, mainly filled and controlled by Russian interests.⁴ Since half of Russian gas transits via Ukraine, any move by Gazprom, the Russian state gas monopoly, to cut supplies to Ukraine can potentially affect the consumption of much of Europe. The Ukrainian crisis that began in November 2013 has thus exposed the EU's need to diversify energy sources.

Although Russia's energy resources are mainly located in Siberia, buyers of Russian gas are mostly in Europe. The new Nord Stream pipeline, completed in 2012, and unfinished South Stream aim at bypassing the countries that currently host Russia's gas lines to Europe, Belarus and Ukraine. Russia's upstream exploration in the Arctic, and purchases of gas contracts from the countries of Central Asia, are another method for guaranteeing control of gas to Europe. The strong energy interdependence in Europe is a concern for all European states.

Russia's need for diversification outside Europe is already visible towards China. In May 2014, Moscow and Beijing finalized a gas deal initialed ten years ago. Moscow will supply 38 billion m³ from 2018 onwards, against the current 161.5 billion m³ towards Europe.⁵ The deal is still not enough to end Russia's reliance on the European market, but it may pave the way for a strategic reorientation. It is also significant that Russia is trying to link its Far East regions to the Asian growth with moves such as the contract between the Far East regions and eastern Siberia and northeastern China, in place until 2018.⁶

Nonetheless, Russia's advantage would not be that significant without Putin's leadership since 2000 and its will to participate in new global governance, contributing to a desired multipolar world. As a BRICS country,⁷ the Kremlin takes part in this diplomatic initiative that achieved its 6th Summit in July 2014. Despite the promising political initiatives and a shared desire to change the weight of rich countries in global balance, the BRICS seem so far to be much more focused on enhancing their trade relations. In fact, the Russian assertion and contest of a Euro-American dominated world has been much more consistent as far as core strategic prerogatives are concerned, especially in the arms control agenda – involving

the United States and the North Atlantic Treaty Organization (NATO) – and the rebuttal of the EU engagement further east towards Russian “near abroad”.

US-Russian relations are mainly focused on security issues, and in particular nuclear deterrence. The so-called New Start Treaty, signed in April 2010, aims at further reducing strategic nuclear armaments until 2021. It does not include anti-missile defenses or conventional armaments. These two topics have fuelled serious disputes with Washington, NATO and other actors such as the Organization for Security and Cooperation in Europe (OSCE). While Russia has been able to oppose a third wave of NATO enlargement towards Ukraine and Georgia, since 2008 the country has also withdrawn from commitments concerning conventional armaments in the context of the Treaty on Conventional Armed Forces in Europe (CFE Treaty). These moves are closely related to the Kremlin's opposition to the extension of the US anti-missile system in Europe that is perceived as directed against Russia.

Based on a change in the perception of threats at the global stage and a need to develop efficient defense systems, in late 2002 the US unilaterally withdrew from the Anti-Ballistic Missile (ABM) Treaty of 1972. Although Russia has been investing in a military modernization and build-up, the country still considers that the nuclear weapon is its only reliable weapon – absorbing a third of the military budget – and, thus, the capacity to deter is fundamental. To Russia, nuclear weapons compensate for imbalances in conventional weaponry against NATO, and even provide protection again a rising China.

As the world's second-largest arms exporter,⁸ Russia often takes the lead in the aeronautical domain. Defense Minister Serdyukov, nominated in 2007 and strong of the experience of the 2008 war against Georgia, started the due modernization of a Soviet-kind army. Besides a fast-rising defense budget – 18,4% in 2014 – and other security measures, the country has initialed a modernization of weapons to be completed in 2020. This fast-track evolution is hampered by Russia's poor demography, which makes it difficult to recruit young, fit men, a gap between elite forces (present in Crimea in recent months) and the rest of the army, and a defense industry that is almost only capable of refreshing Soviet models.⁹ Although Russia's military capabilities will not pose a threat to NATO in the foreseeable future, military might is nonetheless instrumental in the Kremlin's assertion in the post-Soviet space and in its global projection and image of a serious contender. For instance, as a leading country in the Collective Security Treaty Organization (CSTO), Russia tries to be the lead-

3 Energy Information Administration, “Russia. US EIA Full Report” (2013).

4 Eurogas, “Statistical Report 2013” (2014).

5 Sarah Lain, “Russia's gas deal with China underlines the risks to Europe's energy security” (*The Guardian*, 26 May 2014).

6 Cédric Gras and Vyacheslav Shvedov, “Extrême-Orient russe, une incessante (re)conquête économique” (*Hérodote*, No. 138, 2010).

7 BRICS refers to Brazil, Russia, India, China and South Africa as emerging economies.

8 Sipri, “*Sipri Yearbook 2013. Armaments, Disarmament and International Security*” (2013).

9 The Economist, “Putin's New Model Army. Money and reform have given Russia armed forces it can use” (*The Economist*, 24 May 2014).



ing security player in Central Asia, balancing against a growing Chinese presence there.¹⁰

As for Western Europe, energy is also a bulk of Russian relations with Beijing because of China's hunger for natural resources. In this relationship, Central Asia has taken a core place since the beginning of the 21st century, to the detriment of Moscow's role in this portion of the "near abroad". China has been working on a "strategic partnership" with the Kremlin, and may be willing to cede its dominance in the region in a nod to Russia's sphere of influence. Nonetheless, Beijing's efforts to cool tensions, namely by advancing its claims through the Shanghai Cooperation Organization, will likely fade away. Firstly, the US withdrawal from Afghanistan might weaken the common goal of diminishing US and NATO influence. Secondly, China's current dependency on Russian gas and minerals is bound to falter as Beijing's energy projects with Kyrgyzstan, Kazakhstan and Tajikistan, materialize. According to Thomas Stephen Eder,¹¹ the potential for Sino-Russian conflict in Central Asia is comparable to EU-Russia conflict over Belarus and Ukraine. In fact, China is not expected to withdraw from the region, despite Moscow's claims of a Russian-led "Eurasian Union". In the long-term, a geopolitical shift is very likely to occur in favor of Beijing.

Contrary to the nature of US-Russian relations, trade relations are a corner stone for Russian-EU relations, and Brussels is the first trading partner of Moscow and Russia is the third for the Union. In this context, energy trade has a big share. Thus, the EU has a primary role in engaging Russia in Europe as they share strong interdependencies and as Brussels has been enlarging and deepening its role in the continent. Ukraine's current crisis attests to how poorly Brussels has been reading and handling Russia. On the one hand, since 1997 the EU and Russia have developed a special relationship that is built around an extensive framework of cooperation, organized in "four common spaces".¹² On security issues, dialogue between Brussels and Moscow initiated in 2000 and Russia was considered the country having the most intense dialogue with the EU Political and Security Committee (PSC). On the other hand, political convergence has been very difficult to achieve and the number of unresolved issues has grown. This paradox informs the relationship between the EU and Russia, and it is prone to jeopardize all the cooperative arrangements achieved so far.

Brussels has pursued political convergence with Moscow in a peculiar way. Despite its inability to use the conditionality model¹³ – contrarily to the cases of enlargement and neighborhood policies – Brussels uses a normative approach towards the Kremlin. It means that the relationship is committed to the rule of law, good governance, respect for human rights (including minority rights), the promotion of good neighborly relations, the principles of market economics, and sustainable development. Moscow is criticized for not respecting binding commitments. On its side, Moscow feels unduly lectured by its European partners. The threat against Ukraine's sovereignty reveals this drift at a core strategic level.

There are also economic dimensions in Russian changing view about its European engagement. By proposing a Eurasian Union, scheduled to enter into force next year, and by creating a customs union with Kazakhstan and Belarus (2010), and more recently Armenia (2013), the Kremlin is miming the EU with its own free trade area. Russian opportunistic grasp on Ukrainian territory has been triggered by Moscow's will to have Kiev joining the customs union.¹⁴ More generally, it was about preventing the EU's further engagement in a region of special interest for Russia. It is illustrative that, for the first time in institutionalized EU-Russia relations, a biannual summit has been postponed because of an ongoing crisis. The usual December summit barely went forward last year. The EU and Russia finally gathered on January 28 in a photo-op meeting that had only a single item on the agenda and lasted a mere three hours. Brussels official communication about the summit emphasized the lack of a common vision and the seriousness of the Ukrainian situation.

Western normative approaches toward Russian involvement in Ukraine's crisis is in tune with the EU principles concerning international conflicts, namely the rejection of the use of force. But economic interests also explain the EU's caution. The recent update of EU's sanctions¹⁵ to protest against Russian illegal annexation of Crimea and military backing of East Ukrainian separatists appeared as a weak response. The extension of asset freezes and visa bans, and the eventual trade restrictions on Crimea, still pose no threat to Putin's inner circle. London, Paris and Berlin fear that sanctions could boomerang. The last update of sanctions of August 1st is bolder in terms of affecting Russian economy but it has been reciprocated by a Russian ban on products imported from the EU. Further sanctions might be opposed by the most affected

10 Alexander Frost, "The Collective Security Treaty Organization, the Shanghai Cooperation Organization, and Russia's Strategic Goals in Central Asia" (*China and Eurasia Forum Quarterly*, Vol. 7, No. 3, 2009), pp. 83-102.

11 Thomas Stephen Eder, "China-Russia Relations in Central Asia. Energy Policy, Beijing's New Assertiveness and 21st Century Geopolitics" (Springer VS, 2009).

12 They are: a Common Economic Space; a Common Space of Freedom, Security and Justice; a Common Space of Cooperation in the Field of External Security; and a Common Space on Research, Education and Culture.

13 Conditionality is a tool to bide closer relations with Brussels to a political and economic convergence with the EU.

14 Vladimir Shlapentokh, "The difficulties of predicting an authoritarian leader's behavior: Putin and Crimea" (24 June 2014).

15 Council of the European Union, "Further sanctions over situation in Eastern Ukraine agreed" (PRESS RELEASE. ST 12162/14. PRESSE 429. Brussels, 24 July 2014).



EU member states such as Finland. The need to investigate the July 17 Malaysia passenger jet crash in eastern Ukraine is probably putting more pressure on the next EU meeting on August 30. Handling Russia normatively is necessary in a growing multipolar world in need of international regimes to secure governance. But, in the short term, strategic drivers of Moscow's reassertion could probably be met more firmly. This does not mean military confrontation, but smart use of the areas where Russia has strong interests, such as trade, business access and visas. The EU has a special responsibility in helping the countries "in between", especially Ukraine, to resist Russian imperialist callings, given some leverages stemming from the framework of cooperation with Moscow.

Thus, the West's dilemma when it comes to handling Russia is how to balance a normative and a strategic approach. The problem is even more serious for the EU, which has strong interdependences with Russia and a soft power genesis contrarily to traditional actors that rely on military projection. The Kremlin has chosen to assert its power through its military and its energy resources. Nonetheless, in the long term, this choice only provides uncertainty for Russia. A glance at the eastern part of the post-Soviet space highlights the uncertain path of Russian influence. Isolation or confrontation in Europe does not appear to be the best choice for the Kremlin at a time when its future in Asia is under threat by China's growing role there. Russia is certainly flexing its muscle in Europe, but the pay-off may be paltry given the country's tenuous position across the Eurasian landmass.

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