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# Conceivable Surprises

Eleven Possible Turns in Russia's Foreign Policy

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# Introduction: Conceivable Surprises in Russian Foreign Policy

*Sabine Fischer and Margarete Klein*

Russia's foreign policy has taken numerous unexpected turns since 2013. Developments such as the annexation of Crimea, the military intervention in Syria, the crisis in relations with Turkey and the instrumentalisation of obscure incidents such as the "Lisa F. case" to discredit the German government all took most Western experts and decision-makers by surprise. Moscow appears to be using unpredictability tactically to take the initiative vis-à-vis other actors. In the process, the Kremlin is deliberately taking risks with potentially unforeseeable consequences for European and international security. The lack of transparency in decision-making processes and the absence of open public debate also make Russia's foreign policy actions difficult to assess. Moreover, with decision making processes in Russia highly centralised and monopolised, the Kremlin is in a position to act rapidly and does not need to consult with international partners or take account of democratic procedures and domestic political reservations.

That does not mean, however, that there is no room for Germany and Europe to be better prepared. This study identifies conceivable surprises in Russian foreign policy that should expand our thinking about the activities of the political leadership in Moscow.

## About the Project

In retrospect it is clear that the events in Ukraine and Syria did not simply appear out of nowhere. In fact, they were the product of developments unfolding over a longer period but largely missed by experts and political actors in Germany and the EU – as well as in Russia. That blindness is to a great extent caused by the lack of transparency of political processes in Russia. Other significant reasons are to be found on the Western side, however. Over the past years, expertise on Eastern Europe has been systematically reduced throughout the EU, to a point where it is impossible to adequately monitor political processes in Russia and the post-Soviet space. Moreover, broader political developments play a role in determining which issues absorb the attention of experts and political decision-makers. Between the Russo-Georgian war of August 2008 and the annexation of Crimea in March 2014 other major events such as the EU's financial and institutional crisis and the Arab Spring largely overshadowed Eastern Europe. By the time growing tensions were noticed it was already too late. Germany and the EU have also been misled by illusions and misconceptions. For example, the "colour revolutions" in the post-Soviet space in the 2000s were interpreted in simplistic democratic/undemocratic and pro-

**Scientifically Based Foresight:  
Concept and Methodology**

*Lars Brozus*

SWP understands scientifically based foresight as a method for analysing conceivable future events and developments in foreign policy and security. These are not forecasts, because, obviously, the future is impossible to predict. In reality, it is rather unlikely that events and developments will unfold exactly as described here. What we can do, however, is point out scenarios that would be of great political relevance for Germany and the EU if they were to occur. A forward-looking foreign policy should therefore already now be paying attention to them.

The contributions share the scientific rigour of their argumentation. Because the future cannot be foreseen, statements in its regard are necessarily associated with great uncertainty. The method of scientifically based foresight serves to minimise this conceptual and methodological uncertainty. Rather than leaving them implicit, we explicitly reveal the assumptions and causalities that characterise each scenario. Such transparency is an essential precondition for exposing the inherent assumptions to scrutiny and discussion. It represents, therefore, an important touchstone for distinguishing diligent foresight from speculative guesswork.

Transparency is also essential for another reason. The foresight situations described in the following represent a contribution to illuminating the “universe of possibilities” for political action.<sup>a</sup> It is thereby unavoidable that they also play a part in forming that universe, because the authors are selecting from all the conceivable factors, variables, trends and influences. They concentrate on those that are pertinent to their analysis and neglect others.

Thus readers are confronted with a, as it were, prestructured image of the future that influences their perspective on future events. It is all the more important, therefore, to apply an academically reflected approach when constructing the situations so as to preserve transparency concerning the choice of factors taken into consideration and the reasons for that choice.

The scholarly quality of the contributions is secured by a rigorous multi-stage selection and review process. First of all, short concept papers addressing “Conceivable surprises in Russian foreign policy” were gathered from researchers across the institute. These had to cover three questions: 1. What could happen? 2. Why could it happen? 3. What

<sup>a</sup> “[C]urrent and future political choices can (and must) be made from a wide universe of possibilities and not from an overdetermined past that permits only one inevitable divisive response.” Philip E. Tetlock and Geoffrey Parker, “Counterfactual Thought Experiments: Why We Can’t Live without Them & How We Must Learn to Live with Them”, in *Unmaking the West: “What If” Scenarios that Rewrite World History*, ed. Philip E. Tetlock, Richard Ned Lebow and Geoffrey Parker (Ann Arbor, 2006), 14–44 (27).

### Scientifically Based Foresight (cont.)

this mean for Germany and the European Union? The outlines were discussed in two workshops, one of which involved external participants. The three central criteria for assessment were: 1. consistency, 2. plausibility, 3. originality and relevance. The likelihood of a scenario actually occurring played no role in the assessment process.

After the workshop the drafts were revised and passed through two rounds of peer review and feedback, first by the volume editors, then by the institute leadership. The outcome of that exhaustive process is the contributions you find gathered in this volume.

Western/pro-Russian terms. The resulting policy was unable to respond in adequate detail to problems arising in the region's various states. Its self-perception as a transformative force for peace made the EU (and with it Germany) blind to the growing geopolitical tensions in Eastern Europe. Last but not least, internal disagreements within the EU also hampered the development of a consistent and proactive policy towards Russia.

In this study we examine eleven situations that *could* occur in different regions and policy areas during the coming years. We do not, however, claim to predict the future or to forecast particular events. Instead, the authors apply their expertise to reveal and extrapolate existing trends. The point is not to *think up* situations, but to *think through* existing structures and developments. What we are interested in here – as in the SWP Foresight Studies – is a “grey swan”, in the sense of “a crisis that develops over a longer period in the absence of adequate political prioritisation”.<sup>1</sup> As such, the outlined situations possess a certain level of likelihood, but without it being possible to say whether they will actually occur, and if they do so, whether this will be in the form described. There is no need for the investigated scenarios to be consistent with one another, as they merely represent “possible futures”.

### Fields and Topics

*EU/Europe:* Both contributions in this section anticipate Moscow continuing to exert influence on the politics and societies of individual EU member states. Liana Fix and Ronja Kempin outline a situation revolving around Russian support for the Front National in the French presidential and parliamentary elections in 2017. In the scenario described by Susan Stewart, Moscow deploys a combination of defamation and subversion to discredit the German government and bring about changes in Germany's policy towards Russia. The authors of both contributions note massive threats to

<sup>1</sup> Lars Brozus, ed., *Unexpected, Unforeseen, Unplanned: Scenarios of International Foreign and Security Policy: Foresight Contributions 2015*, SWP Research Paper 1/2016 (Berlin: Stiftung Wissenschaft und Politik, January 2016), 5.

the EU's cohesion and argue that Moscow has a strong interest in weakening the Union. Both contributions identify possible openings for Russian influence, arising above all through structural weaknesses in the respective political, economic and social systems. These need to be addressed if European states and societies are to protect themselves against such interference.

*Other regions:* Dušan Reljić sees the Kremlin threatening to abandon its UN Security Council veto on recognition of Kosovo if Serbia continues seeking closer relations with the European Union. In Alexandra Sakaki's contribution Russia and Japan resolve their dispute over the southern Kuril Islands and sign a peace treaty. Azadeh Zamirirad pictures Russia signing a security agreement with Iraq, thereby establishing a corridor of influence extending from Syria to Iran. In all three contributions Moscow finds itself confronted with foreign policy challenges. While the cases of Serbia and Japan are principally about securing scope and influence, Azadeh Zamirirad portrays Russia exploiting a window of opportunity to expand its position in the Middle East. From the Western perspective the possible consequences are not automatically negative and destabilising; they may in fact offer options for cooperation.

*Internet, energy and security:* Marcel Dickow describes a development where Russia and China isolate themselves from the global internet and establish their own "EurasiaNet". Oliver Meier imagines Moscow threatening to withdraw from the INF Treaty and station intermediate-range missiles in Europe in response to NATO's missile defence plans. In Kirsten Westphal's contribution Gazprom loses its export monopoly, thus liberalising the transit routes for Russian gas exports – as the EU has long demanded – but also allowing Russian exporters to expand their market share in Europe. Russia sees the three issues addressed here primarily through the security lens. While this leads Moscow to respond confrontatively in the situations described by Marcel Dickow and Oliver Meier, economic rationality could conceivably win the day in Kirsten Westphal's energy scenario. For the West, that could create opportunities for cooperation.

*Eurasia:* Sebastian Schiek describes Russian military intervention in internal conflicts in Kazakhstan and Tajikistan encountering considerable resistance. In Franziska Smolnik's contribution relations between Russia and Georgia take another turn for the worse, leading Moscow to permit South Ossetia to found the "Republic of Ossetia-Alania" and join the Russian Federation. In both cases Russia's motivation is to prevent loss of influence in the post-Soviet space. This leads Moscow to take great risks, and to find events in Central Asia spiralling out of its control. Sabine Fischer and Margarete Klein bring together the strands of Russian domestic and foreign policy: Following Alexei Kudrin's appointment as prime minister at the beginning of 2017 the EU receives increasingly ambivalent foreign policy messages from Moscow. Do these reflect a deliberate division of labour or a conflict within the elites?

## Conclusions

The contributions gathered in this volume reveal four factors that shape Russia's foreign policy. They should be kept under observation in the interests of anticipating surprising turns that evade prediction.

*Interests and perceptions:* The Kremlin formulates the “emergence of a new world order” “based on international law and principles of equality, mutual respect and non-interference in internal affairs of states” as its highest priority.<sup>2</sup> It positions Russia as an independent major power shaping both regional (Eurasian) and international relations. In the Russian discourse, “major power” is defined in terms of two criteria: Firstly, Russia must be capable of encountering the United States on equal terms and, in concert with like-minded actors, replacing the US-led unilateral world order with a multipolar one. In that interpretation, other Western actors such as NATO and the EU do not operate autonomously but are guided by American hegemony. Secondly, Russia claims the territory of the former Soviet Union as its sphere of influence, where it sets the rules and external actors play a subordinate role. Specific Russian interests in the different regions and policy fields unfold within this conceptual space. They must be closely watched for gradual or sudden change.

*Instruments:* The instruments of Russian foreign policy have steadily developed and differentiated in recent years. Military capacities have been improved, and a multitude of “soft” tools added: orchestrated disinformation campaigns in traditional mass media and online social networks, instrumentalisation of ethnic minorities, exploitation of civil society organisations, economic cooperation and economic pressure. Regular stock-taking of this set of instruments is required (to the extent permitted by the lack of transparency in the Russian political system) in order to arrive at a realistic estimation of Moscow's capacities to act. Clarity over continuity and change in Russian interests and perceptions also permits conclusions to be drawn about whether and in what form Moscow is prepared to make use of its foreign policy instruments.

*Interdependencies:* Empirical evidence of the past fifteen years suggests that Russia engages most energetically with states and regions where its relationship is one of close interdependency. The contributions in this study also point to this structural characteristic of Russian foreign policy. The more comprehensively a specific state or region is intertwined with Russia, the more closely change there will affect Russian interests. Interdependency can work in both directions. It can increase prosperity and security – or produce vulnerabilities that other states may exploit. In this respect, Russian foreign policy evolves in concentric circles: the willingness to interfere and take risks is greatest in the immediate neighbourhood and Europe, declining successively with growing geographical distance.

<sup>2</sup> Official Website of the Ministry of Foreign Affairs of the Russian Federation, “Concept of the Foreign Policy of the Russian Federation”, 12 February 2013, [http://archive.mid.ru//brp\\_4.nsf/0/76389FEC168189ED44257B2E0039B16D](http://archive.mid.ru//brp_4.nsf/0/76389FEC168189ED44257B2E0039B16D) (accessed 15 February 2016).

*Opportunities and constraints:* Finally, whether or not Russia acts depends strongly on developments occurring in the affected countries, regions and policy areas themselves. In some situations the Kremlin may feel forced to respond where it considers its interests threatened, in others it may grasp emerging opportunities. Opportunities and constraints may arise in states and regions without Russia having actively created them. Western policy, too, can contribute to the emergence of such constellations. Therefore, Western policymakers must consider the extent to which their actions create opportunities and constraints for Moscow.

It goes without saying that reflecting upon possible future events does not enable us to anticipate and prevent all conceivable surprises. Nonetheless, this kind of exercise is important in order to expand our analytical thinking about Russian foreign policy into the future. We need to be open in two ways: open to potentially negative developments that are currently difficult to detect, and open – despite persistently poor relations and mutual loss of trust – to situations that offer potential for cooperation. It must be assumed that surprises are most likely to occur in those policy fields and regions where Russian interests and interdependencies are strongest. In line with the aforementioned concentric circles, this concerns first of all the post-Soviet space, followed by the other European states and then other regions.

## **I. EU/Europe**



# Far-right Victory in Paris: The Kremlin and the French Elections

*Liana Fix and Ronja Kempin*

In summer 2017 France's newly elected president, succeeding the hapless Socialist François Hollande, forms an alliance with the far-right Front National (FN) and appoints its leader, Marine Le Pen, as prime minister.

Hitherto, the country's political class had relied on the French majority voting system to restrain the FN. This strategy worked for the December 2015 regional elections: left-wing candidates with no prospect of success withdrew in the decisive second round in favour of conservatives and prevented a landslide victory by the FN. In 2016 the established parties, Les Républicains (LR) and Parti Socialiste (PS), act cautiously on issues like the refugee crisis to deny the FN opportunities to raise its public profile. However, preoccupied with internal power struggles, it takes both PS and LR until the end of 2016 to decide on their candidates for the April 2017 presidential election. Meanwhile the FN, united behind Marine Le Pen, presents a solid election programme in October 2016. In addition, FN receives a €25 million loan from the Moscow-based First Czech-Russian Bank, enabling it to conduct a nationwide campaign and steadily improve its popularity.

Shortly before Christmas 2016 the French-language service of the Russian radio and internet outlet Sputnik publishes a documentary showing clandestine meetings between PS and FN representatives. In discussions, they agree to work together against the Républicains, who are leading in the polls, including arrangements on specific constituencies. While the FN manages to emerge from the scandal almost unaffected, it is the last straw for the fractious PS. In January 2017 the party's left wing, led by Martine Aubry, splits off to establish a new election platform, France Gauche et Indépendante (FGI). Now both left-wing parties, FGI and Parti Socialiste, fall behind the FN in the polls. Marine Le Pen reaches the second round in the presidential election, but eventually loses to the conservative Alain Juppé. With the June 2017 parliamentary elections, the French left ultimately fades into irrelevance. But the Républicains also feel the electorate's disenchantment with "established" politicians. Against all expectations, Front National becomes the strongest party in the French National Assembly. For newly elected President Juppé and the Républicains, an alliance with Le Pen is now the only option to form a government.

## Russian Interests and Instruments

Russia has two primary interests in influencing the 2017 French elections. Firstly, to weaken the ability of the EU to decide and act in unanimity, which has proven surprisingly consistent and painful for Moscow in the case of sanctions. By supporting Eurosceptic actors and discourses in EU

member states, Russia is seeking to foster a “Europe of nations” and a new form of bilateralism with individual member states. France, as a founding member of the Union, plays a key role in this attempt. Secondly, Moscow is aiming to undermine transatlantic relations. The Kremlin has long objected to a world order it perceives as unipolar and US-dominated – resonating with Gaullist forces in France keen to see their country’s former status as a major power restored. In pursuit of its goals, the Kremlin supports political forces in Europe – on both the left and the right – that share its agenda. Russia offers its sympathisers a “trans-ideological repertoire” of discourses.<sup>1</sup> Nevertheless, relations are especially close with far-right and populist parties like FN, which support Russia’s anti-Western conservatism.

Moscow can draw upon a broad range of instruments extending from financial aid and economic influence to political smear campaigns and the mobilisation of minorities.<sup>2</sup> The necessary infrastructure was already being successively expanded before the Ukraine conflict. A network of loyal media outlets and Russophile think tanks and cultural institutions works to strengthen Moscow’s “soft power” abroad. In France, these include in particular Russia Today (television), Sputnik (radio and online), the Institut du Monde Multipolaire (founded in November 2014 by an FN politician) and the Institut de la Démocratie et de la Coopération. The targets of this policy of interference are the political and economic elites, but it also looks to shape French public opinion. Russian influence is especially effective where it can exploit existing political, economic as well as societal fractures and vulnerabilities.

### A Window of Opportunity

Russia’s image in France is not good. French public opinion is much more critical than the German. A survey in 2015 found about 70 percent holding negative attitudes towards Russia; 85 percent mistrusted Vladimir Putin, who was described as dictatorial, arrogant and dangerous.<sup>3</sup> Nevertheless, two factors could motivate Moscow to intervene covertly in the French

<sup>1</sup> Stefano Braghiroli and Andrey Makarychev, “Russia and Its Supporters in Europe: Trans-ideology à la Carte?”, *Southeast European and Black Sea Studies* 16, no. 2 (2016): 213–33.

<sup>2</sup> Russia is France’s fourth-largest export market (after EU/Switzerland, United States and China), above all for high-tech products. “Les relations avec la Russie: comment sortir de l’impasse?” Rapport d’information de M. Robert del Picchia, Mme Josette Durrieu et M. Gaëtan Gorce, fait au nom de la commission des affaires étrangères, de la défense et des forces armées du Sénat, N° 21, 7 October 2015, 67, <http://www.senat.fr/rap/r15-021/r15-021.html> (accessed 22 June 2016).

In September 2011 a “Conseil de coordination du forum des Russes de France” was founded in Paris under the auspices of the Russian embassy, to represent the estimated 300,000-strong Russian diaspora in France. Cécile Vaissié, *Les réseaux du Kremlin en France* (Paris, 2016), 86–98; Lorraine Millot, “Les trolls du Kremlin au service de la propagande”, *Libération*, 24 October 2014.

<sup>3</sup> Claire Demesmay, “Die Wahrheit hat immer zwei Seiten”: Frankreichs offenes Ohr für russische Propaganda, DGAPkompakt 16 (Berlin: Deutsche Gesellschaft für Auswärtige Politik [DGAP], November 2015), 2, <https://dgap.org/de/article/getFullPDF/27315> (accessed 10 March 2016).

presidential and parliamentary elections. Firstly, there is a general mood for political change in France, where the economy has been stagnant for years. France was already regarded as the “sick man of Europe” before President Hollande declared a “state of economic emergency” in January 2016. At that point, more persons were without work than when Hollande took office in May 2012. The high unemployment rate affects in particular the young: 25.9 percent of 15- to 24-year-olds were out of work in December 2015. The labour market reforms announced in March 2016 by Prime Minister Manuel Valls led to widespread protests not only among the population, but also within the Parti Socialiste. Heavyweights like former labour minister Martine Aubry object vocally to the course adopted by the president and his prime minister, whose popularity ratings are in free-fall despite their resolute response to the terrorist attacks of 13 November 2015. Dissatisfaction with the present government plays into the hands of the FN, which succeeded in winning over traditional PS voters in the December 2015 regional elections. The FN received 24 percent of its votes from the under-25s; 43 percent were from workers.

Secondly, France’s right-conservative camp sympathises openly with Moscow and is therefore of particular interest for Russia. Relations have intensified and professionalised since Marine Le Pen assumed the FN leadership in 2011 and undertook several trips to Moscow. While criticising the EU sanctions, the FN regards the Crimea referendum as legitimate. In the European Parliament FN votes consistently against resolutions critical of Russia. Front National also makes no secret of the fact that its regional election campaign was funded through a €9 million loan from the First Czech-Russian Bank. The party has no credit status with French banks.

Voices critical of Russia have also found themselves increasingly marginalised in Nicolas Sarkozy’s *Républicains*. A majority of the party parroted the Kremlin’s rhetoric by placing responsibility for the crisis over Ukraine on the United States. In April 2015 members of the *Républicains* and the FN met secretly with State Duma Chairman Sergey Naryshkin in the Russian embassy in Paris, although Naryshkin’s name had already been placed on the EU’s sanctions list.<sup>4</sup> In summer 2015 leading LR members sharply criticised the governing Socialists for cancelling the sale of two Mistral-class warships to Russia.<sup>5</sup>

There is also ideological affinity behind these Moscow-friendly stances.<sup>6</sup> The leaders of both LR and FN call for a strong state to enforce law and order at home and defend national interests abroad. Ultimately, they regard the liberal policies of the EU and United States as a threat to these interests: Brussels and Washington are perceived as denying nation-states the possibility to keep or regain control over strategic aspects of their

4 Matthieu Goar and Benoît Vitkine, “A l’UMP, la tentation de Moscou”, *Le Monde*, 13 April 2015.

5 “Pour la droite, la non-livraison des Mistral à la Russie est une ‘faute absolue’”, *Le Monde*, 6 August 2015.

6 Demesmay, “Die Wahrheit hat immer zwei Seiten” (see note 3); Sylvie Kauffmann, “Le monde vu du Front national”, *Le Monde*, 28 March 2015.

economies, such as energy and food supply. France's conservatives have therefore always called for a multipolar world order as an alternative to US-dominated globalisation. Alongside the wish to return to a system of sovereign states and traditional power politics, another element connects the Front National and the *Républicains* with Moscow: their preference for cultural homogeneity. The idea that Europe has become "morally decadent" is common on both sides.

In sum, Russia needs to invest only limited resources – for instance disinformation and smear campaigns via Russian online media and think tanks – to tip the political balance in France and influence the outcome of the 2017 elections.

### Options and Recommendations

To prevent Franco-German relations and the European integration process from faltering, Germany must address the question of how to respond to Russia's policy of interference in internal affairs, especially with an eye to the Bundestag elections in September 2017. The covert, non-governmental nature of Russian influence makes it difficult to identify the Russian leadership as the mastermind behind these activities. Moreover, many activities, take place in a legal grey area (for instance, party funding from other EU countries is permitted in France). Seemingly easy solutions like "counter-propaganda" or banning Russian media are therefore legally untenable and incompatible with European values.

As a first European measure against Russian disinformation campaigns, the East StratCom Task Force was founded in September 2015 within the European External Action Service (EEAS) to observe and expose Russian media activities, in particular in Eastern Partnership countries. Nine experts develop communication strategies and campaigns on the EU's activities in this region. The Task Force's goals include specifically countering disinformation, creating a positive EU narrative and ad hoc reporting on relevant topics and developments in the Union.<sup>7</sup> Given that Russian media activities are also expanding in western EU member states, the Task Force should be enlarged and its remit extended beyond monitoring: Designed as a warning mechanism, the unit can identify escalation levels and inform the affected EU member states of elevated risk, where necessary.

In order to establish effective prevention against Russian interference and avoid a scenario of the kind described here, the top priority must be to develop strategies for resolving the societal and socio-economic problems within EU member states. In other words, system-critical forces need to be deprived of their breeding grounds and thus prevented from being instrumentalised by outside forces. Germany should therefore actively support France in its economic reforms efforts and actions to combat youth unemployment. At the same time Paris and Berlin must push at the European

<sup>7</sup> European External Action Service, "Questions and Answers about the East StratCom Task Force", [http://eeas.europa.eu/top\\_stories/2015/261115\\_stratcom-east\\_qanda\\_en.htm](http://eeas.europa.eu/top_stories/2015/261115_stratcom-east_qanda_en.htm) (accessed 6 June 2016).

level for a common integration and migration agenda. The destructive potential of Russian influence is vast, and the crisis-ridden EU could collapse completely if one of its founding members were to turn away from the EU and pursue an openly anti-European policy.

# Russia Launches a Multifaceted Campaign to Discredit Germany

Susan Stewart

Russia firmly expects the EU to completely lift its economic sanctions in January 2017. In the end, after long discussions, the member states decide to extend them, for which Russia principally blames Germany. Growing resistance to the Nord Stream 2 pipeline project within the EU also leads Germany to show greater understanding for some of its opponents' arguments, which generates growing aggravation in the Kremlin. Russian media respond to the decision to uphold sanctions with a campaign against Germany that exceeds anything previously witnessed and is complemented by measures carried out by other Russian actors. Germany is increasingly portrayed as an enemy.

## Refugees and Russian-Germans

The central topics for Russian media include Germany's supposed inability to deal with the refugee question. They broadcast footage of clashes between refugees and right-wing extremists, asserting that German fascism is not dead but rather making a comeback. With the Chancellor's position uncertain in advance of the Bundestag elections, they argue, there is a definite possibility of fascist parties coming to power. This hitherto rather subliminal fascism is also, they say, the reason behind Germany's support for Ukraine, where it is well known that a fascist junta holds the reins. The reporting is backed up by statements from Russian-Germans complaining that they feel unsafe and that the government does not care about their rights.<sup>1</sup>

In the meantime the Unity party, founded in March 2013 and led by the Russian-German Dimitri Rempel, wins a number of seats in the state elections in Saarland (March 2017) and North Rhine-Westphalia (May 2017), as well as local council seats. It enjoys a growing presence in Russian-language media and RT's German-language service, and is actively preparing for the 2017 Bundestag elections. The party's representatives are courted in Russia, where they make numerous visits to various parts of the country. In July the Russian-German Olympic Games are held in Crimea. Through the efforts of Unity, vigorously supported by Russia, the concerns of the Russian-Germans gain a greater hearing in German politics and society and are taken up with increasing vehemence by Russian politicians in their rhetoric and their discussions with German counterparts. Repre-

<sup>1</sup> Russian-Germans (*Russlanddeutsche*) are former members of the ethnic German minority in the erstwhile Soviet Union, most of whom have emigrated to Germany since the 1980s.

sentatives of the Russian embassy and its consulates in Germany offer to make it easier for Russian-Germans to apply for Russian passports.

## War and Peace

In March 2017 the Kremlin launches a “peace campaign”, asserting that “certain forces” clearly want a third world war. The United States and Germany are singled out as warmongers: the United States because it is seeking global dominance, Germany because it started the Second World War and never truly abandoned its military ambitions. Berlin is more than willing to do Washington’s bidding, the Russians assert. The campaign culminates in a “peace conference” in May 2017, held the day after the military parade commemorating victory in the “Great Patriotic War”. The Russians gain the support of numerous German anti-fascist activists. A parallel event in Germany is held in Magdeburg, enjoying support from members of Alternative for Germany (AfD) in the state parliament.

Numerous interviews with Second World War survivors in Russia recall the suffering caused by the Wehrmacht and describe their experiences in drastic terms. Several feature films released in the run-up to the anniversary emphasise the horrors of the Nazi regime and its hatred of Russia (more correctly, of the then Soviet Union, although that aspect is downplayed). Hillary Clinton’s first visit to Germany as newly elected President of the United States also takes place in spring 2017. Russian politicians and media regard her warmth towards Chancellor Angela Merkel as evidence of an unholy alliance set on world war against Russia. They point out that Russia and Germany would be able to prevent such a scenario if Berlin dropped its categorical refusal to cooperate. Germany will therefore share blame for the outbreak of war, which Russian foreign policy and security elites believe to be increasingly inevitable.

## Trips and Parties

In spring and summer 2017 a series of German businesspeople and politicians visit Moscow, mostly as “tourists”. They are courted by the Russian leadership and meet with influential Russian politicians and business representatives. Some of these visitors spend time holidaying in luxury resorts in Crimea. For Vladimir Putin’s birthday in October a former senior German politician stages a party attended by numerous prominent German guests. The star of the evening is a Russian-German pop singer, who performs for Putin in German and Russian. There are persistent rumours that the German host had been asked to organise the party by a high-ranking Kremlin official in order to set the stage for closer cooperation with influential pro-Russian Germans in the new political situation after the Bundestag election.

The German visitors to Crimea and Moscow include a number of members of the AfD. A few weeks after their return, the AfD organises demonstrations in Germany and Brussels, which are plainly closely coordinated

with Russia's embassy in Berlin and its mission to the EU. The central issue of the protests is the political line taken by Germany and the European Union towards Russia. The demonstrators oppose EU sanctions and argue that Russians should be offered visa-free travel. Numerous Russian journalists accompany the events.

In parallel to these developments, Moscow relaxes its retaliatory measures towards selected EU member states that have regularly argued for the sanctions to be lifted, including Austria, Greece, Hungary and Italy. This is intended to encourage other countries to oppose sanctions and thus weaken Germany's position. Anticipating a collapse of the Schengen zone, which Russian rhetoric treats as almost inevitable, Russia offers these countries bilateral visa arrangements on the basis that it will be easier to do business without border-related formalities.

### **Russia's Goals and Motives**

In the short term Russia wants the EU sanctions lifted in order to improve its economic situation. It also hopes to demonstrate the EU's division over the issue. In the longer term Moscow's course is designed to weaken the EU as a whole in order to improve its chances of realising its economic and security agenda in Europe. Part of that agenda includes paving the way for investment and bringing about a geopolitical constellation where Russia's influence in the post-Soviet space is recognised as legitimate. Moscow also wants to drive a wedge between the EU and the United States in order to reduce the radius of action of both and block joint efforts directed against it. In the past Germany had almost never been the target of such attempts to sow division. Instead Moscow treated Berlin as a friend, while regularly discrediting EU members that were formerly Soviet satellites or (in the case of the Baltic states) Soviet republics. Now Moscow is applying a similar tactic to Germany, not only because Berlin's line on Russia has become more critical, but also because the Kremlin was surprised and disappointed by the turn and feels slighted. From the Russian perspective Germany's actions are interpreted as a betrayal of the previous good relationship.

Because Russian politicians tend to personalise international relations, Angela Merkel is held principally responsible for policies felt to be anti-Russian. The tendency for personalisation and division, combined with a conviction that Berlin will not adopt long-term anti-Russian positions, leads to attempts to deepen existing fault lines within Germany – between political actors, between politics and business, and within society. The Russians hope that discrediting the Chancellor and strengthening pro-Russian forces in Germany will persuade Berlin to correct its present course towards Russia. Ultimately they hope to achieve a Russia policy at EU level that satisfies their interests. The Kremlin sees various entry points for implementing this strategy, ranging from political parties of all colours to business representatives or Russian-German activists.

## Strengthening Germany

Various German political, economic and societal actors perceive certain advantages in permitting themselves to be instrumentalised for Russian purposes. Parts of the population also exhibit a reflexive solidarity with Russia rooted more in extraneous factors such as personal socialisation than in actual developments. These tendencies can best be counteracted by tackling existing socio-economic weaknesses within Germany and not hesitating to address and condemn problematic Russian actions and campaigns.

The German government can close off one flank that Russian propaganda regularly exploits by dealing as effectively as possible with the large numbers of refugees. As well as promoting their integration, this also means engendering greater public understanding for those forced to flee their homes. Vigorous support for the economy must be maintained, because an economic deterioration would stoke feelings of insecurity in the population. Such measures can also contribute to social consolidation and a marginalisation of the radical groups that are often susceptible to external influence and targeted by Russian actors.

This approach will admittedly only yield results in the medium to long term, nor will it stop Russia continuing its tactics – possibly with some success. Where Russian actors operate outside the legal framework this must be investigated and where necessary prosecuted. And false or abusive Russian assertions must elicit unequivocal refutations, even at the risk of increasing tensions. This will prevent the German government's positions being misinterpreted, and force the Russians to clarify their statements. In the present situation an unpleasant dialogue is less dangerous than talking past one another – even if it hampers short-term cooperation.



## II. Other Regions



# Russia Gives Serbia the Choice: Satellite or Bargaining Chip

Dušan Reljić

Russia's President Vladimir Putin did not mince his words when he received Serbian Prime Minister Aleksandar Vučić in the Kremlin on 26 May 2016. After congratulating Vučić on his latest election victory, Putin expressed his hopes that there will be "a worthy place" in the new government in Belgrade for those who "give serious attention to developing" Russian-Serbian relations.<sup>1</sup> The Russian president is well aware that Vučić has long been seeking EU membership for Serbia and closer relations with NATO.<sup>2</sup> Putin's expression of "hope" was thus in fact an unmistakable demand for Belgrade to change course and heed the Kremlin's wishes. Moscow is warning that when its patience with Belgrade's equivocation between east and west runs out, Serbia will have to choose whether it wants to be Russia's satellite – or its bargaining chip.

## Serbia – an Unreliable Ally in Moscow's Eyes

In autumn 2016 Russian Prime Minister Dmitri Medvedev is expected in Belgrade for a long-planned visit. But the trip may be postponed indefinitely, as Vučić has offended Russia. In February 2016 the Serbian prime minister signed an agreement with NATO regulating the diplomatic status of NATO personnel in Serbia and bringing the country financial benefits.<sup>3</sup> Moscow would like a similar agreement with Belgrade, but Vučić shows no signs of complying. On the contrary, Serbian government circles suggest that such an agreement would not be productive for "Serbia's European future" and the prime minister will not give in to "three years of persistent Russian pressure".<sup>4</sup> Almost at the same time in Moscow Russian Deputy Prime Minister Dmitri Rogozin bluntly told Serbian Foreign Minister Ivica Dačić that signing an agreement with Russia would be in the interests of Serbia's valued military and political neutrality.

1 Website of the Russian President, "Vladimir Putin vstretilsya s Predsedatelem Pravitelstva Respubliki Serbii Aleksandrom Vuchichem" [Vladimir Putin meets prime minister of Republic of Serbia], 26 May 2016, <http://kremlin.ru/events/president/news/52010> (accessed 27 May 2016).

2 Sergey Belous, "How Long Will Belgrade Seesaw between NATO and Russia?", *Voltaire Network* (Moscow), 23 April 2016, <http://www.voltairenet.org/article191425.html> (accessed 1 May 2016).

3 "Vučić – treba da se dičimo zbog sporazuma sa NATO-om" [Vučić: We should be proud of agreement with NATO], *Sputnik*, 19 February 2016, <http://sptnkne.ws/aFbs> (accessed 1 April 2016).

4 "Vučić neće potpisati sporazum sa Rusijom" [Vučić will not sign agreement with Russia], *Danas* (Belgrade), 1 April 2016.

The military agreement Moscow wants would currently be largely symbolic, because Russian forces participate far more rarely in joint exercises in Serbia than NATO troops.<sup>5</sup> The purpose of the request is to force Serbia to openly declare its preferences in the field of security and military policy. An agreement would also create a legal basis for a much larger Russian military presence if the Serbian government did make the change of course demanded by the Kremlin.

If Belgrade continues to resist Russia's demands the following development is conceivable: Russia announces that its Security Council veto against UN membership for Kosovo is no longer absolute, but a matter of negotiation. Large parts of the Serbian population regard this as a disaster and the mood turns against the government. Many Serbs believe that the prime minister alone is to blame for the deterioration in relations with Russia. The public mood starts to turn against the government. Alongside fears that important exports will be lost, the main source of anger is that the prime minister's duplicitous stance has made an enemy of the Kremlin and risks Serbia's vital interest in Russian support over Kosovo. The roughly forty pro-Russian deputies in the (250-member) Serbian parliament threaten to take demands for a change in foreign policy onto the streets. In order to preserve his power, Vučić attempts to put himself at the head of the movement but is instead toppled as prime minister and party leader. Fresh elections strengthen the pro-Russian group to a point where no new government can be formed without them. This is the development the West always feared, and the reason why it supported an increasingly authoritarian Vučić as a supposed guarantor of stability. Once again unrest grips Serbia and the Western Balkans. Russia is now politically more important in South-Eastern Europe than at any time since the end of the Cold War.

### **Kosovo for Crimea**

Even if Russia fails to turn Serbia into a satellite, it still has the option of using the country as a bargaining chip. Russia might "relinquish" Serbia to the West by withdrawing its veto against Kosovo joining the United Nations, if the West in return accepted the annexation of Crimea. While explicitly rejecting Kosovan secession, Russian officials have cited it as justification for similar moves in the post-Soviet space, especially in relation to Crimea.<sup>6</sup> They accuse the West of double standards, of judging what is essentially the same issue – the unilateral separation of a piece of territory from a sovereign state – as appears opportune. In the same manner as later Crimea from Ukraine, Kosovo separated unilaterally from Serbia. This did not prevent the West from welcoming the separation and immediately recognising Kosovo as an independent state. This interpretation implies an

<sup>5</sup> According to Russian figures there were twenty-two Serbian military exercises with NATO in 2015, and two with Russia. Ibid.

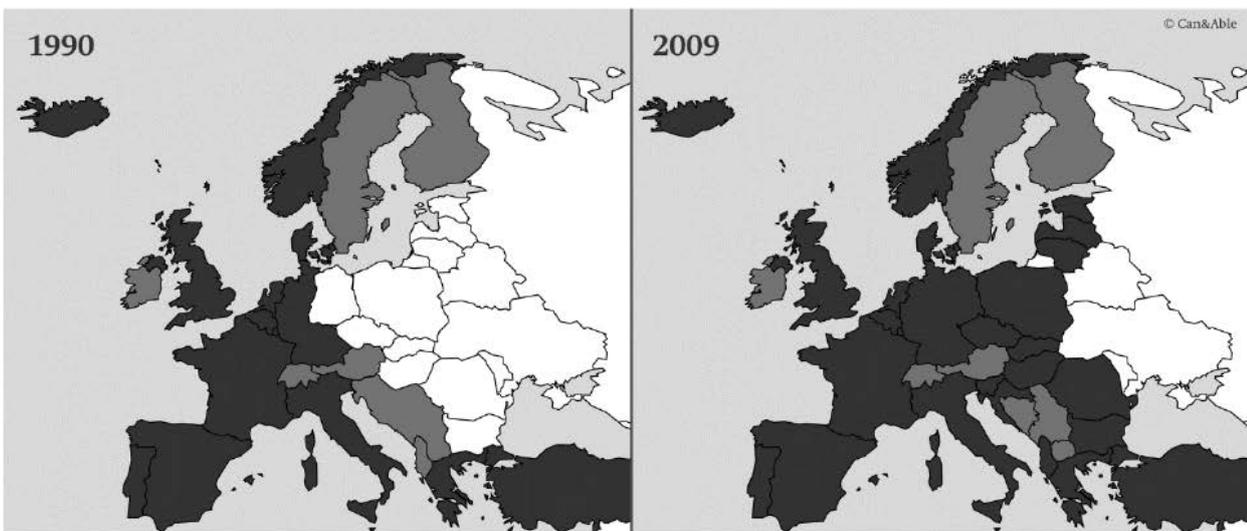
<sup>6</sup> Igor Novaković, *Crimea and Russia's "New" Attitude towards Kosovo*, ISAC Policy Perspective (Belgrade: International and Security Affairs Centre [ISAC], April 2014), <http://www.isac-fund.org/download/ISAC-POLICY-PERSPECTIVE-7e.pdf> (accessed 1 May 2016).

unspoken offer of a swap, the suggestion that an arrangement could be found for Kosovo and Crimea (and Abkhazia and South Ossetia). Such ideas have been encouraged by a declining determination in Western capitals to pursue the dispute over Russia's 2014 annexation of Crimea. A number of EU and NATO members leave no doubt that they would prefer to return to business as usual, rather than pursue the confrontation.

A Russian break with the Serbian prime minister could also be interpreted as taking the bull by the horns. The Kremlin is clear that Vučić likes to use Russia's Security Council veto for his own ends, but has no intention of making Serbia into Moscow's "bridgehead" in South-Eastern Europe.<sup>7</sup> Russia lost its ability to project military power to the Danube and Adria soon after the end of the Cold War, when NATO completed its chain of members from the Baltic to the Black Sea in 2004. Its efforts to prevent further NATO enlargement in South-Eastern Europe and at least draw Serbia into its sphere of influence turned out to be increasingly futile. The decisive point is that alongside its finished strategic displacement from South-Eastern Europe, the three central instruments of Russian influence in the region show ever less effectiveness, especially in Serbia.<sup>8</sup>

#### Map 1

NATO member states 1990 and 2009



#### Russia's Three Instruments of Influence in South-Eastern Europe

"Soft power", the oldest and most constant instrument of influence, was never actually sufficient to secure unrestricted loyalty. Although shared Slavic roots, the Orthodox Church and memories of historic alliances with

<sup>7</sup> Georg Mirsain, "Tsena serbskogo platsdarma" [The price of the Serbian bridgehead], *Expert* (Moscow), 14 March 2016.

<sup>8</sup> Dušan Reljić, *Russlands Rückkehr auf den Westbalkan*, SWP-Studie 17/2009 (Berlin: Stiftung Wissenschaft und Politik, July 2009), [http://www.swp-berlin.org/fileadmin/contents/products/studien/2009\\_S17\\_rlc\\_ks.pdf](http://www.swp-berlin.org/fileadmin/contents/products/studien/2009_S17_rlc_ks.pdf).

Russia continue to play an important role in the construction of Serbian identity, the numerous ethnic minorities (Hungarians and Albanians for example) are unmoved by historic and religious ties between Serbs and Russians. On the contrary, exaggerated closeness to Russia generates ethnic tensions that Serbia can ill afford in light of its efforts to join the EU. Many Serbs also eye Russia sceptically as a major power whose actions – as demonstrated by several episodes in the nineteenth and twentieth centuries – have not always been compatible with Serbian desires.

Moscow's second instrument of influence – South-Eastern Europe's dependency on Russian energy supplies and especially natural gas – has waned. In 2015 Russia abandoned the construction of the South Stream gas pipeline partly on account of the EU's strict conditions, alongside high construction costs and uncertain price trends for fossil fuels. Like all the other states in the region, Serbia is a member of the EU's Energy Community and has agreed to adopt its acquis. This prevents Russia's Gazprom from using South Stream to expand its predominance in South-Eastern Europe, which in some places amounts to a monopoly.

Moscow's third instrument of influence is the threat to use its Security Council veto if the West attempts to make Kosovo a member of the United Nations. This forms the only firm tie between Serbia and Russia – but only as long as Belgrade insists that Kosovo remains legally part of Serbia. Putin has always told the Serbian government that the Russians cannot be “more Serbian than the Serbs themselves”. The Kremlin fears that Belgrade will sooner or later agree to recognise Kosovo as a condition of joining the EU. Then this instrument of influence would become worthless. This is why Moscow feels compelled to clarify Serbia's “geopolitical belonging”.

### **“Shadow Membership” in the EU**

In order to create stability in the Western Balkans, the Western allies have invested considerable political and financial capital and committed military resources since the early 1990s. One of the West's central security objectives should therefore be to preserve the region's stability and achievements. To that end, it would be crucial for all countries of the Western Balkans to join the EU. As long as political, legal and economic conditions there are not brought up to those of the rest of the continent, South-Eastern Europe will remain problematic. This applies especially to Serbia, which still stands in latent conflict with the West over the Kosovo question.

In order to bolster support for EU accession in the Serbian population, Brussels should avoid rushing ahead and forcing Belgrade to choose between recognising Kosovo and joining the EU. In view of the crisis in the EU and the sluggish pace of economic development and reforms in the Western Balkans, Serbia's accession is not imminent anyway. Moreover, five EU member states – Cyprus, Greece, Romania, Slovakia and Spain – also reject recognition, fearing that it could encourage secessionist movements within their own territories. As long as the EU is at odds over the Kosovo question and there is no basic treaty between Serbia and Kosovo, it

would be counterproductive for the EU to press Belgrade (or Priština) into making far-reaching decisions. Excessive Western pressure would also improve Russia's chances of being perceived as the sole ally of the Serbs.

The latest opinion surveys in Serbia show about 70 percent support for an alliance with Russia. But the more differentiated question of the preferred "political and economic alliance" found 37.5 percent for neutrality, the same figure for Russia and 16.2 percent for the EU. At the same time, however, about 44 percent support their country joining the EU, while 42 percent oppose this.<sup>9</sup> Earlier surveys found approval levels of almost 60 percent. Altogether this would suggest that public opinion is contradictory and shifting. The approval figure shot up after each successful step in the EU accession process, such as the lifting of visa requirements in 2010, only to fall again when bad news came from Brussels – whether in connection with the euro crisis, the flow of migrants through the Balkans, the difficulties in the EU-brokered talks between Belgrade and Priština, or most recently the Brexit referendum. The foreign policy leanings of the Serbs and other Western Balkan nations considering EU accession are plainly shaped more by political perceptions of current events than by supposedly deep-seated preferences and animosities.

If it wishes to promote a long-term Euro-Atlantic orientation in the region, the EU needs to move quickly and energetically. Above all, the economic stagnation and grave financial imbalances in South-East-European states need to be counteracted. Serbia, the other post-Yugoslavian states and Albania should receive access to the European Structural Funds, be permitted to join the EU's financial stability mechanisms, and thus enjoy a kind of "shadow membership" of the EU. The crucial aspect is to raise the standard of living in the Western Balkan states and open up perspectives, especially for the younger generations. That is the only way to preserve the attraction of the EU's model of democracy in South-Eastern Europe and curtail the influence of other actors like Russia, Turkey and Islamic states.<sup>10</sup>

<sup>9</sup> Representative survey commissioned by NSPM website, Belgrade, 25 November – 3 December 2015, <http://www.nspm.rs/istrazivanja-javnog-mnjenja/ludi-od-srece-ili-jos-jedna-otuzna-jesen.html> (accessed 2 April 2016).

<sup>10</sup> Dušan Reljić, "Does the EU Want to Bring Russia and Turkey into the Western Balkans?", *Euractiv.com*, 12 December 2014, <http://www.euractiv.com/section/global-europe/opinion/does-the-eu-want-to-bring-russia-and-turkey-into-the-western-balkans/> (accessed 1 April 2016).

# Breakthrough in the Kuril Islands Dispute between Japan and Russia

*Alexandra Sakaki*

In April 2017 Japan and Russia announce that they have resolved their disagreement over the Kuril Islands and signed a peace treaty. The breakthrough surprises international observers, since bilateral talks over the territorial conflict had failed repeatedly since the 1990s. Since their occupation by the Soviet Union at the end of the Second World War, both sides had claimed the islands of Etorofu, Kunashiri, Shikotan and the Habomai group (see Map 2, p. 31).<sup>1</sup> Ultimately the personal intervention of Japanese Prime Minister Shinzo Abe and Russian President Vladimir Putin is decisive for the success of the months of intense talks. At their joint press conference the two leaders declare that it is in the fundamental interest of both countries to work together more closely on economic, security and cultural matters. It is time to look forward not back, they say. The two leaders state that they have agreed an acceptable compromise in the territorial dispute and a detailed ten-year plan for bilateral cooperation.

Abe and Putin summarise the cornerstones of the agreement as follows: Japan recognises Russia's sovereignty over the largest island, Etorofu, which makes up more than half the contested territory, and in return receives sovereignty over the other three islands. Russia will administer the second-largest island, Kunashiri, for the next ninety-nine years, but agrees to successively reduce its military presence there. A joint ten-year plan promises massive Japanese investment and technological support for opening up and developing the Russian Far East and Siberia. On the Russian side joint projects will be coordinated and overseen by the Ministry for the Development of the Russian Far East founded in 2012. In the energy sector the two countries also agree on a deepening of cooperation, for example in developing new gas fields. Moreover, exchange in the security policy field is to be intensified, initially by resuming the 2+2 talks of the foreign and defence ministers.<sup>2</sup>

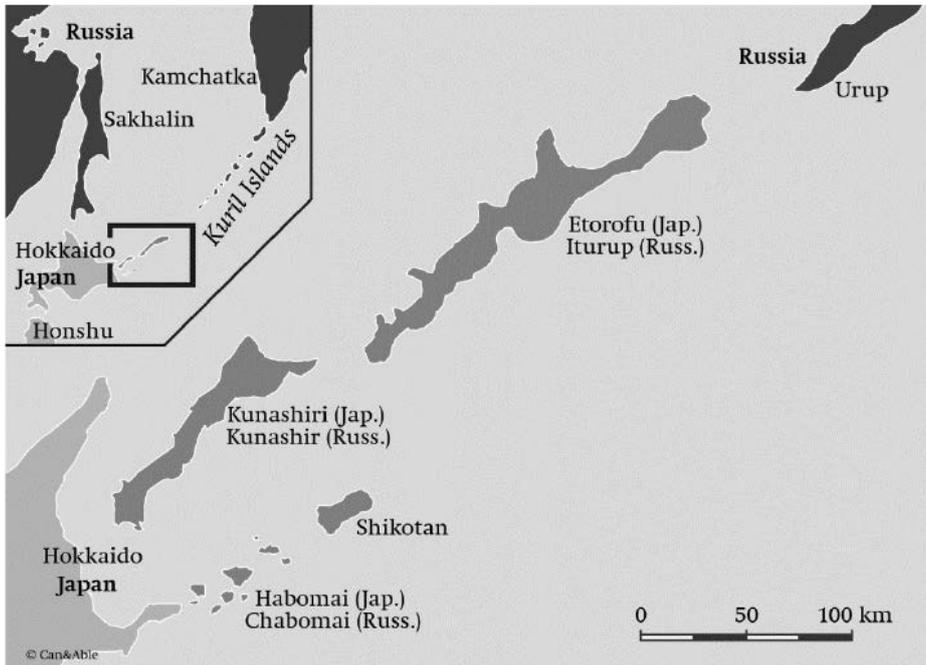
Abe decisively rejects Japanese media criticisms that he has abandoned the G7 line on Russia adopted after the Ukraine crisis. The international community should recognise Russia's constructive contribution, he says, and resume involving Moscow more closely in handling international

<sup>1</sup> For reasons of simplicity this contribution uses the Japanese names and treats the Habomai group as a single entity. The Russian names are Iturup, Kunashir, Shikotan und Chabomai (see Map 2, p. 34).

<sup>2</sup> Japan and Russia initiated so-called 2+2 talks in November 2013, bringing together the foreign and defence ministers from both sides. They agreed closer cooperation on security policy and planned joint naval exercises against piracy and terrorism. Until then Japan had used the 2+2 format only with close allies like the United States and Australia.

Map 2

## Contested islands in the Kuril archipelago



crises. Tokyo still expects Moscow to make constructive steps in implementing the Minsk Protocols, he says.

### Interests and Motives

When he took office in December 2012, Prime Minister Abe declared that a peace agreement with Russia and a resolution of the territorial dispute were priorities for his government. His visit to Moscow in April 2013 – the first by a Japanese prime minister in ten years – demonstrated his resolve. In early 2014 Abe attended the opening ceremony of the Sochi Winter Olympics, while the other G7 leaders stayed away in protest over the human rights situation in Russia. The date of the opening ceremony, 7 February, gave the occasion special significance. This is Northern Territories Day in Japan, and Abe left for Russia immediately after taking part in the traditional rally calling for the islands' return.<sup>3</sup> Regular meetings between Abe and Putin cemented a close personal relationship (they address one another by first name). After the meeting with Abe in Sochi, Putin said that a “good environment is being created for solving the toughest problem between Japan and Russia.”<sup>4</sup>

<sup>3</sup> James D. J. Brown, *Japan, Russia and Their Territorial Dispute: The Northern Delusion* (Abingdon: Routledge, 2016), 94.

<sup>4</sup> “Abe-Putin Relationship of Trust Can Help Advance Territorial Talks”, *Nikkei Asian Review* (online), 19 February 2014, <http://asia.nikkei.com/Viewpoints/Perspectives/0213VPS2Abe-Putin-relationship-of-trust-can-help-advance-territorial-talks> (accessed 4 March 2016).

Despite the crisis over Ukraine, Abe did not abandon hope of a breakthrough in the relationship with Moscow. By sharply condemning Russia's actions while imposing only toothless sanctions, Japan signalled its unbroken interest in good relations. In the scope of its G7 Presidency in 2016, Tokyo intends to mediate between Moscow and the West because, Abe said, an "appropriate dialogue" is of great importance.<sup>5</sup> Abe's meeting with Putin in Sochi on 6 May 2016 should also be seen as an expression of this intention. The Japanese prime minister's visit was a snub to the United States, which had counselled against in light of Russia's actions in Ukraine and Syria. While Abe stressed that his overtures to Moscow stood in the service of the G7, in fact bilateral interests are likely the underlying motive.

Japan's Russia policy is defined more than ever by geopolitical considerations. Tokyo wants to avoid economic and political isolation by the West pushing Moscow even closer to Beijing.<sup>6</sup> A closer Russian relationship with China would weaken the forces in Asia that represent a counterweight to Beijing's growing regional and international influence. Economic interests also mitigate closer cooperation with Russia. In the energy sector Japan hopes to reduce its dependency on imports from the crisis-wracked Middle East. And there might also be a personal reason for Abe's engagement in Russia. His father, Shintaro Abe, worked to improve Japanese-Soviet relations when he served as foreign minister in the 1980s. A further rapprochement between Tokyo and Moscow is said to have been his last wish when he died in 1991. Prime Minister Abe regards his good personal relationship with Putin as an ideal precondition for resolving the territorial dispute.

A breakthrough in bilateral relations would also be in Russia's interests. In view of the deteriorating climate with Europe, the United States and NATO, Moscow is on the lookout for partners to reduce its international isolation. An improved relationship with Japan would be an important symbolic success and crack open the unity of the G7. And if Japanese mediation were actually to materialise and succeed in reviving cooperation between Russia and the West, Moscow would expand its foreign policy leeway. Better relations with Tokyo would also be advantageous for Putin's Asia policy. While the Western sanctions imposed over Ukraine led Russia to turn to China, it still harbours great mistrust towards its rising neighbour. Most of all Moscow wants to avoid one-sided dependency on Beijing, which would force it into a junior partner role. If Russia succeeded in more strongly diversifying its relations with Asia and expanding its scope of action, this would bring it closer to its objective of being perceived as a "Euro-Pacific power". And with Japan's help it could press ahead with the development of its own Far East and Siberia, which Putin has repeatedly

<sup>5</sup> Lionel Barber and Robin Harding, "Japan's Abe Calls for Putin to Be Brought In from the Cold", *Financial Times*, 17 January 2016, <https://next.ft.com/content/988d04c2-bcd3-11e5-846f-79b0e3d20eaf> (accessed 28 June 2016).

<sup>6</sup> Russia's turn to China is observed above all in the strategic spheres of military and energy cooperation; see Margarete Klein and Kirsten Westphal, *Russlands Wende nach China*, SWP-Aktuell 78/2015 (Berlin: Stiftung Wissenschaft und Politik, September 2015).

declared a “national priority for the entire twenty-first century”.<sup>7</sup> But there are also risks to a rapprochement with Tokyo. Beijing could feel affronted and respond by turning away from Moscow. To avoid this the Kremlin could work for even closer cooperation with China, in parallel to the Japanese-Russian initiative.

## Compromises and Obstacles

The official Russian and Japanese positions appear unbridgeable. Both sides claim all four islands. While it would be tactically unwise to begin negotiations with a minimum demand, both sides have signalled willingness to compromise (on the Russian side President Putin, on the Japanese several senior figures including National Security Advisor Shotaro Yachi and Chief Cabinet Secretary Yoshihide Suga). Tokyo and Moscow have very different ideas about solutions. At the end of the 1990s the Japanese government suggested that Russia recognise Japan’s sovereignty over the islands but continue to administer the two largest (Etorofu and Kunashiri). Taro Aso and Shotaro Yachi, two central members of the Abe government, proposed dividing the island territory into two. Under their plan Japan would receive sovereignty over the three smaller islands, Kunashiri, Shikotan and Habomai, as well as 20 percent of Etorofu. Former prime minister Yoshiro Mori, who for a time served the Abe government as an unofficial mediator, sees better prospects for a compromise if Japan claims only the three smaller islands.

In 2000, during his first term of office, Vladimir Putin was the first Russian president to confirm the validity of the Soviet-Japanese Joint Declaration of 1956, under which Moscow declared its readiness to return the islands of Shikotan and Habomai to Japan following the signing of a peace agreement. But these islands comprise only 7 percent of the contested territory. Shortly before his re-election as president in 2012, Putin gave a press interview that caused a stir in Japan. He was quoted as saying that what mattered in the island dispute was not winning but finding an “acceptable compromise”. He described the nature of a possible solution with the word “hikiwake”, a term from judo meaning “tie” or “draw”.<sup>8</sup> In Japan this comment provoked discussion about whether Putin might agree to return more than just the two smaller islands.

Even if Japan and Russia share interest in finding an agreement, there are still numerous obstacles to be overcome. In a situation where any compromise can easily be interpreted as submission, there is great domestic pressure on negotiators on both sides. Political will at the highest level is therefore a precondition for success. Additional limits are placed on Rus-

<sup>7</sup> “Interview to TASS and Xinhua News Agencies”, *Official Website of the President of Russia* (online), 1 September 2015, <http://en.special.kremlin.ru/events/president/news/50207> (accessed 3 April 2016).

<sup>8</sup> “Putin Proposes Starting Over in Negotiations over Northern Territories”, *Asahi Shimbun* (online), 2 March 2012, [http://ajw.asahi.com/article/behind\\_news/politics/AJ201203020054](http://ajw.asahi.com/article/behind_news/politics/AJ201203020054) (accessed 15 February 2016).

sia's willingness to compromise by the fact that territorial concessions in the east would be hard to explain in relation to its actions in Ukraine, especially where there are 17,000 Russians living on the islands. Although the Kurils are not central to Russian identity in the way Crimea is, Russian security policy accords great importance to the principle of "territorial integrity". At the same time, foreign policy shifts and incoherencies are easier to sell domestically in an authoritarian regime like Russia, where the leadership can disseminate corresponding propaganda via the media. Regular visits to the islands by Russian government ministers in recent years suggest that positions in the island dispute may have hardened among the elites (Putin aside). But it is also possible that the Kremlin is playing a deliberate double game to pressure Japan into meeting its demands.

### **Implications for Germany and Europe**

The described scenario would be associated with chances and risks for Germany and Europe. A resolution of the long-running territorial dispute between Japan and Russia would be fundamentally welcome and have positive effects on stability in East Asia. As well as resolving a territorial conflict with military escalation potential, it could also constrain Beijing by offering Moscow a way out of a "junior partnership". Germany and the EU should therefore avoid statements suggesting that one or other side had conceded or acted out of a position of weakness, as that would strengthen domestic resistance and endanger the implementation of any agreement. In view of the numerous territorial conflicts in East Asia, which have worsened in recent years, Germany and the EU could also appeal to the states involved to seek diplomatic solutions with similar pragmatism. With respect to Russia, the point would be to harness and maintain the positive momentum in its foreign policy. Although Europe should not drop the demands of Minsk II, it could seek an objective dialogue and initiate cooperation in fields where shared interest exists. One first step could be to initiate a security dialogue on East Asia.

The main risk of the scenario is that Moscow could be tempted to exploit Tokyo's bilateral moves in order to divide the G7. But close exchange and good coordination with Western partners would enable Abe to nudge the Kremlin towards cooperation and revive dialogue with Moscow.

# Russia Replaces the United States as Iraq's Security Partner

*Azadeh Zamirirad*

When the United States withdrew its troops from Iraq at the end of 2011, it already lost influence on the ground. Now its security agreement with Baghdad is put into question. Dissatisfied with the lack of success of the US-led coalition in fighting the self-proclaimed Islamic State in Iraq and Syria (ISIS), Iraqi politicians decide to quit their alliance with Washington in spring 2018. Baghdad cancels its security agreement with the United States and signs a bilateral security declaration with Russia instead, which promises the Iraqi government logistical support and military equipment for fighting ISIS and recapturing lost territory. The new agreement entails Russian arms supplies, counter-terrorism training for Iraqi security forces, joint military exercises and access to Iraqi military airbases that can de facto serve as Russian airfields when needed. The agreement does not, however, contain a Russian-Iraqi defence pact in case of an attack. This new cooperation bolsters Russia's military presence on Iraqi soil, allowing Moscow to use its enhanced leeway to establish a geopolitical corridor extending from Syria to Iran.

## Russian Opportunity

Washington's retreat from Iraq offers Russia opportunities in more than one regard. Here, as opposed to the Ukraine, Moscow can take over strategic space previously held by the United States at relatively low political cost. Its role as Baghdad's new security partner allows Russia to expand its footprint in the Middle East, while Washington's leverage diminishes even further. Moreover, replacing the United States as the global power fighting ISIS on Iraqi soil boosts Russia's self-portrayal as the leading force in counter-terrorism. A military presence in Syria and Iraq – both of which have significant Kurdish populations – gives Russia crucial political leverage over Turkey whenever relations are strained. Closer military-technological cooperation, in turn, enables Moscow to generate much-needed additional revenues in times of international sanctions. Against this background and with regard to the unresolved crisis over the Ukraine, Moscow's growing role in the Middle East can also create leverage for negotiations. Russia's enhanced engagement in Iraq indicates to the international community that Russia has become a relevant security actor in the Middle East and North Africa (MENA) and that its September 2015 intervention in Syria need not be an exception. Ultimately, this means that in a crisis-stricken region of extraordinary geostrategic significance Russia can no longer be bypassed.

Map 3  
Iraq



### A New Alliance in the MENA Region

In September 2015, Russia, Iran, Iraq and Syria took a first step towards closer cooperation by proclaiming a security agreement that included intelligence-sharing. When Iraq cancels its security agreement with the United States in 2018, a political quasi-alliance of the four states emerges, mainly revolving around Russian-Iranian cooperation. Moscow's growing role has tangible consequences for this bilateral relationship. While Iran welcomes the demise of US influence in the region, increasing Russian engagement on the foreign policy front comes at Tehran's expense. After already losing political ground through Moscow's military intervention in Syria, Tehran's position is further weakened by the Russian presence in Iraq. Iran now faces a Russian capability to establish military bases right at

its own borders. At the same time, Moscow relies on Tehran coordinating military efforts on the ground in Syria and refraining from making use of its own political and military influence in Iraq to contradict Russian interests in the region. As long as the Syrian conflict continues, the new Russian-Iranian cooperation prevails.

Other regional powers look on this cooperation with great concern. Recognising the ambivalent relationship and diverging geopolitical interests between Russia and Iran, they increase pressure on Russia rhetorically, all the while seeking concessions. Moscow addresses Egyptian and Saudi concerns first and foremost by supplying nuclear technology and conventional arms. The number of contracts for Russian nuclear power plants rises and Russia's rate of arms exports to the region increases. Moscow benefits from Washington's restrictions on military exports to the MENA region and its decreased willingness to export advanced technological systems for the security sector.

Moscow's relations with Israel and Turkey are shaped under different conditions. Russia wishes to avoid putting its bilateral relationship with Israel at risk by entering a strategic partnership with Iran, and retains its multi-track approach in the region. This includes close coordination with the Israeli security apparatus, also in Syrian airspace. While Israel officially adopts a critical stance towards Russian-Iranian cooperation, it counts on Russia to utilise its closer cooperation with Iran and rising influence in the region to prevent any escalation on the Israeli-Lebanese border.

Moscow's enhanced leeway is problematic for Ankara, in particular. A strong Russian presence in Iraq limits Turkey's chances to intervene in Kurdish territory or politics and to establish credible deterrence at its border with Northern Iraq. However, the risk of a military escalation between Russia and Turkey remains low, despite their engagement in Syria. Moscow has no interest in triggering NATO's mutual defence clause, while Ankara is aware that Article V of the North Atlantic Treaty does not apply if a military escalation is the result of a Turkish offensive.

By seeking to build a sphere of influence extending from Syria to Iran, Russia risks being perceived as part of a pro-Shiite axis – especially by Turkey and the Gulf states – thus losing room for manoeuvre in the region. Russia could face political costs in the North Caucasus, where Turkey and the Gulf states have the political, ideological or financial leverage to fuel conflicts along Russia's borders.

Against this background, Moscow adheres to its approach of avoiding risking its relations with regional powers by entering into bilateral strategic commitments. Rather than looking for treaty-bound alliances with jointly defined and pursued interests, Russia seeks to establish loose tactical coalitions that allow for security cooperations on an ad-hoc basis. Thus, Moscow refrains from mutual defence commitments.

## Implications for the United States and the European Union

If political developments follow the scenario outlined above, in the medium term, other states in the region could turn to Russia as well. Egypt and Libya could be next to formally request Russian support for fighting ISIS. Whether Russia would be able to live up to the expectations with regard to counter-terrorism and be willing or able to provide corresponding capacities is doubtful, however, considering its record to date in Syria. A security agreement with Iraq would not aim at substantially replacing the United States as a strategic partner in the region. Rather, such an agreement would follow Russia's geopolitical calculation of expanding its own radius of regional power projection. The challenge for Moscow lies in managing expectations while maintaining its omni-balancing approach in the region. Here, Russia is unlikely to abandon its policy of deliberate ambivalence in favour of explicitly defined regional alliances with tangible long-term goals.

Further US retreat and growing Russian influence could transform the geopolitical order in the Middle East. Alliances that lasted for decades, such as those between the United States and Egypt or the Gulf states, would lose significance in light of new coalitions such as the Russian-Iranian. This would change the room for manoeuvre of both regional actors and external powers. Iraqi cancellation of the bilateral security agreement could meet with several responses by the United States. Washington could give up its own military presence on the ground altogether, try to make use of its remaining influence in Baghdad, or look for ways to coordinate its Iraq policy with Russia. The EU in turn would have to come to terms with the fact that Russia has become a central actor in the MENA region and will remain so for the foreseeable future. Efforts to resolve numerous existing and potential future crises would thus depend on Russian participation. In a region where the European Union is directly affected by conflicts through the ensuing movements of refugees, this would increase Russia's leverage.

If the EU is to counteract the prospect of Moscow establishing and expanding a political corridor of its own in the Middle East, it needs to address several issues in the long run, including narrowing down political spaces that Russia can easily occupy by mere proclamation. This entails, first and foremost, a credible political commitment to fighting the Islamic State based on a comprehensive European plan. After increasingly turning inwards in the course of the "refugee crisis", there is a need for the EU to redirect its attention to the external sphere. Here, the EU can make use of the communication and cooperation channels with Iran that were established through the nuclear agreement, in order to minimise Tehran's incentives to pursue closer security relations with Moscow. This requires, firstly, earnest mediation in the strained Saudi-Iranian relations and, secondly, political support in establishing a regional security architecture that takes into account both Iran's interests and those of the other regional actors. In the long run, a regional security dialogue offers the best

chances for preventing bloc-building in the Middle East and limiting the military presence of external powers in the region.

Lastly, entering a new phase of Russian-American and Russian-European rapprochement is crucial. Not only would it reduce the likelihood of Russia pursuing a containment policy towards the United States and the European Union in the Middle East, it would also diminish incentives for Moscow to invest politically and engage militarily in a region where otherwise no vital Russian interests are at stake.



### **III. Internet, Energy and Security**



# EurasiaNet – How They Split the Internet

Marcel Dickow

At the UN General Assembly in December 2018 President Putin officially announces the introduction of a “secure EurasiaNet” controlled by China, Russia and India. The EurasiaNet Oversight Board holds its first official meeting under Russian chairmanship in January 2019. The internet has been broken into two parts, with different technical and legal standards and correspondingly different political coordinates. The world wide web is now no longer global, the new EurasiaNet no longer open and free. The realm of global data is physically and logically fragmented.

How does this occur? In summer 2017 a Russian blog publishes confidential documents from the Russian interior ministry describing previously unknown procedures for standardising IT network infrastructure. The documents also contain references to an existing intelligence cooperation with India and China. In August 2017 Russia announces its withdrawal from the Governmental Advisory Council (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN).<sup>1</sup> Together with a number of Asian states, first and foremost China and India, Russia submits a motion to the Plenipotentiary Conference of the International Telecommunication Union (ITU) to have the internet administered solely by states under the auspices of United Nations. This would be the death knell for the multi-stakeholder approach in internet governance, because non-state and civil society actors (for example NGOs and academia) would no longer have a say. In the technical committees of the ITU China and Russia block development of protocols and standards and publicly reject the HTTP 2.0 protocol drawn up by the Internet Engineering Task Force (IETF), which includes a proposal for mandatory encryption.

Chinese foreign ministry documents published in January 2018 refer to a “EurasiaNet” and describe programmes for technical centralisation of the nationally controlled elements of the internet, and for further isolating them from the rest of the world wide web. One of the partners named in the highly confidential documents is Moscow. In the meantime Russia begins equipping the public network infrastructure of its enormous territory with Chinese hardware. A study in March 2018 finds that certain low-bandwidth internet connections between Europe and Russia, China and India have been systematically truncated and replaced with a small number of central nodes. These accept only outdated (or non-standard) protocols for secure connections. In certain parts of the world, especially in emerging economies, this leads to a renaissance of the insecure HTTP 1.0

<sup>1</sup> In particular the Russians cite what they regard as the “lack of internationalisation” of the Internet Assigned Numbers Authority (IANA) observed after completion of the transition process (from US government oversight to sole responsibility of ICANN) in autumn 2016.

protocol. In an interview in summer 2018, President Putin emphasises that Russia will close the technology gap with the West in cooperation with China, using its own standards and infrastructure.

In particular regions increasing numbers of data packets are now modified in transit, for example by the addition of digital watermarks. And a split emerges in terms of transfer protocols. Parts of the Western infrastructure become increasingly detached from the Eurasian, for want of a shared technical fallback in the transfer protocols.<sup>2</sup> Data traffic becomes increasingly concentrated in a handful of easily monitored connections.

### **Russian and Chinese Interests**

A EurasiaNet created through Russian-Chinese cooperation would be an instrument of internal power, through which the participating governments would be pursuing two objectives: to tighten control over their own civil societies and to ward off external influences. For governments that might be interested in establishing or participating in a EurasiaNet, the principal threat emanates from social and political reform movements (such as those that triggered the “colour revolutions” in Georgia, Ukraine and so on). In the past such movements have mobilised using internet communication tools such as social media. There could also be economic incentives to establish a rival internet, including above all the prospect of breaking the US monopoly in the IT industry. But such a scenario can only be realistic for Russia if it is able to tap China’s technological and industrial capabilities. Both are striving for greater technological independence, especially from the United States, and both have grasped the opportunity to exploit the internet as a tool of surveillance and information control. They have succeeded in the latter above all because language barriers have largely prevented their own populations seeking information elsewhere.

New technical standards endanger these arrangements, with developments such as transport and content encryption hindering state control and expanding the possibilities to anonymise communication. Russia’s influence on the development of these standards is small under the multi-stakeholder approach to internet governance because Russian companies possess little market power. This is why Moscow has long been pressing for a multilateralisation of internet administration under the UN, in order to secure greater influence at least within its own territory. In parallel to these efforts, states like China and Russia manipulate or block particular communication protocols, such as Tor and VPN (Virtual Private Network) at the technical level. So in a context of continuously developing standards, both governments are interested above all in influencing the technical functions of the internet in a different sense – to restrict human rights such as freedom of expression and freedom of the press in digital space. The current leadership in Moscow could also possess ideological

<sup>2</sup> Russian and Chinese servers and nodes no longer accept current secure (“Western”) standards, while US and European servers and nodes reject older standards for reasons of security.

motives: a secure state-controlled network as its answer to the West's open, global and supposedly insecure internet.

Chinese firms have grown into earnest rivals for US network infrastructure suppliers, competing largely on price rather than innovation. Setting their own standards could boost their competitiveness – not in the West but certainly in Asia's emerging economies and Africa. Russia would also profit enormously from technology transfer, which Beijing could then use as political leverage to pursue shared interests. And the rapid growth of a well-educated, English-speaking middle class increases Beijing's incentives to further tighten its control over the flow of information and communication in the internet. This is how moves to secure technological sovereignty in the Chinese internet could lead to a policy of digital isolation. Yet Russian-Chinese cooperation over such efforts and a trend to digital disconnection would contradict China's existing economic and export policies, which concentrate on global trade and value creation.

### **Impacts on Germany and the EU**

The creation of a EurasiaNet would have economic and foreign policy repercussions for Germany and the European Union. European companies might find it almost impossible to establish secure connections with Chinese subsidiaries and partners. Instead they would find themselves forced to purchase additional network infrastructure from Chinese suppliers in order to enable "secure" communication. It would also be conceivable for contracts with Chinese companies to include clauses obliging European firms to purchase Chinese communication hardware. That would represent a paradigm shift in Chinese economic and export policy, towards a concept of technological sovereignty. But such business practices would trigger a Commission competition investigation. The EU member states with the closest economic links with China would certainly take a dim view of such practices, making it almost impossible to uphold a collective EU policy.

A split in the internet would also cause massive foreign policy upheaval. A fight over the function of the internet and the rights of citizens in the digital world would very probably flare up between the states of the old West and certain African and Asian countries. While the United States – followed by European governments – would propagate the freedom and neutrality of the internet, African states would underline its importance for economic development. They might argue that the North's ever-changing, costly (but secure) standards inhibit economic development in Africa and could be interpreted as a political tool to cement the North/South divide. For African countries, China's arrival in the market would represent a partner just as capable as the "North" of developing the continent's infrastructure. Here it is clear that the EU could counter such scenarios with a digital development strategy for Africa, offering African states digital partnerships if they continue to support the multi-stakeholder approach in internet governance.

It would not be impossible, given the underlying geostrategic and economic interests, for the United States and Germany to end up disagreeing over how best to deal with the EurasiaNet states. The United States would vehemently oppose any watering down of internet standards, with Washington always backing its digital corporations, Silicon Valley and network equipment suppliers and guarding their existing quasi-monopoly. Germany on the other hand could be tempted – also for economic reasons – to explore technical compromises (interfaces) above all with China. This would avoid a digital and economic rupture with China and at the same time open up new fields of cooperation with Russia. But such a move would represent a crass contradiction to Germany’s current cyber-foreign policy, which emphasises that the universality of human rights also applies in the digital world.

### **Recommendations for Germany and the EU**

Today particular network standards and protocols form the basis for upholding political values such as network neutrality, freedom of access, openness and privacy. At the same time, the economic interests of the digital economy – like practically all traditional value creation these days – are closely tied to the functioning of the internet. The strengths of the internet lie in its “multi-stakeholderism” and in the infrastructure’s universality and net neutrality. These need to be protected.

German and EU cyber-foreign policy should therefore rest on two pillars. Firstly, it should stand firmly by the multi-stakeholder approach in internet governance and develop it in consensus with both partners *and* critical states. And secondly, the EU member states should pursue the goal of establishing their own technological capacities and using digital development policy (cyber-capacity-building) to enable other countries – especially in Africa – to reduce or avoid one-sided dependencies. Here it would be fatal to treat economic policy and online human rights as antagonists. On the contrary, especially with respect to Moscow, the nexus between the economic potential of a free, open internet and the multi-stakeholder approach should be highlighted. Russia’s ailing traditional economy, its strong dependency on resource exports and the weak competitiveness of its industry should in fact create strong incentives to shift course to a globally-orientated digital economy. One guiding principle of German and European policy towards Russia should be to promote such a development and underline its dependency on a free and open internet. At the same time Germany and the EU can demonstrate that organised cyber-criminality can be fought efficiently using the current standards, without requiring complete surveillance and isolation of the internet. The credibility of German and EU cyber-foreign policy must not, however, be undermined by Western intelligence services strategically eavesdropping the entire internet, and thus maintaining a practice of which their governments regularly accuse Russia and China.

# Russia Withdraws from Nuclear Arms Control

Oliver Meier

After NATO announces that its missile defence system has achieved full operational capability, Russia responds by withdrawing from the Intermediate-Range Nuclear Forces Treaty (INF Treaty). Moscow says the move is legally justified on the grounds that the missile defence system jeopardizes Russia's "supreme interests". Additionally, it says, the missile defence base in Romania which had become operational at the end of 2015 violates the INF Treaty because the United States could use it to launch nuclear-armed cruise missiles prohibited under the INF treaty.

Citing Article XV, the Kremlin states that the withdrawal will take effect after six months.<sup>1</sup> Russia threatens to deploy new intermediate-range weapons after that date. Initially, these would be nuclear-capable sea-launched cruise missiles for the Baltic Fleet (permitted under the INF Treaty). At a later stage, Russia then also stations land-based cruise missiles (prohibited under the INF treaty) in Kaliningrad and Russia's western districts. NATO could avoid such an escalation, the Russians declare, by freezing any further missile defence plans. Specifically, NATO's second missile defence base in Poland planned for 2018 should not become operational. At the same time, Moscow offers NATO talks on "real cooperation between equal partners" on missile defence.

## Russia's Stance on a Knife-edge

Protagonists of strength-driven Russian policy regard arms control increasingly critically. This applies especially to arms control agreements negotiated and/or concluded towards the end of the Cold War. These critics cite a string of reasons why continued membership in agreements like the INF Treaty is disadvantageous to Russia.

- ▶ Russia feels that NATO enlargement and the West-orientation of post-Soviet states has destroyed the basis of key arms control agreements. Many of them date from an era when Moscow believed the West would treat it as a partner. The conflict with NATO has destroyed that assumption, the Russians believe.<sup>2</sup>

<sup>1</sup> Article XV (2) of the INF Treaty reads: "Each Party shall, in exercising its national sovereignty, have the right to withdraw from this Treaty if it decides that extraordinary events related to the subject matter of this Treaty have jeopardized its supreme interests. It shall give notice of its decision to withdraw to the other Party six months prior to withdrawal from this Treaty."

<sup>2</sup> Moscow used a similar justification in 2007 when it suspended its implementation of the Treaty on Conventional Armed Forces in Europe. Wolfgang Zellner, "Stürzt der 'Eckpfeiler der europäischen Sicherheit' ein? Zur gegenwärtigen Krise des (angepassten) KSE-Vertrags", in *OSZE-Jahrbuch 2007*, ed. Institut für Friedensforschung und Sicherheitspolitik, Universität Hamburg (Baden-Baden: Nomos), 25–37.

- ▶ In conventional military terms Russia lags behind the West. Although it has greatly increased its defence budget, it still spends just a fraction of NATO's total. Russia cannot catch up with the West's military technology, especially not with regard to those weapons (missile defence, long-range conventional systems) that could target Russia's nuclear weapons. No treaties cover these technologies. From Moscow's perspective, nuclear arms control cements the status quo in precisely those areas where Russia could hold superiority.
- ▶ Global power shifts amplify the feeling of inferiority. The military capacities of the new powers emerging on Russia's southern flank – India, Iran and Pakistan – are unrestricted by arms control agreements, while the United States faces no comparable threat in its direct neighbourhood.

These factors have contributed to Russia's decision to comprehensively modernise its nuclear arsenal. The programme's roots go back years and lie in Vladimir Putin's first term as president. Russia sees its nuclear programme as a guarantee of independence, as a means to deter the West and as an instrument to influence discussions within NATO. Strategic nuclear weapons is the only area where a military balance between Russia and the United States exists. Russia has an advantage over NATO in tactical weapons.

Whereas Washington wants to reduce the number of different types of warhead and delivery system, primarily to reduce costs, Moscow is developing and diversifying its arsenal. In the coming years, Moscow plans to introduce up to five different types of land-based strategic weapons. New delivery systems for strategic weapons as well as air- and sea-launched cruise missiles are designed to overcome the US and NATO missile defence systems.<sup>3</sup> The 1987 INF Treaty restricts diversification by prohibiting the development of land-based intermediate-range weapons.

Since summer 2014 the United States has been publicly accusing Russia of violating the INF Treaty by developing (or already producing) a new type of land-based cruise missile. Russia disputes this and has in turn accused the United States of violating the treaty. One Russian accusation is that the missile defence launch systems in Romania violate the treaty because they are also capable of launching cruise missiles.

Domestically, the Kremlin can frame a withdrawal as a sign of strength and independence. In Moscow, the reciprocal accusations of treaty violations have strengthened the position of INF critics. Especially in the nuclear sector, the Kremlin has repeatedly sought to demonstrate that Russia is equal or superior to the United States (and NATO). Moscow can use Washington's massive expansion of air-launched nuclear-capable cruise missiles (long-range stand-off weapon, LRSO) to justify "catching up" with new land-based systems.<sup>4</sup>

<sup>3</sup> Hans M. Kristensen and Robert S. Norris, "Russian Nuclear Forces, 2016", *Bulletin of the Atomic Scientists* 72, no. 3 (2016): 125–34.

<sup>4</sup> The United States intends to procure one thousand nuclear-capable cruise missiles (long-range standoff weapons). William J. Perry and Andy Weber, "Mr. President, Kill the New Cruise Missile", *Washington Post*, 15 October 2015.

Concerns are sometimes expressed that Russia might withdraw from the New-START Treaty on strategic nuclear weapons. But in contrast to INF, this treaty dates from the Medvedev/Putin era. There is thus a degree of ownership by the present leadership. Moreover, its equal ceilings ensure parity with the United States. If Russia were to withdraw from New START, the United States would be free to tip the balance in its favour.

Russia's calculations with respect to the Comprehensive Nuclear-Test-Ban Treaty (CTBT) and a resumption of nuclear testing are less obvious. While Russia ratified the treaty in 2000, the United States (and China) have yet to take that step. Moscow has always criticised Washington's lack of political will to pursue ratification and complained that it leaves the two nuclear superpowers with unequal legal status. The obstacles to a Russian withdrawal would be smaller than for the INF Treaty because the CTBT has not yet entered into force. Such a move would be conceivable as a Russian response to a decision by the (new) US administration not to pursue CTBT ratification or to a withdrawal of Washington's signature.<sup>5</sup>

### Implications and Options for Germany and NATO

A Russian withdrawal from nuclear arms control would have grave consequences for Germany and NATO.

- ▶ A collapse of the INF Treaty could trigger a new nuclear arms race in Europe, and thus increase the risk of nuclear conflict. A further expansion of the role of nuclear weapons in Europe would weaken the Treaty on the Non-Proliferation of Nuclear Weapons and other global non-proliferation instruments.
- ▶ A Russian withdrawal from the INF Treaty would trigger a new debate about a double-track decision in NATO and severely test alliance cohesion. Congress has already requested the US Department of Defense to examine options for denying Russia any military advantage it might gain by violating the INF Treaty.<sup>6</sup>
- ▶ The collapse of nuclear arms control would weaken an important channel of communication and cooperation with Russia. The prospects of new talks in this area would deteriorate dramatically. The German objective of initiating a confidence-building process on sub-strategic weapons would become less realistic.
- ▶ If the nuclear arms control crisis worsened further, this could have implications for cooperation with Russia on efforts to prevent the proliferation of weapons of mass destruction. Such cooperation is still productive. Thus, some in Washington could argue that the United States should restrict cooperation with Moscow in implementation of the Iran deal, in order not to "reward" non-compliance.

<sup>5</sup> The George W. Bush administration reviewed legal options to withdraw the US signature under the CTBT after it had taken office. Ultimately, the administration decided to not take such a step and left the ratification process with the US Senate.

<sup>6</sup> Kingston Reif, "U.S.: Russian INF Treaty Breach Persists", *Arms Control Today* 46, no. 4 (May 2016): 35.

By withdrawing from nuclear arms control Moscow is trying to strengthen its nuclear deterrent and to delink Europe from the United States. Russia would also like to weaken NATO's cohesion by announcing the stationing of new nuclear weapons. The Alliance is looking at a new and controversial debate on how to respond to Moscow's provocations.

But attempts to split NATO could turn out to be counterproductive for Russia. The deployment of new weapons systems would create similar threat for all European NATO members. Currently, only the central European states lie within range of nuclear-capable tactical ballistic missiles like Tochka and Iskander. As soon as nuclear-capable intermediate-range weapons are located west of the Urals, the Western European states would be directly threatened, too. And by announcing the deployment of new land-based intermediate-range weapons, Russia would also admit to have worked for some time on prohibited systems. This could accelerate the loss of trust in Russian behaviour and thus strengthen NATO cohesion.

Germany is not a party to the INF Treaty and can only influence the treaty members' behaviour indirectly. But during the Cold War (and to some extent thereafter), Berlin has often successfully argued that nuclear arms control is an important instrument to reduce tensions. This line of thinking needs to be extended to the current political confrontation. In order to prevent any further Russian withdrawal from nuclear arms control, Germany should:

- ▶ continue to stress the value of existing agreements and work towards greater nuclear transparency;
- ▶ create a firewall between cooperation with Russia on non-proliferation of weapons of mass destruction and conflicts over other issues;
- ▶ persuade Washington to identify openly and transparently the INF violations Russia is accused of, in order to increase the chances of constructive resolution;
- ▶ urge Washington and Moscow to resolve the dispute over violations of the INF Treaty at the level of experts and for such discussions to begin without preconditions;
- ▶ work to reduce concerns about NATO's missile defence through confidence-building and transparency measures, including on-site visits at relevant locations;
- ▶ work with Russia and the United States for discussions to be initiated at the expert level on the destabilising effect of cruise missiles, with a view to improving transparency, confidence-building and control of these weapons systems;
- ▶ seek to reduce Russian mistrust over missile defence plans by offering confidence-building measures, for example to demonstrate that Aegis ashore installations are not capable of launching cruise missiles;
- ▶ call for a debate about reforming and expanding the scope of the INF Treaty, for example by updating contested definitions (armed unmanned systems, compatibility of missile defence systems, use of modules from intermediate- and long-range missiles for missile defence tests, transparency in development of new types of cruise missiles).

A Russian decision to leave the INF Treaty would narrow Germany's options. The direct threat to Western Europe from Russian land-based intermediate-range weapons and the open confrontation with Moscow would necessitate a resolute response by the Alliance. Here, it would be especially important to keep decisions about possible countermeasures within NATO.<sup>7</sup> A Russian withdrawal from the INF Treaty would trigger a discussion about whether NATO should counter Russia's new intermediate-range weapons by increasing the role of nuclear weapons in its own defence and deterrence posture. As in the 1980s, such an arms race would be associated with exorbitant costs and great risks. Avoiding such an outcome should be prioritised.

<sup>7</sup> At a hearing of the House Foreign Affairs Committee at the end of 2015, Rose Gottemoeller, Under Secretary of Arms Control and International Security, stated that possible responses to a Russian treaty violation "will be endorsed by our allies". Rose E. Gottemoeller, Under Secretary of Arms Control and International Security, "Statement for the Record", Joint Hearing, House Foreign Affairs Committee, Subcommittee on Terrorism, Nonproliferation, and Trade House Armed Services Committee, Subcommittee on Strategic Forces, Rayburn House Office Building, Washington, D.C., 1 December 2015.

# Gazprom Loses Its Export Monopoly

*Kirsten Westphal*

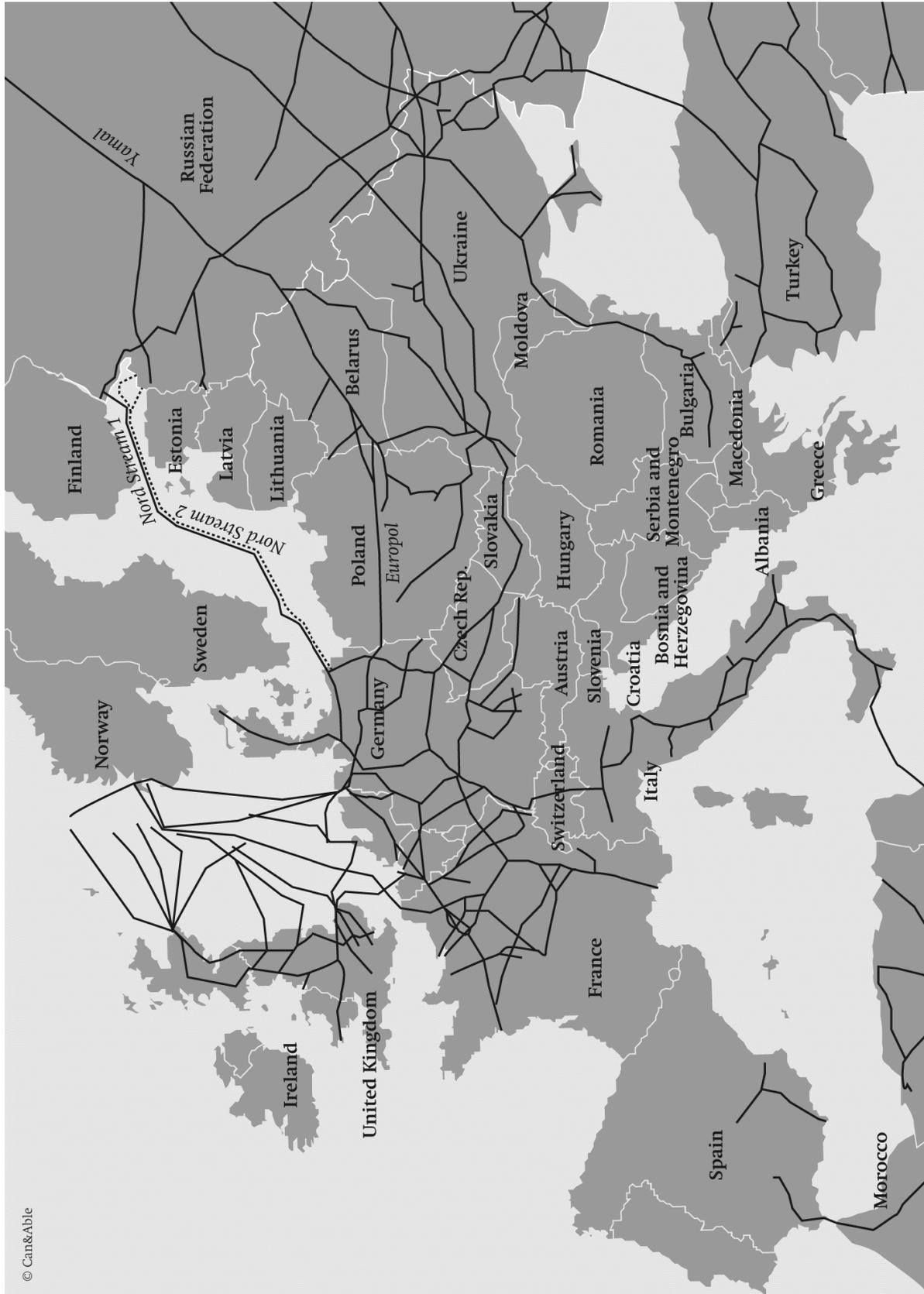
In 2017 Gazprom loses its monopoly on exports of Russian natural gas, opening the way for other operators like Rosneft and Novatek to export to the EU. This liberalisation of pipeline exports paves the way for the rapid construction of the Nord Stream 2 pipeline through the Baltic Sea. Objections to the project under the EU's rules for the internal energy market are now moot, as third parties enjoy access at the coastal station in Russia. The twin lines come on stream in 2021. With feeders already in place and operated by legally independent companies, the EU can now import an additional 65 billion cubic metres annually through the Nord Stream system. Russian exporters like Rosneft and Novatek successively capture market niches in Europe. Market shares are there for the taking, as European gas fields in Germany, the Netherlands, the United Kingdom and Denmark rapidly deplete around 2020. Norway's exports also shrink, because new fields in the Norwegian Sea and the Barents Sea were too expensive to develop while prices were low between 2015 and 2020. Until 2025 Russian gas exporters principally take market share from European rivals, while Gazprom defends its strong market position through its low production costs and long-term contracts extending beyond 2025. When the global supply of liquefied natural gas (LNG) contracts after 2025 Russian companies push their total share of the European market far above 50 percent for a time.

## **Conceivable: Orchestrated Liberalisation**

In view of the difficult market situation in 2016, characterised by moderate oil prices, a falling rouble and sanctions, the Kremlin would have good grounds to selectively liberalise pipeline exports to Europe in order to maintain or increase its gas exports there. Liberalising exports, whether by pipeline or tanker (LNG), would be one plausible route to improve the revenue side of the state budget. This would also secure the backing of the elite and help to keep contradictory interests in balance within the pro-Putin economic elites. So-called independent gas producers (companies not owned by Gazprom) like Rosneft and Novatek have been lobbying for some time and with growing success for more competition in the Russian gas market.

At the latest since 2009/2010 Gazprom, which emerged out of the Soviet-era gas ministry, has been under pressure in most of Russia's market segments. Far-reaching reforms affecting pricing, tariffs and access have been instituted in the Russian gas market. Gazprom's market share has shrunk successively in the face of growing competition from other gas producers,

Map 4: Europe's Transmission Pipelines



and by 2016 had fallen below 70 percent of total Russian gas production. The “independent” companies have captured one-third of the shrinking Russian gas market.

In order to maintain or increase production levels and modernise their operations, Russian gas producers are competing increasingly fiercely for markets. So it is no surprise to find Rosneft and Novatek pressing for export options. Their first success was the liberalisation of LNG exports from 1 December 2013, which in principle cracked Gazprom’s export monopoly in a small segment. The liberalisation has been very selective, and LNG exports remain the exclusive privilege of companies, individuals and projects belonging to elite networks, such as Rosneft and Novatek. Strategic considerations were also important for the Kremlin: the liberalisation of LNG exports was urgently necessary in order to market Russian gas worldwide, but also to keep up with technological developments. This step also underlines the significance of the Arctic North-East (and North-West) Passage and Russia’s geoeconomic presence in the Arctic and the Pacific region.

Since 2014 efforts to break Gazprom’s pipeline export monopoly (at least eastwards) have been tied to the construction of the Power of Siberia pipeline to China.<sup>1</sup> At the end of July 2015 Rosneft presented a comprehensive proposal for a multi-stage reform,<sup>2</sup> but this was dropped by the Russian presidential apparatus at the end of 2015. In spring 2016 Novatek launched another initiative aiming to weaken Gazprom’s gas monopoly.<sup>3</sup> Alongside these domestic developments, the planned common gas market in the Eurasian Economic Union also creates a need for liberalisation.<sup>4</sup> It is unclear how quickly and deeply a common energy market will actually emerge in the course of the Eurasian integration process and what inter-

**1** Four options were discussed: 1. Retain the status quo; 2. Gazprom to purchase gas from other producers under netback conditions (export price minus transport costs and export duties); 3. Establish a separate company or consortium to build and operate pipelines; 4. Gazprom to build pipeline and charges for third-party access. Mikhail Serov, Margarita Papchenkova and Olga Churakova, “Minenergo ne nashlo dostupa v ‘Silu Sibiri’” [Energy Ministry finds no access to “Power of Siberia”], *Vedomosti*, 11 September 2014, <http://www.vedomosti.ru/companies/news/33280291/minenergo-ne-nashlo-dostupa-v-silu-sibiri> (accessed 6 January 2015).

**2** The first phase was to begin in 2016 and permit other producers to export gas and LNG according to defined quotas. From 2019 the other producers were to receive a share of the export revenues (and an independent export company was to be founded). The plan was for exports to be completely liberalised by 2025, with Gazprom unbundled and an independent network operator established. Yuriy Barsukov, “‘Rosneft’ atakuet po vsem frontam” [Rosneft attacks on all fronts], *Kommersant*, 23 July 2015, <http://www.kommersant.ru/doc/2773785> (accessed 15 September 2015).

**3** Novatek Gas & Power has a contract with the German firm Energie Baden-Württemberg AG to market gas produced by its subsidiary Arcticgas (owned by Novatek and Gazprom-Neft). Under the export scheme Gazprom purchases gas from Arcticgas at netback conditions and sells it on to Novatek Gas & Power. This way Novatek’s gas is piped to Europe.

**4** Maria Pastukhova and Kirsten Westphal, *A Common Energy Market in the Eurasian Economic Union: Implications for the EU and Energy Relations with Russia*, SWP Comments 9/2016 (Berlin: Stiftung Wissenschaft und Politik, February 2016).

nal reforms will be initiated in the process. This affects above all the monopoly on pipeline transport, but also export and import monopolies.

Since mid-2015 there have been growing signs that – after the peak of the crisis over Ukraine – economic logic was again resuming precedence over geopolitics in Russian energy policy, with Gazprom testing new pricing strategies and auctions. It is becoming apparent that Gazprom intends to adapt to the rules of the third internal energy market package. Russia needs its European market. The Kremlin is apparently going along with this line in view of the difficult economic situation.

### **Longstanding EU Concerns: Liberalisation, Reciprocity and Monopoly Power**

A liberalisation of Russian gas exports would achieve a longstanding EU objective. In the 1990s the transit of Central Asian gas through Russian pipelines was a point of dispute in the Energy Charter process, because Gazprom wanted to keep its monopoly on transport and export. Since the 1990s the EU has pushed for liberalisation in the Russian gas sector, in the 2000s propagated reciprocity in dismantling market barriers, and in recent years increasingly challenged the market power of the Russian gas monopoly.

One important motivation for the EU to regulate its gas market lay in breaking Gazprom's dominant market position as supplier to Eastern and East Central Europe, using monopoly and competition law as its decisive instrument.<sup>5</sup> On the one hand, Gazprom historically possesses a dominant position in the Central and Eastern European markets. On the other, political perceptions of gas supply questions have shifted in step with the EU's eastern enlargement. The transit crises between Russia and Ukraine in 2006 and 2009 highlighted how dependent the enlarged EU's gas market was on Russian gas.

The EU and Russia have increasingly been on collision course since the beginning of implementation of the third internal energy market package, which was adopted in 2009. While the EU seeks a stable and affordable supply at acceptable political cost, Russia wants to maximise resource rents and retain political control.<sup>6</sup> The opposing interests are manifested in conflicts, for example over unbundling in the Baltic and above all over pipeline construction, operation and access. The European Commission is also pursuing an antitrust case against Gazprom. The liberalisation of gas exports to the EU would defuse the legal/regulatory conflicts and improve the chances of better energy relations between Russia and the EU.

<sup>5</sup> See Kirsten Westphal, "Gazprom und die EU-Regeln des Binnenmarktes – auch eine politische Frage", *Russland-Analysen*, no. 305 (20 November 2015): 2–5.

<sup>6</sup> Jonas Grätz, "The Impact of EU Law on Gazprom and Its Implications, Presentation at Platts 7th European Gas Summit", Vienna, 20 September 2013, [http://www.platts.com/IM.Platts.Content/ProductsServices/ConferenceandEvents/2013/pc378/presentations/16.%20Dr.%20Jonas%20Gratz\\_ETH%20ZURICH.pdf](http://www.platts.com/IM.Platts.Content/ProductsServices/ConferenceandEvents/2013/pc378/presentations/16.%20Dr.%20Jonas%20Gratz_ETH%20ZURICH.pdf) (accessed 1 May 2016).

## Political Assessment

The political evaluation is ambivalent to positive. If Gazprom's export monopoly is abolished this could put the EU in a new situation, for example if several Russian gas suppliers were prepared to supply Nord Stream. That would establish competition over access to the Baltic pipelines and to their feeders. This would blunt the sword of EU regulation, above all for the politically-driven objective of limiting gas imports from Russia. If exports were gradually formally liberalised, the regulatory question of compatibility with the third internal energy market package would largely evaporate. If the political will existed, Russian-European cooperation in the gas sector could strike out in new directions and be placed on a broader footing. However this situation would also be a litmus test for the Commission and individual member states as it would mean clarifying whether the EU takes a generally critical line on imports from Russia, or only on deliveries from the monopolist Gazprom. This could further exacerbate the differences within the EU over how to deal with Russia.

Politically there is a question concerning the "DNA" of the Russian companies and the Kremlin's orchestration of their activities. A problem could arise of Russian gas being formally marketed by several different companies that all in fact belong to Putin's inner circle and have their contracts approved by the energy ministry. In that case it would be misleading to speak of "independent" companies. The Russian state holds more than 50 percent of Gazprom's shares and 69.5 percent of Rosneft's. Novatek's rapid conquest of market share in Russia from 2011/2012 would never have been possible without the Kremlin's blessing. The LNG export liberalisation is also a case of orchestrated competition, with gas exporters required to inform the energy ministry of prices and terms. Here the Kremlin is clearly pursuing the objective of keeping export prices stable and avoiding price-reducing competition among Russian exporters.

It must therefore be assumed that the Kremlin will keep multiple options open, in a context where its decisions are shaped as much by geopolitical interests as by economic criteria. For that reason Germany and Europe need to implement the existing rules. But the regulatory framework should not be altered for political reasons or selectively adjusted specifically for Russia's engagement. Especially in Germany the gas market needs to be comprehensively monitored in order to keep a close eye on the strong position of Russian firms at all levels. It is also a strategic problem that the appetite of European firms to invest significantly in alternative gas imports and infrastructure is more likely to decrease in view of the market situation.

All the possibilities to encourage economically rational actors and companies in Russia through trade and shared business interests should be exhausted, in order to promote reform from within in the Russian energy market. Opportunities are presented by the difficult situation in the economy and the energy sector. Far-reaching liberalisation would make it harder for the Kremlin to exert direct political influence on gas exports.

## **IV. Eurasia**



## Confrontation in Russia's Backyard: Intervention in Kazakhstan and Tajikistan

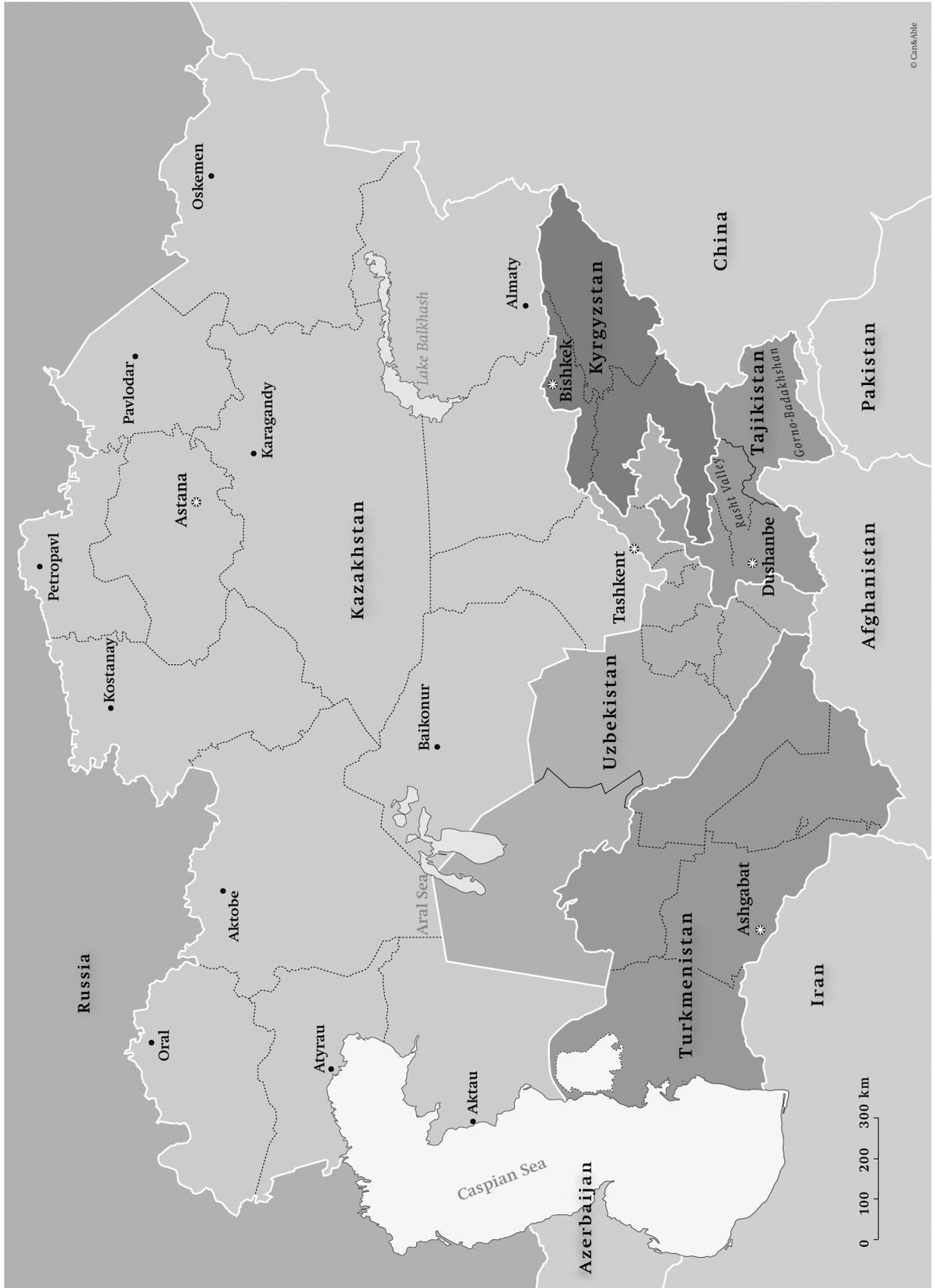
*Sebastian Schiek*

Following the sudden death of the president in February 2025 Kazakhstan's political elite splits into two camps. But the power struggle conducted behind closed doors is inconclusive, and international pressure ultimately forces the rivals to agree to a competitive presidential election. The winner of the ballot on 17 June 2025 is the charismatic Mukhtar Qunanbay, who conducted a nationalistic anti-Russian campaign. Moscow responds the very next day: armed "self-defence forces" appear in forty northern districts where ethnic Russians are in the majority, supposedly for their protection. Russia officially declares itself the protector of Russians and Russian-speakers in Kazakhstan, and lands special forces at its air base at Kostanay in northern Kazakhstan. Army units move to the Russian-Kazakh border for a major manoeuvre, practising preventing terrorist groups entering Russia from Kazakhstan. At the same time Moscow threatens military intervention to protect Russians abroad under Article 10 of the Law on Defence. The Kremlin justifies its actions as a response to persecution and killings of Russians in northern Kazakhstan, but without supplying verifiable evidence. In the two months before the election Russia had also issued passports, largely unnoticed, to tens of thousands of Russians in northern Kazakhstan; that now lends additional weight to its promises of protection. The intervention is accompanied by a massive propaganda campaign in Russian media against the election winner and his supporters. This stokes massive fears among the Russians in northern Kazakhstan, who largely consume Russian media.

Although Qunanbay won the election, power has not yet formally been transferred. Until that happens, the old government legally remains in place. It is led by the former Chairman of the Senate, who was appointed interim president after the president's death. Russia's intervention changes the dynamic between the election winners and losers. While Qunanbay announces drastic action against Russia, the interim president sees personal advantage in the presence of the "self-defence forces" and leaves the Kazakh troops in their barracks. Qunanbay gains new supporters angered by the Russian intervention, initiates mass demonstrations and forces the old government to step down.

The events also fire up an anti-regime movement in Tajikistan. Russia's invasion of Kazakhstan supplies it with arguments against the Russian military base in Tajikistan and discredit the Tajik government and its cooperation with Russia. The Tajik regime is presented as Moscow's puppet and executor of a greater Russian project fighting Islam in Central Asia. Mobilisation is initially through social networks, largely reaching young

Map 5: Central Asia



people. While the movement's intellectual leaders are exile Tajiks, local leaders soon emerge and succeed in organising mass demonstrations against the local regime and Russia. The movement receives financial support from Islamic groups abroad.

Facing massive pressure from the demonstrations, the Tajik regime draws security forces from across the country to the capital Dushanbe, leaving the rest of the country and its borders largely unprotected. Security organs in the Rasht Valley and Gorno-Badakhshan secede from the central government and operate as quasi-autonomous militias. Following the collapse of border controls almost all drug smuggling from Afghanistan now runs through Tajikistan. Cooperation with organised crime forms an important source of revenue for local leaders and renegade security organs, which consequently develop a consistent interest in chaos. In this predicament the regime asks Russia for military assistance. Moscow, fearing a radical Islamist regime, acquiesces. With this move Russia also wants to win back China, which had initially backed Kazakhstan but regards a collapse of the Tajik state as an incalculable risk for its own national security.

Russia sends most of the 7,500 soldiers from the 201st Russian military base to support the local security organs in the Tajik capital. By securing government buildings, critical infrastructure and the border with Afghanistan, Russia hopes to free the regime's own forces to concentrate on the rest of the country. Instead the government steadily loses control of the country and the flagrant involvement of Russian forces exacerbates the conflict. Russia's involvement is formally covered by an inter-governmental agreement, but the regime's opponents reject it as illegal. Russia now finds itself confronted with anti-Russian ideologies and movements in two states in its own "backyard".

### **Succession as Fracture Point**

The unclear succession in authoritarian Kazakhstan turns out to be the fracture point that unleashes the conflict dynamics after the elites unexpectedly fail to agree on a new leader. In the power struggle between the two rival camps the challengers led by the charismatic Qunanbay win broad support with nationalist, anti-Russian, but also democratic slogans. They are able to persuade the West that they represent a real democratic alternative and receive strong symbolic support from the international community. The camp represented by the serving interim president finds itself forced to agree to competitive elections.

These developments are driven by a growing popular mobilisation on a scale unprecedented in Kazakhstan, initiated by parts of the elites as a tactic in the power struggle. The challengers profit from the country's persistently poor economic situation, reflected amongst other things in steadily falling household incomes in the middle class. The contradictions generated by integration with Russia are also glaring: it served the Kazakh leadership largely to defend its own power, while the population bore the brunt of the associated economic disadvantages.

In Tajikistan too, grievances foster the growth of the anti-regime movement: the permanent worsening of the socio-economic situation, the expansion of repressive measures against the population and ruthless repression of Islam. These factors created the basis for a broad and rapid mobilisation against the regime.

Moreover, the Central Asian elites' ties to foreign powers have shifted during the preceding years. The main reason for this is Russia's economic crisis, which lessened its economic importance for Central Asia, while China expanded its economic engagement, above all in the energy and banking sectors. Elite groups working largely with Chinese partners now enjoy financial advantages over those more closely tied to Russia. While the latter seek to compensate through security cooperation with Russia, the Chinese-backed groups seek to loosen those ties. Russia's relative loss of influence among the elites is mirrored in the populations. The popular trust Russia once enjoyed in Central Asia evaporates amidst its economic weakness and a virulent anti-Russian discourse.

### **Russia's Motives and Interests**

Although Russia is not economically dependent on Central Asia, the region remains important for symbolic, security and geopolitical reasons. Any conflict with Central Asian states would tend to run counter to Russian interests. But when the nationalist camp looks set to win in Kazakhstan the Kremlin fears losing not only its most important partner in Central Asia, but also the entire region in a domino effect.

Exacerbating matters, Russia's domestic situation has steadily worsened in recent years, with the economy failing to recover. To distract from those woes Moscow doubles down on its nationalist course. The Kremlin exploits Western support for the Kazakh challenger to nurture anti-Western sentiment in Russia. Allowing Kazakhstan to drift away would undermine Russia's claim to be the dominant power in Central Asia. As such, a covert intervention in parts of northern Kazakhstan ostensibly to protect ethnic Russians there presents it with an opportunity to consolidate support within Russia. Moscow also fosters groups campaigning massively against Kazakhstan and secures the support of the Russian Orthodox Church. The latter regards northern Kazakhstan as part of the "Russian world" (*russkiy mir*) and supports a Russian intervention "to protect Orthodox Christian Russians".

The protest movement in Tajikistan, inspired by the developments in Kazakhstan and the Kazakh-Russian conflict, greatly complicates the overall situation from Moscow's perspective. The Kremlin's uppermost concern is to prevent the toppling of another partner regime and avert the collapse of the central state, as that would have dramatic repercussions for the security of the entire region.

## Implications for Germany and the EU

A split in the elites and a power struggle openly conducted through elections in Kazakhstan would not automatically be harmful. Under certain conditions it could even lead to positive developments.

Europe should closely analyse opposition demands, rather than making blithe assumptions about their nature and objectives. It must be asked whether the demands represent real and realistic goals, or just slogans designed to mobilise supporters at home and abroad. In numerous “colour revolutions” supposedly pro-democracy opposition forces initially enjoyed Western support but after gaining power were unable or unwilling to keep their promises. If opposition movements in Central Asia take anti-Russian stances, the far-reaching implications for the regional order must be taken into consideration.

In the medium to long term Russia should be encouraged to make fuller use of its potential to make a constructive contribution to security and stability in Central Asia. It should be acknowledged that Russia can play a useful role as a security actor. Corresponding fields of activity should be created or preserved. For example a joint dialogue between the Central Asian states, Russia, China and the EU would be conceivable, addressing security and stability along the new Silk Road and the transport corridors under construction between China and Europe.

# “Republic of Ossetia-Alania”: North and South Ossetia Unify in the Russian Federation

Franziska Smolnik

Spring 2017 sees a flurry of meetings between officials from Moscow, Vladikavkaz (North Ossetia) and Tskhinval/i.<sup>1</sup> As soon becomes apparent, this intense exchange concerns more than the “presidential election” in the de facto state of South Ossetia. Shortly after his re-election, “head of state” Leonid Tibilov officially requests his territory’s integration into the Russian Federation. Following formal accession, it merges with North Ossetia and becomes part of Russia as the “Republic of Ossetia-Alania”. Unification is celebrated with a ceremony on 8 June 2017 – exactly ninety-seven years after the Soviet flag was raised in Tskhinval/i.<sup>2</sup> The choice of venue, at the southern end of the Roki Tunnel connecting North and South Ossetia, is symbolic: it recalls the Ossetian uprising of 1920 against the Georgian Mensheviks, which began in Roki district and was supported by Ossetians in the North Caucasus.<sup>3</sup> South Ossetia’s unification with Russia, demanded in vain in 1920, is now reality, the representatives from Moscow, Vladikavkaz and Tskhinval/i declare.

## Tbilisi Dials Back Pragmatism

Georgia held parliamentary elections on 8 October 2016. In the run-up, the Republican Party left the governing coalition and ran independently in the ballot. As a consequence, its member Paata Zakareishvili resigned from his post of state minister for reconciliation and civic equality in mid-July.<sup>4</sup>

Zakareishvili’s time in office constituted a break with earlier approaches towards Georgia’s two separatist regions. Having a background as a civil society activist with long involvement in peace-building initiatives, he had focused on gradually building confidence between Georgians, Abkhazians and Ossetians – including working with the population of Georgia “proper”

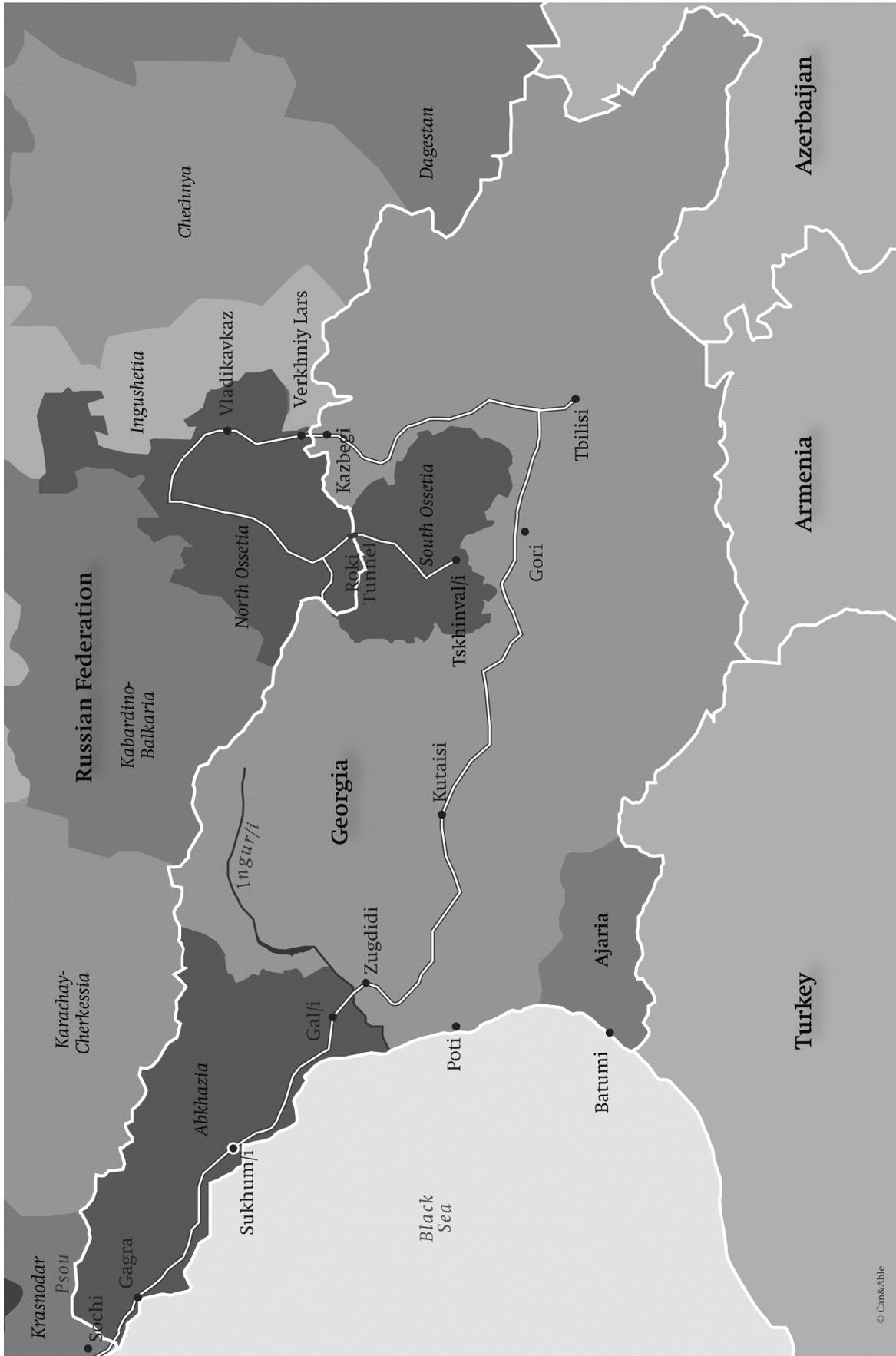
<sup>1</sup> In many cases the parties use different versions of place names. The neutral alternative “Tskhinval/i” covers both the Georgian and Russian spellings, the latter also being used in South Ossetia. The designations of political offices in South Ossetia are placed in inverted commas to reflect the territory’s contested status under international law.

<sup>2</sup> V. A. Sakharov, A. E. Areshev and E. G. Semerikova, *Abkhaziya i Yuzhnaya Osetiya posle priznaniya. Istoricheskiy i sovremennoy kontekst* [Abkhazia and South Ossetia after recognition: Historical and current context] (Moscow, 2010), 129.

<sup>3</sup> Arsène Saparov, *From Conflict to Autonomy in the Caucasus: The Soviet Union and the Making of Abkhazia, South Ossetia and Nagorno Karabakh* (London and New York, 2014), 66–74.

<sup>4</sup> “New Defense Minister, State Minister for Reconciliation Appointed”, *Civil.ge*, 1 August 2016.

Map 6: Georgia in the regional environment



– and was supportive of the de facto states’ de-isolation.<sup>5</sup> His policies had been paralleled by efforts towards normalising relations with Moscow. Regular talks between Georgian Special Representative Zurab Abashidze and Russian Deputy Foreign Minister Grigory Karasin represented the most important remaining channel of communications.<sup>6</sup> With a newly constituted governing coalition and changes in the ministry of reconciliation and civic equality after the parliamentary elections in October, Tbilisi returns to a less flexible approach vis-à-vis Abkhazia and South Ossetia, largely considering relations with both through the Russian-Georgian prism. Against that background and continuing Russian policies of further entrenching its position in the de facto states, Georgia also steps up its monitoring along the “administrative boundary lines” (ABLs) and increases the presence of security forces at crucial infrastructure facilities, especially those close to the ABLs.<sup>7</sup>

### Competition for South Ossetian Loyalty

South Ossetia is preoccupied with voting as well, with “presidential elections” due in spring 2017. The main rivals for the post of “head of state” are the “parliamentary speaker” Anatoli Bibilov and the serving “President” Leonid Tibilov. In early 2015 Tskhinval/i and Moscow concluded a Treaty on Alliance and Integration,<sup>8</sup> under which Russia assumes responsibility for the region’s customs, defence and internal security.<sup>9</sup> With view to the upcoming elections, however, the “presidential” candidates seek to move relations with Russia to yet another level. Not least to demonstrate their loyalty to Moscow – and thus secure electoral support – both sides publish plans for a referendum to pave the way for accession to the Rus-

<sup>5</sup> “Seven Steps Taken by Tbilisi with Regard to Conflict Regions: What Has Tbilisi Had to Offer to Abkhazia and South Ossetia in the Past Three Years?” *JAMnews*, 11 November 2016, <http://jam-news.net/Publication/Get/en-US/119> (accessed 30 June 2016); “Paata Zaka-reishvili: Peace needs its ‘tanks’, and we use them appropriately”, *Observer*, 30 March 2016.

<sup>6</sup> Diplomatic relations between Russia and Georgia were suspended in 2008, a consequence of the 2008 August war between both countries.

<sup>7</sup> Here the governing coalition has responded to demands raised in July 2015 in an open letter published by Georgian NGOs including Transparency International Georgia, Open Society Georgia Foundation and the Georgian Foundation for Strategic and International Studies. The letter was a response to the practice of “borderisation” of which Russia is accused, meaning the fortification and arbitrary expansion of the “border” around South Ossetia; see “NGOs Address the Government Regarding Russian Advances in Georgia”, *Transparency International Georgia*, 14 July 2015, <http://transparency.ge/en/node/5389>.

<sup>8</sup> *Dogovor mezhdru Respublikoy Yushnaya Osetiya i Rossiyskoy Federatsiey o soyuznichestve i integratsii* [Treaty on Alliance and Integration], 18 March 2015, <http://www.mfa-rso.su/node/1289> (accessed 1 July 2016); see also Valeriy Dzutsev, “Russia to Strip Abkhazia and South Ossetia of Their Limited Sovereignty”, *Central Asia-Caucasus Analyst*, 18 March 2015.

<sup>9</sup> Russia and Abkhazia also concluded a similar agreement. Western observers report that – in contrast to Abkhazia – the South Ossetian negotiators unreservedly approved the agreement. There was lively debate in South Ossetia, too, though and the adoption of certain amendments was (initially) postponed.

sian Federation.<sup>10</sup> At the beginning of 2014 Bibilov and his United Ossetia Party had already called on the government to allow the population to vote on unification with its northern neighbour, and the following June they won the “parliamentary” elections under the slogan “five steps to Russia”.<sup>11</sup> In October 2015, half a year after the signing of the integration treaty, de facto President Tibilov also aired referendum plans. While the content and date of such a referendum initially remained vague, in the following months the presidential camp increasingly frequently discussed details. Moscow at first refrained from comment. As already in connection with Tskhinvali’s earlier declarations of intent, it pointed to the de facto state’s sovereignty and called the referendum an internal matter for South Ossetia. But in April 2016 President Putin also chose to use the ambiguous formulation that “nothing can hold Russia back, except the interests of the South Ossetian people”.<sup>12</sup>

The discussions about a referendum are just one aspect of an increasingly aggressive election campaign. As in the preceding “presidential” election in 2011/12, which was overshadowed by a political crisis, the domestic political situation threatens to escalate again in early 2017. Various groups with ties to Moscow compete for political and financial influence in the region.<sup>13</sup> Feuding among the elites is accompanied by the spread of popular frustration over low wages, high living costs and rampant unemployment.<sup>14</sup> The situation is precarious not least because of military reforms resulting from the Treaty on Alliance and Integration. In the course of the partial integration of South Ossetian troops into Russian structures and the associated downsizing of the South Ossetian army (whose numbers had already been halved in 2010) many soldiers lose what had been for local conditions relatively well-paid work.<sup>15</sup> The combination of a frustrated

**10** “O vkhozhdanii Yuzhnoy Osetii v sostav Rossii. Kratkaya istoriya voprosa” [On South Ossetia’s entry into Russia: A brief overview of the question], *IA Regnum*, 14 April 2016 (via Integrum).

**11** Liz Fuller, “South Ossetian Opposition Calls for Referendum on Unification”, *Radio Free Europe/Radio Liberty* (online), 8 January 2014, <http://www.rferl.org/content/south-ossetia-unification/25224202.html> (accessed 17 July 2016).

**12** “Otvety na voprosy zhurnalistov po itogam ‘Pryamoy linii’” [Answers to questions from journalists at the “direct line”], *Kremlin.ru* (online), 14 April 2016, <http://kremlin.ru/events/president/news/51718> (accessed 12 July 2016).

**13** On the situation in 2011 and 2012 see Alexander Skakov, “The Political Scene in South Ossetia: The 2011–2012 Presidential Elections and What Became of Them”, *Central Asia and the Caucasus* 13, no. 4 (2012): 71–83.

**14** Aleksandr Skakov, “Yuzhnaya Osetiya, 2014 god: navstrechu novym ispytaniyam” [South Ossetia, 2014: Facing new challenges], in *Ezhegodnik IMI 2014: Aktualnye problemy sovremennoy mirovoy politiki* [Current problems of contemporary world politics], ed. Moskovskiy Gosudarstvennyy Institut Mezhdunarodnykh Otnosheniy (Moscow State Institute for International Relations) (Moscow, 2014), 53–62.

**15** Liz Fuller, “South Ossetia’s Leaders at Odds over Military Accord with Russia”, *Radio Free Europe/Radio Liberty* (online), 5 March 2016; Anton Mardasov, “Yuzhnaya Osetiya voydet v Rossiyu cherez Genshtab” [South Ossetia joins Russia via general staff], *Svobodnaya Pressa*, 22 February 2016.

electorate with the presence of large numbers of weapons is explosive.<sup>16</sup> The referendum, originally postponed until after the “presidential” election, takes place in late spring 2017 after all. A majority of the South Ossetian electorate approves constitutional amendments authorising the “head of state” to ask the Kremlin to accept South Ossetia into the Russian Federation.<sup>17</sup>

### Russia’s Interests and Instruments in the Caucasus

While the discourse surrounding the unification ceremony might suggest otherwise, Moscow’s decision to permit North and South Ossetia to unite within the Russian Federation is not driven by any wish to complete a historic mission or right a historic wrong. Instead the Kremlin’s actions represent a situative response to a series of current challenges in the Caucasus.

After a decline in recent years, the frequency of reports of incidents of Islamist violence rises again at the beginning of 2017. At the same time, and despite further financial assistance from Moscow, North Ossetia experiences no socio-economic recovery under its new governor appointed in 2016.<sup>18</sup> Like in certain neighbouring republics, the official indicators remain bleak<sup>19</sup> and the entire region is mired in economic difficulties. Moscow’s development programmes for the North Caucasus have little impact.<sup>20</sup> For the Russian leadership this is not merely a local problem, because it has long regarded majority Christian Orthodox North Ossetia as an “anchor of stability” in the volatile North Caucasus.<sup>21</sup> What is more,

<sup>16</sup> Murat Gukemuchov, “Kak reshit problemu nezakonnogo oruzhiya?” [How can the problem of illegal weapons be solved?], *Ekho Kavkaza* (online), 2 June 2016, <http://www.ekhokavkaza.com/a/27775437.html> (accessed 1 July 2016).

<sup>17</sup> Darya Tsoy, “Yuzhnaya Osetiya prosit Rossiyu prinyat ee v kachestve novogo subekta RF” [South Ossetia requests acceptance as new subject in RF], *Izvestiya*, 20 April 2016.

<sup>18</sup> “Sotsialno-ekonomicheskaya i politicheskaya situatsiya v RSO-Alaniya” [Socio-economic and political situation in RSO-Alania], *Puls Osetii* 6 (February 2016); Astemir Comaev, “Regiony-bankroty mogut stat realnostyu v RF” [Bankrupt regions could become reality in RF], *Ekho Moskvyy* (online), 12 November 2015, <http://echo.msk.ru/blog/astemirtsomaevv/1657248-echo/> (accessed 29 April 2016); Valery Dzutsati, “Businessmen in North Ossetia Politically Resurgent as Moscow’s Ability to Finance Republics Wanes”, *Eurasia Daily Monitor* 13, no. 117 (29 June 2016).

<sup>19</sup> According to latest official data, for example, in 2013 North Ossetia came 74th in the list of Russian regions by GDP (per capita); Federalnaya sluzhba gosudarstvennoy statistiki, *Regiony Rossii: Sotsialno-ekonomicheskie pokazateli 2015* [Russia’s regions: Socio-economic indicators 2015] (Moscow, 2015), 30.

<sup>20</sup> On the (in)effectiveness of the programmes, see Vladimir Kolosov et al., *Consequences of Economic and Social Transformation Policies in the North Caucasus* (Moscow: Institute of Geography RAS, March 2016). Kolosov and his co-authors also point out that the official indicators do not entirely reflect the actual socio-economic situation.

<sup>21</sup> North Ossetia itself is less affected by radicalisation of its Muslim population than many neighbouring republics, but is not entirely immune to such developments. There are also occasional reports of suspected Islamists heading for Syria being detained at the Verkhniy Lars–Kazbegi border post between North Ossetia and Georgia; “Seryozny prognoz: Shto zhdyot Kavkaz posle smerti glavy Severnoy Osetii” [Prognosis serious: What awaits the Caucasus after the death of North Ossetia’s governor], *Iron Post*, 20 February

Russian geopolitical discourse attributes the entire North Caucasus a key role in Russia’s territorial integrity.<sup>22</sup>

Tackling the partly transnational challenges in the region jointly with Georgia (which itself borders six of the seven North Caucasian republics, not counting secessionist Abkhazia) is not an option; bilateral political relations remain largely frozen.<sup>23</sup> Moscow fears that the political crisis in the context of the “presidential” elections in South Ossetia could flashover to North Ossetia and further destabilise the situation in the North Caucasus as a whole. South Ossetia’s integration into the Russian Federation is thus not least designed to calm the situation and block possible secessionist stirrings in Russia’s North Caucasian republics. At the same time the Kremlin hopes that unification will spur economic development; South Ossetia is confronted with depopulation tendencies and generally regarded as absolutely reliant on massive and continuous external economic and financial support.<sup>24</sup> Moscow therefore regards the merger with North Ossetia as a “win-win” situation.

Russia has certainly exploited its dominance in Georgia’s secessionist territories to pressure consistently pro-Western governments in Tbilisi. Its initially informal support of the secessionist entities and later close bilateral cooperation with the de facto states after recognition in 2008 has been Moscow’s most important instrument there.<sup>25</sup> But Moscow also regards South Ossetia – like Abkhazia – as important for its own policies in the North Caucasus. South Ossetia’s integration is not long-planned and is as such not part of some revanchist masterplan.<sup>26</sup> This interpretation is also supported by the limited public enthusiasm for the project in the rest

2016; Tornike Sharashenidze and Ivan Sukhov, “Severny Kavkaz v kontekste rossiysko-gruzinskikh otnosheniy” [The North Caucasus in the context of Russian-Georgian relations], in *Rossiia i Gruzii: v poiskakh vykhoda* [Russia and Georgia looking for a way out], ed. Kakha Gogolashvili (Moscow and Tbilisi, 2011), 25–53.

22 V. A. Kolosov and A. B. Sebentsev, “Severny Kavkaz v Rossiyskom geopoliticheskom diskurse” [The North Caucasus in Russian geopolitical discourse], *Polis: Politicheskie issledovaniya*, no. 2 (2014): 146–63.

23 International Crisis Group, *The North Caucasus Insurgency and Syria: An Exported Jihad?* Europe Report 238/2016 (Brussels, March 2016); Giorgi Gogvadze and Sergi Kapanadze, *Daesh and Challenges Facing Georgia* (Tbilisi: Georgia’s Reforms Associates [GRASS], November 2015).

24 Tracey German, “Russia and South Ossetia: Conferring Statehood or Creeping Annexation?”, *Southeast European and Black Sea Studies* 16, no. 1 (2016): 155–67.

25 Andrey Makarychev, *The Limits of Russian Soft Power in Georgia*, PONARS Eurasia Policy Memo 412 (Washington, D.C.: George Washington University, January 2016).

26 Sabine Fischer, “Russian Policy in the Unresolved Conflicts”, in idem., ed., *Not Frozen! The Unresolved Conflicts over Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh in Light of the Crisis over Ukraine*, SWP Research Paper 9/2016 (Berlin: Stiftung Wissenschaft und Politik, September 2016): 9–24. At the same time implementation of the Treaty on Alliance and Integration between Moscow and Tskhinvali also makes incorporation easier. As well as the aforementioned areas of customs, defence and internal security, this also applies for example to the gradual harmonisation of South Ossetian pensions and “public” employees’ pay with their equivalents in the North Caucasus Federal District (article 7 and 8). Certain restriction normally applied by Russia to holders of dual citizenship also cease to apply to persons holding both Russian and South Ossetian “citizenship”.

of Russia,<sup>27</sup> and also in North Ossetia, where despite the unification rhetoric of the political elites the public is by no means unreservedly positive towards their South Ossetian compatriots.<sup>28</sup>

## Recommendations

Until March 2014 most analyses regarded South Ossetia's integration into the Russian Federation as extremely unlikely. The predominant reasoning was that the international community would regard such a move as a blatant Russian annexation. But the argument that Moscow would want to avoid creating a precedent evaporated with the annexation of Crimea. The case of Crimea also demonstrated the very limited influence open to Germany and the EU in such a scenario. It is therefore all the more important to take preventive action.<sup>29</sup> Germany and the EU should engage continuously for the regulation of the unresolved conflicts in Georgia, specifically also in phases where the extent of manifest physical violence is small or even absent. Further, in view of the highly politicised context, prudent expectation management is advised. A "policy of small steps" is the most realistic option. In particular support should be given to measures that aim to improve the humanitarian and socio-economic situation, secure progress on freedom of movement for the local populations (Georgians and Ossetians) and generally counteract the international isolation of the de facto state South Ossetia. The Micro-economic Initiative Programme of the International Committee of the Red Cross (ICRC), which supplied know-how and funding to businesses from 2009 to 2013, represents one

<sup>27</sup> In 2014 a survey by the Levada Centre found 24 percent support for South Ossetia joining the Russian Federation and 51 percent for South Ossetia remaining an independent state; "Rossiyane o statuse Abkhazii i Yuzhnoy Osetii" [Russians on the status of Abkhazia and South Ossetia], *Levada* (online), 21 August 2015, <http://www.levada.ru/2014/08/21/rossiyane-o-statuse-abkhazii-i-yuzhnoj-osetii/>. A survey by another Russian sociological and market research institute, VCIOM, in 2013, found 23 percent rejecting Russian assistance for South Ossetia, four years earlier, in 2009, the figure was just 6 percent; "Press-vypusk No. 2367" [Press release no. 2367], VCIOM (online), 8 August 2013, <http://wciom.ru/index.php?id=236&uid=114342> (both accessed 20 May 2016).

<sup>28</sup> Ossetians in the North and South Caucasus are not a homogeneous group, but comprise various ethnic and linguistic sub-groups. Additionally, it is said that after belonging to Georgia for decades the South Ossetians are culturally very different in certain respects. On negative stereotypes against South Ossetians in North Ossetia see A. U. Kachmazova, "Etnicheskie avtostereotypy yuzhnykh osetin v aspekte mezhkulturnoy kommunikatsii" [Ethnic self-images of South Ossetians in the context of intercultural communication], *Aktualnye problemy gumanitarnykh i estestvennykh nauk* 9 (September 2012); on the heterogeneity of the Ossetians, see Victor Shnirelman, "The Politics of a Name: Between Consolidation and Separation in the Northern Caucasus", *Acta Slavonica Japonica* 23 (2006), 37–73 (here: 37–49; 71–72).

<sup>29</sup> For a comparative study of the unresolved conflicts in the post-Soviet space and a discussion of the options for Germany and the EU, see Sabine Fischer, "Conclusions and Recommendations: European Peace Policy in the Unresolved Conflicts", in idem, ed., *Not Frozen!* (see note 26): 81–93.

example of the former.<sup>30</sup> Berlin and Brussels should also work for the continuation of the Geneva International Discussions, which also play an important role in stabilising the situation. This format would also offer scope to think about projects that could benefit residents of the Russian North Caucasus, South Ossetia and Georgia alike.<sup>31</sup> It is important that the programmes be carefully designed and contribute to confidence-building. In the past socio-economic assistance for South Ossetia has worsened rivalry between Moscow and Tbilisi in the region.<sup>32</sup> As far as funding for reconstruction and social and economic development are concerned, Russia’s dominance has grown even greater since its recognition of South Ossetia in 2008. The resulting asymmetry needs to be reflected in project development, as does (elite) corruption, which also impairs the efficiency of measures funded by Russia. All German and European engagement should be based on three assumptions: 1. The Georgian government should be encouraged to adhere to a constructive and active conflict policy. 2. Dialogue with Russia should continue where possible. 3. The actions of Western actors in particular should be more strongly guided by a recognition that many of the problems that plague the North and South Caucasus are transnational in nature.

**30** The ICRC maintains a presence in South Ossetia and participates in other projects in the region involving Georgians and Russians as well as South Ossetians. Since 2010 its coordination mechanism to determine the fate of persons missing since the August 2008 war regularly brings together representatives of South Ossetia, Georgia and Russia.

**31** There would certainly be potential for cooperation between Tbilisi and Moscow to counteract Islamist radicalisation in the Caucasus. But in the past each side has tended to blame the other for the problem of growing Islamist extremism. Analyses and consultation papers prepared jointly by Russian and Georgian experts (cf. note 21) could contribute to challenging such one-sided perspectives.

**32** Giorgi Gogia, “Georgia-South Ossetia: A Prelude to War: Did Economic Assistance Strengthen Competing Spoilers in Georgian-South Ossetian Conflict?”, *Central Asia and the Caucasus*, no. 6 (2009): 32–41.

# Russia after the Duma Elections: Reformist Government and Nationalist Foreign Policy

*Sabine Fischer and Margarete Klein*

As expected Vladimir Putin's United Russia wins an absolute majority in the September 2016 Duma elections. Like the three previous legislatures, the sixth State Duma contains only system-compliant opposition parties. The non-systemic liberal opposition remains marginalised.

In his annual address to the Federal Assembly in December 2016 President Vladimir Putin finally announces the government reshuffle, about which there had been repeated speculation since the end of 2015. He appoints Alexei Kudrin, the head of the Civil Initiatives Committee (CIC),<sup>1</sup> prime minister. Kudrin served as finance minister from 2000 to 2011, when he was regarded as a leading representative of the reformist technocrats within the Russian leadership. His macroeconomic stability policy helped to lessen the impact of the international financial crisis of 2008/2009 on the Russian economy. Putin and Kudrin have known each other since the 1990s, when they both worked for the St Petersburg city administration. Kudrin is regarded as a confidant of Putin and rival of his predecessor, Dmitri Medvedev. The CIC, which Kudrin founded in 2012, has repeatedly spoken out critically against the government. In spring 2016 Putin appointed Kudrin deputy chair of the president's Economic Council and put him in charge of the Centre for Strategic Development. Now Kudrin moves, with effect from January 2017, from these purely advisory functions to become head of the executive.

Alexei Kudrin's appointment comes in a context of enduring economic crisis, driven by structural weaknesses of the Russian economy, low resource prices and Western sanctions. After the crisis over Ukraine broke out in early 2014 the political leadership placed its faith in conservative/nationalist concepts such as import substitution and innovation through strengthening the defence industries. Kudrin's appointment appears to be an implicit admission that this approach has failed. The new prime minister immediately begins filling key economic and financial posts with supporters of moderate reforms.

The months after the election see a new tone in domestic and economic policy, announcing deep reforms including economic liberalisation, privatisation and diversification. Concepts such as rule of law and civil society resurface in official discourse. The technocrats send cautious signals hinting at opening to the EU and its member states. The responsible Russian ministries propose to the EU delegation in Moscow that the economic and trade dialogues and working groups that had been suspended in 2014

<sup>1</sup> Komitet grazhdanskikh initsiativ [Civil Initiatives Committee], <http://www.komitetgi.ru> (accessed 1 May 2016).

in response to the annexation of Crimea could be revived. Individual government representatives suggest in the media that a unilateral relaxation of Russian sanctions against the EU would be possible. With these moves Kudrin and his entourage distance themselves from the anti-Western nationalist discourse that had defined Russian domestic and foreign policy since 2014.

At the same time, however, Russian foreign policy hardens further from early 2017. Conservative and nationalist actors step up their rhetoric towards Russia's neighbourhood and tensions rise with individual post-Soviet states, especially Ukraine and Georgia.<sup>2</sup> The Kremlin also intensifies the military counter-measures initiated in response to the Warsaw NATO Summit of July 2016. Here Moscow is also responding to the stance of the new US President Hillary Clinton, who is more critical of Russia than her predecessor. In February 2017 Defence Minister Sergey Shoygu reiterates Russia's demand for NATO to cancel phase three of its missile defence system. For the first time, Shoygu threatens that Moscow will otherwise withdraw from the INF Treaty by 2018.<sup>3</sup> Russia steps up its disinformation campaigns in France and Germany ahead of the French presidential election in April 2017 and the German Bundestag election in September 2017, in order to influence internal developments in these two major EU member states.<sup>4</sup>

After five years of Russian foreign policy with a clearly nationalist and anti-Western slant, Germany and the EU suddenly find themselves confronted with contradictory signals from Moscow. On the one hand, part of the Russian government apparently wants to reduce tensions and explore possibilities of cooperation in the area of economic reforms. On the other hand, Russian foreign and security policy clings to its hegemonic stance in the post-Soviet space and its confrontational course towards the West.

## Interpretations

The constitution of the Russian Federation places foreign policy exclusively in the hands of the president. The prime minister occupies a very weak position in the Russian hyperpresidential system, with his or her powers restricted to domestic and economic matters. Under the constitution it is the president – not the prime minister – who appoints the heads of the so-called power ministries (foreign, defence, internal affairs) and the security services. They remain unchanged in the new government. As a result, Kudrin's technocrats lack decisive leverage within the institutional framework of the foreign policy decision-making process.

In recent years Russian domestic and foreign policy have become increasingly entangled. It can therefore be assumed that the ambivalent messages reaching Germany and the EU after the reshuffle are also related to domestic politics. Two interpretations are possible:

<sup>2</sup> See the contribution by Franziska Smolnik in this volume (64ff.).

<sup>3</sup> See the contribution by Oliver Meier in this volume (47ff.).

<sup>4</sup> See the contributions in this volume by Liana Fix and Ronja Kempin (13ff.) and Susan Stewart (18ff.).

**Continuation of strategic ambivalence.** Under this interpretation there is an elite consensus between the so-called siloviki – politically influential figures with a background in the security organs – and the reformist technocrats: Moscow has to break through its isolation from the West in order to tackle the economic crisis and secure the legitimacy and stability of the political system – without abandoning existing geopolitical positions. This produces a kind of division of labour where the technocratic section of government is in charge of fostering economic cooperation with the West, while the power ministries adhere to their hard foreign policy and security positions. There is little friction between two sides, as the appointment of a “reformist” government is merely a means to soften the West’s unity over sanctions.

One factor supporting this interpretation is that many technocrats the West perceives as liberal also share a conviction that Russia must remain a hegemonic power in the post-Soviet space and a major power on the international stage. These actors differ from the siloviki only in their choice of means. While the siloviki rely on hard power politics, the technocrats prioritise economic development and competitiveness. Whenever conflicts have occurred, for example the Russo-Georgian War of 2008 or the annexation of Crimea in 2014, the technocrats have toed the Kremlin’s line. Kudrin is no exception. Generally in the past fifteen years they have been more interested in their own political survival than in the presentation of political alternatives. The comprehensive marginalisation and suppression of the non-systemic liberal opposition after 2011/12 – including political assassinations – drastically curtailed the incentives to deviate from that course. Therefore, the technocrats are not avoiding confrontation with the siloviki; confrontation is not what they are aiming for at all.

**Elite conflict.** In this second interpretation the technocrats do actually represent a fundamentally different foreign policy than the siloviki. In view of the collapse of international resource prices and the state’s dwindling foreign currency reserves, they are convinced that Russia will require substantial cooperation with the West if it is to overcome its structural economic deficits and crisis. Although the technocrats still see Russia as a major power and hegemon in Eurasia, they want a deep internal restructuring and an opening to the West. They therefore regard it as a grave error to risk further disruption in relations with the EU and the United States. But the siloviki insist on their hard anti-Western positions. They also feel threatened by the political revival of the reformists. Their nationalist propaganda mobilises the support of the conservative majority of the population. The technocrats in turn attempt to strengthen their own – hitherto weak – position in the foreign policy process through contact with Western actors.

Supporting this interpretation, Russia’s persistent economic crisis puts the technocrats’ core issues at the top of the agenda. The political system is coming under increasing pressure as declining economic performance erodes its output legitimacy. In this situation the technocrats could decide

to drop their conformist stance. Additionally, a year before the March 2018 presidential elections the domestic political environment will become more fluid, which could increase the incentives for clear positioning.

It would also be conceivable, combining the two interpretations, for a **division of labour between the two groups to lead to an elite conflict**, because the interests of the two sides are not compatible in the longer run.

### **Implications and Policy Options for Germany and the EU**

Germany and the EU have a strong interest in returning to an open dialogue with the Russian leadership, addressing possibilities for cooperation in foreign and security policy as well as political and economic reforms. But Russia's authoritarian governance and the crisis in relations since 2014 have severely damaged trust in the Kremlin in Berlin and Brussels.

If the first interpretation turns out to be correct – Moscow is merely playing a game with shared roles – Germany and the EU find themselves on the receiving end of a deliberate instrumentalisation of strategic ambivalence. The earnestness of Russian reform rhetoric can be tested through specific offers of cooperation in economic and social spheres. But the fundamental European stance on sanctions and other controversial issues must not be watered down.

If the second interpretation is correct – an elite conflict is behind conflicting messages from Moscow – Germany and the EU have limited influence. There would also be a risk of unwittingly undermining the reformist technocrats or inflaming conflicts. For example, a Western policy clearly backing the reformers could allow their opponents to discredit them as “traitors”. On the other hand the absence of any sign of willingness to cooperate risks further weakening the reformers.

The central challenge for Berlin and Brussels is to find out which of the two interpretations is correct. The lack of transparency in the Russian political system means that information about internal processes is extremely scarce. Germany and the EU should therefore proceed with great caution and watch very closely for power shifts or conflicts within the Russian elites. One possible sign of this would be an increasing instrumentalisation of legal organs, for example through arbitrary arrests and investigations or politically motivated prosecutions. The same applies to arguments over the state budget and conflicts between companies tied to particular elite groups.

Either way the situation faces Germany and the EU with a dilemma. If they respond too harshly they risk undermining the actors of a possible opening and thus subverting the opening itself. But if they allow themselves to be divided by Moscow's ambivalent signals they lose their internal cohesion and the basis for a resolute stance towards Russia.



# Appendix

## Abbreviations

AfD	Alternative for Germany
CIC	Civil Initiatives Committee (Komitet grazhdanskikh initsiativ,)
CRRC	Caucasus Research Resource Center
CTBT	Comprehensive Nuclear Test Ban Treaty
DGAP	Deutsche Gesellschaft für Auswärtige Politik (Berlin)
EEAS	European External Action Service
FN	Front National (France)
GAC	Governmental Advisory Council (of ICANN)
GD	Georgian Dream – Democratic Georgia
HTTP	Hypertext Transfer Protocol
IANA	Internet Assigned Numbers Authority
ICANN	Internet Corporation for Assigned Names and Numbers
ICRC	International Committee of the Red Cross
IETF	Internet Engineering Task Force
INF	Intermediate range nuclear forces
IS	“Islamic State”
ISAC	International and Security Affairs Centre (Belgrade)
ITU	International Telecommunication Union
LNG	Liquefied natural gas
LR	Les Républicains (France)
LSRO	Long-Range standoff weapon
MENA	Middle East and North Africa
NATO	North Atlantic Treaty Organisation
NDI	National Democratic Institute (Georgia)
NSPM	Nova Srpska Politička Misao (New Serbian Political Thought)
PONARS	Program on New Approaches to Russian Security (Center for Strategic and International Studies, Washington, D.C.)
PS	Parti Socialiste (France)
START	Strategic Arms Reduction Talks
UNM	United National Movement (Georgia)
VCIOM	Vserossiyskiy tsentr izucheniya obshchestvennogo mneniya (Russian Public Opinion Research Centre)
VPN	Virtual Private Network

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