Russian Leverage on the CIS and the Baltic States

Russia's foreign policy levers have drawn attention over the last few years. In 2006 and 2007, Russia staged a trade boycott against Georgia and Moldova, engaged in the 'statue crisis' in Estonia, which was followed by a cyber attack, and took a sharp policy line in the oil and gas negotiations with Belarus. These actions went against Russia's ambition to join the World Trade Organization (WTO) and annoyed the European Union (EU). These incidents indicate that Russia has a clear ambition of maximising its influence within the former Soviet Union area by using its foreign policy levers.

The aim of this report has therefore been to identify Russia's foreign policy levers, analyse how they have been used and assess how strong they are in the context of the former Soviet Union. This has been done by assessing five clusters of levers, namely political, human-based, energy, economic and military ones. In doing this, a pattern of how Russia uses its levers emerges.

The main conclusion of the report is that Russia has used a rather high level of coercion toward those states that are dependent on Russia and states that obstruct Russia's policy. Russia uses all available levers in order to reach overarching goals even if these result in severe backlashes. The study finally concludes that this pattern has future consequences for Europe.

The authors are security policy analysts at the Division for Defence Analysis at the Swedish Defence Research Agency (FOI). Jakob Hedenskog specialises in the security policy of Ukraine, Belarus and Moldova while **Robert L. Larsson** specialises in energy and security policy of Russia and the Caucasus.

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Robert L. Larsson

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Russian Leverage on the CIS and the Baltic States

Abstract

In 2006 and 2007, Russia staged a trade boycott against Georgia and Moldova, engaged in the 'statue crisis' in Estonia, which was followed by a cyber attack, and took a sharp policy line in the oil and gas negotiations with Belarus. These actions went against Russia's ambition to join the World Trade Organization (WTO) and annoyed the European Union (EU). These incidents indicate that Russia has a clear ambition of maximising its influence within the former Soviet Union area by using its foreign policy levers. The aim of this report has therefore been to identify Russia's foreign policy levers, analyse how they have been used and assess how strong they are in the context of the former Soviet Union. This has been done by assessing five clusters of levers, namely political, human-based, energy, economic and military ones. In doing this, a pattern of how Russia uses its levers emerges.

The main conclusion of the report is that Russia has used a rather high level of coercion toward those states that are dependent on Russia and states that obstruct Russia's policy. Russia uses all available levers in order to reach overarching goals even if these result in severe backlashes.

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Ryska påtryckningsmedel mot OSS och Baltikum

Sammanfattning

Under 2006 och 2007 bojkottade Ryssland viner från Georgien och Moldavien och var inblandat i ”statykrisen” i Estland. Därtill förde Moskva en hård linje mot Vitryssland i samband med förhandlingarna om olje- och gaskontrakt. Denna politik gick emot Rysslands ambition att ansluta sig till WTO och upprörde EU på grund av dess politiska undertoner.

Syftet med denna rapport är därför att identifiera och analysera hur Ryssland har använt sina hävstänger mot OSS och de baltiska staterna samt utröna vilket mönster som framträder av denna politik.

Rapportens huvudslutsats är att Ryssland använt sig av en relativt hög grad av påtryckningar mot de forna sovjetstaterna, till och med så sent som under 2007. Därtill synes Ryssland använda alla typer av hävstänger i syfte att nå övergripande mål, även om aktionerna inte sällan har resulterat i bakslag. Detta får konsekvenser även för Europa.

Nyckelord

Ryssland, Baltikum, OSS, Centralasien, Kaukasien, Ukraina, Vitryssland, Moldavien, Georgien, Estland, Lettland, säkerhetspolitik, utrikespolitik, hävstång, energi, ekonomi, handel, minoriteter, militär, beroende, sårbarhet

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Russian Leverage on the CIS and the Baltic States

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&

Robert L. Larsson

Defence Analysis
Swedish Defence Research Agency (FOI)

Preface

The Swedish Defence Research Agency (FOI) is an authority under the Ministry of Defence (MOD) of Sweden. This study was commissioned by the MOD and conducted at FOI's Division for Defence Analysis. It was carried out over a period of three months within the project on Russian Foreign, Defence and Security Policy (RUFS), headed by Jan Leijonhielm.

Within the RUFS project, reports have been produced on Russia and its relations with the former Soviet republics over many years (see the special list at the end of this report). As indicated in the footnotes, parts of this report are based on previous reports and studies. For example, reports by Robert Larsson[1] and Jan Leijonhielm *et al*[2] include earlier analyses of these themes. In addition, reports on particular countries or regions, for example by Tomas Malmlöf[3] and Jakob Hedenskog[4] contain material on Russian levers on some of the former Soviet Union republics.

This report was reviewed at a seminar held on 5 June 2007 and headed by Dr Johannes Malminen, FOI, where Dr Bertil Nygren, the Swedish National Defence College, acted as opponent. We would like to thank them both for their comments and constructive criticism, which helped us to improve the report substantially. We would also like to thank our colleagues Jan Leijonhielm, Ingmar Oldberg, Fredrik Westerlund and Åke Wiss for valuable comments on the manuscript. All remaining errors, mistakes or misinterpretations are naturally ours.

Jakob Hedenskog & Robert L. Larsson
Stockholm, 25 June 2007

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[1] Larsson, Robert L. (2006c), *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier*, Stockholm: Swedish Defence Research Agency (FOI), Scientific Report FOI-R--1934--SE.
[2] Leijonhielm, Jan, *et al.* (2005), *Rysk militär förmåga i ett tioårsperspektiv - problem och trender 2005 [Russian Military Capability in a Ten-Year Perspective - Problems and Trends 2005]*, Stockholm: Swedish Defence Research Agency (FOI), June 2005, User Report, FOI-R--1662-SE.
[3] Malmlöf, Tomas (2006), *The Russian Population in Latvia - Puppets of Moscow?*, Stockholm: The Swedish Defence Research Agency, FOI-R--1975--SE.
[4] Hedenskog, Jakob (2006), *Ukraine and NATO: Deadlock or Re-start?*, Stockholm: Swedish Defence Research Agency, FOI-R--2165--SE.

Main Conclusions

Aim of the Report

- The aim of this report is to identify Russia's foreign policy levers, analyse how they have been used and assess how strong they can be said to be in the context of the former Soviet Union (FSU).

- The objective is to elucidate the pattern of Russia's use of its levers.

- The study is carried out by assessing five clusters of levers, namely political, human-based, energy, economic and military clusters.

Identified Levers

- Political levers: Creation and use of organisations/structures (CIS, CSTO, CES, etc.) that are Russia-dominated, political diplomacy, border controversies, concluded treaties, suggestions of political unification and other integration and institutional frameworks.

- Human-based levers: Usage of Russian ethnic minorities, Russian citizens or quasi-citizens (i.e. in Transnistria or Abkhazia) abroad as legitimisation for coercive actions. In addition, there are examples of levers such as visa regimes, media campaigns and subversion.

- Energy levers: Supply interruptions of oil, gas and electricity, threats of supply cuts, coercive negotiations and 'suspicious acts' of sabotages.

- Economic levers: Boycotts and embargos on wine, mineral water, money transfers and communications etc. Creation and usage of debts, discriminatory pricing policies and exploitation of asymmetrical trade balances.

- Military levers: Military action, 'sabre-rattling', interventions, hostilities by proxy, violation of air space, 'peacekeepers', strategic infrastructure installations and defence diplomacy.

- All of these levers interact and often reinforce each other. More levers exist, for example IT-attacks and subtle information operations, but they have been excluded from this study.

The Use of Levers in Perspective

- Usage of the identified levers has been more pragmatic, more sophisticated, more rational, less frequent and more intentional under Putin than under Boris Yeltsin. However, the blunt and emotional side of the levers, which was typical of Russia's actions after 1991, has also emerged as late as in 2007.

- Gradually, Russia has paid greater attention to legitimate pretexts of its actions. Some levers, such as Russian minorities and energy, can be connected to Putin personally.

- Russia has played a sophisticated game with the FSU states by keeping solved problems or dysfunctional structures dormant. By this Russia enjoys passive and potential leverage, should it ever feel the need to reawaken them at any time in the future.

Targets and Agents of the Levers

- A common denominator is that states that obstruct Russian policy to a greater extent are targeted.

- Georgia, Ukraine, Belarus and Moldova have most frequently been in the receiving end of Russia's levers.

- Estonia, Latvia and Lithuania have also often been targets of Russia's levers, which is noteworthy considering that this has happened also after their entry into the EU and NATO.

- Armenia and Azerbaijan have less often been at Russia's focus since Azerbaijan is rather independent from Russia. Armenia's is more responsive to Russian policy partly since it is dependent on Russia and partly due to a felt need of Russian support against its neighbours.

- The Central Asian states have a different situation and have been targeted only to a minor extent by the levers identified in this report.

- Practically, the levers are carried out by state-loyal companies such as Gazprom and Transneft, or by bureaucratic bodies such as Rospotrebnadzor. In the unresolved conflicts of Transnistria, South Ossetia and Abkhazia, Russia seem to act 'by proxy'.

- It is implausible that the levers covered here are utilised without the orders from, approval or silent consent of, the Kremlin.

Russia's Goals and Objectives

- Explanations for Russia's policies are found both at the strategic and at the tactical level.

- A key strategic goal for Russia is to keep and restore the former CIS area intact as an exclusive zone of Russian influence. This is also an underlying driver of its policy that includes preventing foreign powers from gaining influence. Denying the influence of external actors is often more important than increasing Russia's own influence.

- The tactical goals in each incident differ, but often relate to the strategic objectives. They include an ambition to affect the outcomes of elections, to attain control over ports, pipelines, refineries, companies, or to uphold unresolved conflicts.

- There is no coherent or codified strategy that encompasses everything that Russia does. Much is *ad hoc*-based and only loosely fitting Russia's explicit priorities. It would be wrong to connect all actions at the tactical level to an overarching strategy (even if it is in line with the strategy). Explanative factors such as corruption should not be forgotten.

Outcome and Consequences of the Use of Levers

- Russia has a capability to influence and obstruct the FSU. But, it usually fails to achieve the desired outcome. Failures have not prevented Russia from continuing to apply the same levers.

- The result of Russia's actions is ambiguous. Russia has achieved some of its strategic goals insofar that it has been able to prevent NATO expansion to Ukraine and Georgia and to retain, regain and in some areas increase its influence, but it has failed to prevent NATO enlargement to the Baltic States.

- Russia has also reached strategic goals of entrenching its influence by on the FSU energy markets, but it has at the same time failed to acquire the energy infrastructure of highest strategic importance.

- Russia's strength at the strategic level within the FSU area is based on the structural dependence pattern that was inherited after the fall of the USSR. A decade and a half later, this pattern still influences the framework for regional relations.

- Russia has failed to prevent pro-Western and centrifugal trends. It has also failed to create a force of attraction for the 'pro-Russian' states of the former Soviet republics. Russia is primarily successful when influence is bought, taken or stems from dependence. There are, however, no successful positive forces of attraction.

- Russia's levers at the tactical level have been ineffective. Russia has failed in all of the most important cases, albeit it occasionally achieves minor tactical victories, i.e. acquiring infrastructure. Russia can thus affect and influence, but not control the FSU states.

- The political aspect of the lever is often more important than the actual strength of a lever. For example, Russia's military presence in the FSU is mainly of higher political importance than of military-operative importance. The military capability is limited in the event of large-scale war, but the pressure that the forces bring work as a political bargaining chip, a lever in local affairs and a force to prevent conflict resolution or NATO membership is overwhelming. Similarly, the harm caused by Russian boycotts,

embargoes and cuts in energy supplies is low compared with the political perception of the same actions.

- Russia's aspirations to dominate the FSU states is not only ineffective, but has also resulted in backlashes, as many of these states have become even more determined to integrate into Western organisations such as the EU and NATO.

Barriers and Counter-levers

- The target states of Russian policies have used several counter-levers. For example, cutting energy transit or threatening to veto Russia's WTO aspirations, despite the risk of themselves being perceived as aggressors. Their levers only seem to have been used on Russia as response to Russian actions, but their policies vis-à-vis Russia often aggravates the situation.

- The shields, or barriers, against Russia using the levers are weak. Membership of NATO and the EU is not a guarantee against pressure from Russia and Russia is not susceptible to international criticism. Russia considers it is worth the international bad will.

- Most FSU states have gone, and are willing to go, great lengths to strengthen their independence in order to become less sensitive and vulnerable to Russian pressure.

Consequences for Europe

- Europe is gradually becoming integrated and involved in structures and issues where Russia enjoys great leverage. The existing trends, which are visible in the pattern, shows that dependency increasingly becomes asymmetric.

- Most of Russia's levers are geographically or structurally determined and are not easy to utilise in other contexts. Yet, *similar* levers, issues and structures elsewhere can be used. The problem is exacerbated utdrag when Russia expands its energy infrastructure, for example by constructing new pipelines or by take-overs in Eastern Europe or in the FSU.

- Some of the levers already affect the EU, for example those related to Estonia, Latvia, Lithuania, Ukraine and Moldova. The ones in the Caucasus would directly affect Europe if EU enlarges farther or if Europe increases its engagement in the unsolved conflicts.

- Russian policy towards the FSU is an indication that Russia is more coercive against those actors that both refuse to give concessions to Russia and have a high degree of dependence.

- Even if there is a discrepancy between Russia's policy toward the EU and the FSU states, it would be wrong to conclude that Europe's privileged position will remain. It is possible that the Russian IT attack against Estonia in connection with the 'statue crisis' together with the Russian boycott of Polish meat in 2007, which both involves members of the EU and NATO, represent a new stage in Russia's use of leverage, one where the EU is in a focus.

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1 Introduction

Russia's foreign policy levers have drawn attention over the last few years. In 2006 and 2007, Russia staged a trade boycott against Georgia and Moldova, engaged in the 'statue crisis' in Estonia, that included a cyber attack, and took an severe policy line in the oil and gas negotiations with Belarus. These actions went against Russia's ambition to join the World Trade Organization (WTO) and annoyed the European Union (EU). These incidents and previous studies on Russia's foreign policy indicate that Russia has a clear ambition to maximise its influence within the former Soviet Union area by using its foreign policy levers.[5]

Aim and Objective

The aim of this report is to identify Russia's foreign policy levers, analyse how they have been used and assess how strong they are in the context of the former Soviet Union (FSU). Our objective is to assess whether there is a pattern for Russia's use of the levers and, if so, analyse what consequences this may have for the EU in the future.

Rationale

The rationale for this report is that a stronger and more extrovert Russia will have consequences for the EU. If Russian use of levers toward the FSU states form pieces in a larger pattern of coercive behaviour, it could become difficult to tackle for Europe in the future. An underlying idea of this study is that: If incidents of Russian use of its foreign policy levers do form a pattern of assertive policies, broadly defined, it will at least have three consequences for Europe. Firstly, if Russia takes a coercive policy line toward those states that are weak, there are serious threats also to stronger states if Russia's strength increases. Secondly, although certain policy levers are geographically or structurally determined, they will become important when the EU enlarges. Thirdly, Russia's policy toward the FSU states occasionally affects Europe (or other actors) as third parties. Thus, there are reasons to explore the assertive elements of Russia's policy toward the FSU.

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[5] See for example Hedenskog, Jakob*, et al.* (Eds.) (2005), *Russia as a Great Power: Dimensions of Security under Putin,* (London, Routledge) and Larsson, Robert L. (2006c), *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier*, Stockholm: Swedish Defence Research Agency (FOI), Scientific Report FOI-R--1934--SE.

Method

This report is an empirically based descriptive analysis that ranges from such disparate topics as legitimacy, perceptions, structures, agents, institutions, strategy and intentions. The rationale for this method is that the disparity of issues and dimensions that must be identified, analysed and assessed is so large that it would be impossible to form a coherent theoretical framework to rely on.

Scope of Inquiry and Delimitations

We focus on Ukraine, Georgia, Latvia, Belarus and Moldova since previous studies indicate that Russia's levers have been utilised most frequently with them (much due to their refusal to adhere to Russian supremacy). Russia's utilisation of its levers are naturally less frequent against those that either bow to Moscow's demands or those where Russia lacks any substantial leverage. These are two reasons why we award the Central Asian states less attention in this study.

Delimitations concerning time, space and levers are imposed, as the magnitude of this topic is large. We put the main thrust on Putin's time in power, but Russia under Yeltsin will also be covered when it is necessary to bring certain aspects to the surface or to put Putin's policy into perspective. Since this study focuses on the assertive element of Russia's policy, the cooperative element of Russia's policy will not receive a fair share of attention.

It should also be noted that the study is based solely on open sources. The Russian practice of using so-called secret and active measures to effect a certain policy outcome is frequently reported by analysts,[7] but since special sources are required, these levers are not included here. If they had been, there would probably be many more cases and incidents. The delimitations, however, are not rigid when there are illuminating examples that can be found outside the framework sketched here.

[7] For example Joyal, Paul M. (2003), 'U.S. - Russia on Eurasia Corridor', *Georgian International Oil, Gas and Energy Conference (GIOGIE 2003)*, 14 May 2003.

Terminology and Concepts

Concerning terminology and concepts, we stress three things. Firstly, all former Soviet states except the three Baltic States are commonly referred to as the Commonwealth of Independent States (CIS), although membership of the organisation CIS is not a factor in this case. All former Soviet states are referred to as the former Soviet Union (FSU).

Secondly, we make a distinction between what can be called the strategic level, which is closely connected to long-term and structural aspects in addition to Russia's general foreign policy posture, and the tactical level, which is related to short-term actions and to Russia's *modus operandi* in international relations.

Finally, we define a lever in this context as a tool or instrument of power that can be used by an agent to pressure another actor in order to influence a policy outcome or to make a statement. The number of possible levers that could be included is overwhelming and different observers identify different types. For example, the researcher Janusz Bugajski lists numerous Russian foreign policy tools and he correctly stresses that there is a correlation between various levers, for example energy controls, and issues such as diplomatic pressure and economic leverage.[8] This is a point that not should be neglected.

Structure and Outline

In order to analyse the many levers available, this study forms a few overarching clusters, or frameworks, of the levers. These clusters are political, human-based, energy, economic and military levers. Each cluster occupies one of the following chapters. Within each cluster, several levers are outlined, discussed and analysed. As indicated in the preface, this report both draws on previous FOI-reports, which is visible in the footnotes, and provides new data and analyses. As a result, the chapters vary in style, content and structure. Each chapter has a concluding summary and an aggregated discussion is found in the final chapter. The main conclusions, found at the beginning of the report, contain the key findings of the study as a whole. Besides this introduction, there are six chapters.

[8] Bugajski, Janusz (2004), *Cold Peace: Russia's New Imperialism,* (Washington D.C.: Praeger/Center for Strategic and International Studies), pp. 29-47.

Chapter two analyses the identified 'political levers', which includes issues such as diplomacy, the creation and utilisation of multilateral venues where Russia is dominant, border disputes and election monitoring.

Chapter three covers 'human-based levers'. The levers are closely connected to the political levers insofar as they are related to Russia's pursued policy on Russian minorities or citizens abroad. In addition, aspects such as subversion are included. Most levers have a dimension of human resources, but this chapter differs from the others in such a way that it focuses on people rather than infrastructure or institutions as the chapters on military and political levers do.

Chapter four analyses the 'energy lever'. We define this lever so as to include supplies of oil and gas, but also threats of supply cuts, and the politics of pipelines and infrastructure. Price politics is however dealt with in the following chapter. The energy levers could have been a part of the economic lever, but energy supplies are so important for a receiver that it ranks above ordinary goods and needs to be addressed separately.

Chapter five focuses on the 'economic and trade levers'. Energy trade belongs to this category since price policy primarily is found within the trade sphere even if there are connections to chapter four. Furthermore, foreign debts, trade patterns and arms transfers belong to this category. The chapter should be read in conjunction with chapter four.

Chapter six analyses the 'military levers'. While organisations containing a military dimension, such as the Shanghai Cooperation Organization (SCO), are covered by chapter two, this chapter first and foremost deals with Russia's military presence within the FSU, i.e. military bases and military actions.

The final chapter discusses the findings of the study while the main conclusions are found in the beginning of the report.

2 Political Levers

This chapter encompasses a survey of Russia's political levers used towards the FSU states. The analysis emphasis Russia's integration initiatives in the FSU area, diplomatic levers, border disputes and other political levers. The main focus is on the CIS states, as the Baltic States are not involved in Russia's integration schemes.

Russia's Integration Initiatives in the CIS

According to the Foreign Policy Concept of the Russian Federation, adopted on 28 June 2000, the CIS states were identified as the first priority in Russian foreign policy.[9] Rather soon, however, Putin realised that the CIS, the organisation established in 1991, which embraced all FSU republics except the three Baltic States, poorly served his intentions of promoting Russian influence in the post-Soviet area. The CIS had long proved its ineffectiveness and inability to adopt binding resolutions for its members. Talks of dissolution of the CIS increased after the Rose Revolution in Georgia in 2003 and the Orange Revolution in Ukraine in 2004. In November 2004, the Defence Minister of Georgia, Giorgi Baramidze, told reporters that he would not be attending the CIS Council of Defence Ministers, and that the CIS was "yesterday's story", while Georgia's future was in cooperation with NATO defence ministers.[10] In February 2006, Georgia officially withdrew from the Council of Defence Ministers, with the statement that "Georgia has taken the course to join NATO and it cannot be part of two military structures simultaneously".[11] These statements create obvious difficulties for Russia's re-integration efforts in the CIS, as Georgia seems to be determined to join NATO, whatever Russia intends to do.

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[9] Russia, President of (2000), 'Foreign Policy Concept of the Russian Federation. Approved by the President of the Russian Federation V.Putin June 28, 2000', *President of Russia (Reposted at Federation of American Scientists)*, Last accessed: 15 May 2007, Internet: http://www.fas.org/nuke/guide/russia/doctrine/econcept.htm.

[10] Mackedon, John (2004), 'Georgian Defence Minister Defies CIS', Published: N/A, Last accessed: 14 may 2007, Internet: http://www.isn.ethz.ch/news/sw/details.cfm?ID=10230.

[11] Ch., O. (2006), 'Georgia Opts Out of ex-Soviet Military Cooperation Body', *Pravda*, Published: 3 February 2006, Last accessed: 20 May 2007, Internet: http://english.pravda.ru/news/world/03-02-2006/75406-georgia-0.

In April 2005, the Ukrainian Minister of Economics, Serhiy Teryokhyn, said that the CIS "is a system that has finished attaining all the objectives set to it" and that "there is no hope for its development." He also reported that the Ukrainian government would soon consider stopping its financial contributions to CIS bodies.[12] Rumours that Georgia and Ukraine would declare their departure from the CIS circulated before the CIS summit in Kazan in August 2005. However, it was instead Turkmenistan that declared that it had decided to downgrade its CIS status to associate member. That was not a surprise, however, since the country's president Saparmurat Niyazov under the pretext of neutrality had pursued an extremely isolationist and introvert foreign policy, and had stopped attending the CIS meetings already in the early 1990s.

The CIS 15th Anniversary, held in Minsk on 28 November 2006, became a gloomy event. Even the host himself, Belarusian president Aleksandr Lukashenko, who always has been one of the most enthusiastic supporters of the CIS, admitted that some of the organisation's goals "had not been met".[13]

Instead of focusing on the CIS, from early 2001 the Kremlin had already started to concentrate more on bilateral relations with the former Soviet republics. As noted by Bertil Nygren,[14] there were good reasons for using bilateral relations, as a back-up strategy with respect to the CIS countries should the multilateral approach fail. However there was also a more strategic reason, since in any bilateral relationship with the CIS countries, Russia had the upper hand. It was simply easier for Russia to dominate in bilateral than in multilateral relations, because in the latter, Russia faced the possibility of unified resistance. In the economic relations with the CIS countries, Russia started to devote efforts to

[12] Russian Courier (2005), 'Ukraine Says "No Hope" for further Development of CIS', *Russian Courier*, Published: 10 April 2005, Last accessed: 14 May 2007, Internet: http://www.russiancourier.com/en/news/2005/04/10/45104/.
[13] RFE/RL (2006), 'CIS: Heads Of State Order Overhaul Of Commonwealth ', Published: 8 November 2006, Last accessed: 15 May 2007, Internet: http://www.rferl.org/featuresarticle/2006/11/8182ae8c-9e41-46c9-95d0-4528e9c14453.html.
[14] Nygren, Bertil (2007 Forthcoming), *The Re-Building of Greater Russia: Putin's Foreign Policy towards the CIS Countries,* (London: Routledge), p. 87.

market economic principles, particularly in the energy sphere, officially in order to coordinate with WTO requirements.

However, of course Russia did not completely give up the multilateral track of integration. In order to prevent further political, economic and military fragmentation of the CIS space, Russia developed a new and multilevel institutional base, mainly using the CIS summits only for bilateral talks and as a forum for exchange of opinions between presidents, and instead promoting other multilateral organisations, primarily in the security-related area.

In October 2002, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan signed the founding document of a Collective Security Treaty Organization (CSTO), based on the CIS Collective Security Treaty (CST), originally signed in 1992 in Tashkent ('the Tashkent Treaty'). The strategic concept of this organisation entailed the creation of three regional groups of forces: the Western group (Russia and Belarus), the Caucasian group (Russia and Armenia), and the Central Asian group (Russia, Kyrgyzstan, Kazakhstan and Tajikistan).[15] Besides traditional military threats, the CSTO Charter stressed the commitment of its members to fight international terrorism and extremism, organised trans-national crime, illegal migration and illegal trade of arms and narcotics.[16]

In security matters, Russia partially used the terrorist threat to advance its own interests in the CIS space and to create new institutional networks. Playing on security fears in Central Asia connected to the spread of Islamic radicalism, Russia proposed to establish a CIS Joint Counter-Terrorism Centre in Bishkek covering the Central Asian Republics, except for neutral Turkmenistan. The establishment of the CSTO and the opening of the CIS Joint Counter-Terrorism Centre were seen by the Kremlin not only as efficient tools for addressing Russia's security concerns, but also as a means to prevent the centrifugal process

[15] Mukhin, Vladimir (2003), 'A bez stimula net integratsii [But Without Stimulus no Integration]', *Nezavisimaiia gazeta*, 22 December 2003.
[16] Collective Security Treaty Organization (2002), 'Ustav Organizatsii Dogovora o Kollektivnoi Bezapasnosti [Statute of the Collective Security Treaty Organization] ', *CSTO*, Published: N/A, Last accessed: 4 June 2007, Internet: http://www.dkb.gov.ru/start/index.htm.

among CIS republics and to forge a homogeneous military-security space under Russian leadership.[17]

In 2001, the 'Shanghai Five' – comprising Russia, China, Kazakhstan, Tajikistan and Kyrgyzstan – extended their ranks with Uzbekistan and created the Shanghai Cooperation Organization (SCO), with the aim of being recognised as an international regional organisation by the UN. Until 2005, the SCO dealt mainly with regional security – in particular the three 'evils' of terrorism, separatism and extremism – as well as with economic cooperation. However, at its summit in July 2005 in Astana, the SCO proclaimed a radical change of course. The governments of the Central Asian states – faced with the Western-supported regime changes in Ukraine and Georgia, as well as with Western criticism of the Uzbek government's repression of the unrest in Andijan – increasingly saw their existence threatened, which forced them to rely more on Moscow and Beijing.[18] This development of course fitted Russia's strategic goals of regaining leadership and Great Power status within the CIS area, as well as Superpower status in the international arena.

The economic integration in the CIS area has not progressed to the same extent as the security-related integration. The most relevant organisation here is the Eurasian Economic Community (EurAsEC, sometimes abbreviated to EEC), which grew out of the CIS Customs Union in 2001. When it became clear that Ukraine would limit its membership in the organisation to observer status, in 2003 Russia launched another integration project – the Common Economic Space (CES, sometimes referred as Single Economic Space, SES, or United Economic Space, UES). Membership of this new economic integration initiative was limited to the 'core states' of the former Soviet Union – the three Slavic states of Russia, Ukraine, and Belarus and Kazakhstan (which contains a substantial Russian minority, see more in Chapter three and six). Ukraine's President Leonid Kuchma, at the time weakened by internal scandals and by Russian pressure one year before the presidential election, could not avoid signing the CES agreement in Yalta in

[17] Secrieru, Stanislav (2006a), 'Russia's Foreign Policy under Putin: "CIS Project" Renewed', *UNISCI Discussion Papers*, Published: January 2006, Internet: http://www.ucm.es/info/unisci/UNISCI10Secrieru.pdf., p. 295.
[18] de Haas, Marcel (2006), 'Russia-China Security Cooperation', *Power and Interest News Report*, Last accessed: 27 November 2006, Internet: http://www.pinr.com/report.php?ac=view_report&report_id=588&language_id=1.

September 2003. However Kuchma signed the agreement with the reservation that it should not contradict the Ukrainian constitution and Ukraine's European integration. In order not to spoil its chances of ever joining the EU, Ukraine limited its engagement in the CES to a free trade agreement, avoiding the customs union (as it is impossible to join two customs unions at the same time).[19] Since then, both the EurAsEC and CES have developed rather un-inspiringly for Russia.

Table 1: Membership of the CIS Countries in Russia-promoted Regional Organizations

	Commonwealth of Independent States (CIS)*	Collective Security Treaty Organization (CSTO)**	Union State of Russia and Belarus	Common Economic Space (CES)	Eurasian Economic Community (EurAsEC)***	Shanghai Cooperation Organization (SCO)****
Russia	X	X	X	X	X	X
Armenia	X	X				
Azerbaijan	X					
Belarus	X	X	X	X	X	
Georgia	X					
Kazakhstan	X	X		X	X	X
Kyrgyzstan	X	X			X	X
Moldova	X					
Tajikistan	X	X			X	X
Turkmenistan	X					
Ukraine	X			X		
Uzbekistan	X	X			X	X

* Moldova and Ukraine have never ratified the CIS Charter, and are strictly speaking not full members of the CIS. In 2005, Turkmenistan downgraded its membership of the CIS to 'associate membership'. Georgia withdrew from the CIS Council of Defence Ministers in 2006.
** Azerbaijan, Georgia and Uzbekistan withdrew from the CIS CST in 1999. Uzbekistan re-joined it in 2006, after it had become CSTO.
*** Armenia, Moldova and Ukraine hold observer status in the EurAsEC.
**** Besides the five CIS members in SCO, China is a full member of the organisation and four states (India, Iran, Mongolia and Pakistan) hold observer status.

Finally, as regards the Union State of Russia and Belarus, developments during Putin's time have been rather negative. Putin showed an early distrust of the 1999 Union state agreement, which proposed a Union of two equals, and a personal dislike of the Belarusian president Aleksandr Lukashenko. In August 2002, Putin openly proposed the unification of the two states, with Belarus thus losing independence and becoming part of the Russian Federation. As a response, Lukashenko began to distance himself from Russia. He gradually started to promote Belarusian independence and sovereignty, while still expecting Moscow to continue to finance the 'Belarusian economic miracle' with cheap energy and

[19] Hedenskog, Jakob (2004), *The Ukrainian Dilemma: Relations with Russia and the West in the Context of the 2004 Presidential Elections*, Stockholm: The Swedish Defence Research Agency (FOI), FOI-R--1199--SE, p. 20.

various trade benefits. After the 2006 Belarusian presidential elections, however, when Lukashenko was re-elected for another five-year term, Russia's attitude towards Belarus significantly hardened. By using the 'energy lever' (see Chapter four), in particular when imposing market prices on Belarusian imports of Russian gas and trying to take control of the Belarusian network of gas pipelines and oil refineries, Russia simultaneously sounded the death knell for the Union State of Russia and Belarus as a political and economic integration project.

Interestingly, however, the political and economic tensions did not interfere with the integration between the two states in the military sphere. Russia continues to emphasise the geo-strategic importance of Belarus as a buffer state between itself and NATO. Therefore, the two armed forces regularly organise joint exercises and Belarus continues to be an integral part of the Russian air defence system. Russia owns two military installations in Belarusian territory: the rocket early warning station and radar centre near Baranovichi and the Russian navy command and control post in Vileyka. The Russian armed forces use 70% of the Belarusian military industry's total production (see also Chapter six).[20]

Summing up Russia's integration initiatives in the CIS area with the help of Table 1 reveals that Belarus and Kazakhstan are the states most eager to engage in Russia's institutional integration initiatives. On the other hand, those states that have been most hesitant to join Russia-promoted organisations (except for Turkmenistan, which is a special case) are Georgia, Ukraine, Azerbaijan and Moldova. These 'Russia-sceptics' instead created another organisation – the GUAM Organisation for Democracy and Economic Development, which has been interpreted as a way of countering Russian influence in the CIS area.

There also seems to be a connection between the number of members and the potency of the organisation. On the one hand, there is the CIS, with 12 members of varying degrees of engagement, which has been too big and inefficient. On the other hand, organisations with only two members (the Union State of Russia and Belarus) or four members (CES) seem to have been too small, as they have given Russia too dominant a

[20] Gromadzki, Grzegorz, *et al.* (2006), *Belarus after the 'Election': What Future for the Lukashenka Regime?*, Stefan Batory Foundation, p. 22.

position. In each case, there has been one member (Belarus and Ukraine, respectively), which has fearlessly tried to resist Russian domination in the organisation at the expense of others. Those organisations that fall somewhere in between these extremes (CSTO, SCO and to lesser extent EurAsEc) have proven to have more strength as they have more clear aims and goals and, consequently, more motivated members.

Other Political Levers

Russia often uses international diplomacy as a way of influencing the FSU states. As an example, Russia gives high-level political attention to the authorities of the non- recognised secessionist republics in Abkhazia, South Ossetia and Transnistria and helps them to establish cooperation networks and to hold ministerial meetings and meetings with high-level Russian representatives. When receiving these leaders in Moscow, the Russian Ministry of Foreign Affairs typically refers to them as 'presidents', implying a degree of recognition for them on the international arena (although Russia, like everybody else, has not officially recognised them as independent). Disagreement over the secessionist entities between Russia and an overwhelming number of the OSCE member states has also been the recurring reason for the failure to adopt a common statement at the OSCE annual Ministerial Council.[21]

Border disputes with some states in the FSU have been used by Russia to impede the integration of these states into Euro-Atlantic organisations. This goes more specifically for Estonia and Latvia, with which Russia denied signing border agreements in order to prevent them from joining NATO. Even after these states had joined NATO and the Russian tactic had failed, Russia continued its campaign, ostensibly due to 'discrimination' against the Russian minority in these states (see more in Chapter three and six). In the same manner, Russia for many years hampered delimitation of the border with Ukraine and has refused border demarcation, particularly in the Sea of Azov, in order to prevent Ukraine from deepening its ties with NATO.

[21] Popescu, Nicu (2006), ''Outsourcing' *de facto* Statehood: Russia and the Secessionist Entities in Georgia and Moldova', *Centre for European Policy Studies*, Published: June, 2006, Internet:
http://www.policy.hu/npopescu/publications/06.07.20%20CEPS%20Policy%20Brief%20109%20Outsourcing%20de%20facto%20statehood%20109.pdf., p. 5.

Russia's unblushing involvement in elections in the CIS area over recent years, in order to control the succession of leadership, is another type of political lever. In the Ukrainian 2004 presidential elections, for instance, Russia pursued its strategy in two main directions. The first was the active participation of Russian public relations experts and image-makers in the election campaign of Prime Minister Viktor Yanukovych. President Putin's personal involvement in the Ukrainian election campaign was also evident, climaxing with his public congratulations to Yanukovych for his victory in the second round before the official results had been announced. The second element comprised economic and political concessions to convince Ukrainian public opinion of the importance of cooperation with Russia. According to the Russian researchers Nikolai Petrov and Andrey Ryabov,[22] the problem regarding the Ukrainian elections was not that Russia gambled on a candidate who lost, but that the Kremlin's involvement was so conspicuous and crude. The Kremlin seemed not only to want to win, but also to demonstrate that Ukraine remained a part of Russia's vital sphere of influence, where the Russian government had the right to act as it would within its own borders. These ambitions annoyed the Ukrainian voters so much that they supported the candidate that the Kremlin opposed, the then opposition leader Viktor Yushchenko, probably even more than if the Kremlin had not interfered.

Another phenomenon linked to elections where Russia uses its political lever in its efforts to influence the CIS is the CIS Election Monitoring Organisation (CIS-EMO), which has been sending election observers to member countries of the CIS since 2002. Several of these observation missions have been controversial, as their findings have often been in sharp contradiction with the findings of other international organisations such as the OSCE, the Council of Europe, or the European Union. The CIS elections observation missions, which are often in fact purely Russian and which are labelled CIS in order to improve their legitimacy, are naturally often accused of being subservient to Kremlin foreign policy. Thus while the OSCE observers found massive fraud, for instance, in the second round of the Ukrainian vote, the CIS observers

[22] Petrov, Nikolai and Ryabov, Andrei (2006), 'Russia's Role in the Orange Revolution', in: Åslund and McFaul (Eds.) *Revolution in Orange: The Origin of Ukraine's Democratic Breakthrough,* (Washington, DC: Carnegie Endowment for International Peace), pp. 145, 148.

applauded its transparency and fairness and declared that Yanukovych had won. This, as is well known, led to a public dispute and helped energise the participants in the Orange Revolution. The showdown came during the rerun of the second round. Then, the OSCE and other observers said the vote was free of massive irregularities while the CIS monitors differed, saying the vote should be considered illegitimate.[23]

This theme was repeated during the parliamentary elections in Uzbekistan and Tajikistan and the presidential elections in Kyrgyzstan, which all took place in early 2005. They were all praised by the CIS-EMO as being legitimate, free and transparent, while the OSCE referred them to having fallen significantly short of the OSCE commitments and other international standards for democratic elections. After that, the Moldovan authorities refused to invite CIS observers to their parliamentary elections, which were to be held on 6 March 2005, an action Russia criticised. The CIS-EMO then accused the Moldovan authorities of rigging the election in favour of the (considered pro-Western) Communist government. However, the OSCE mission later found the parliamentary elections "generally in compliance" with the OSCE and Council of Europe commitments.[24] Russia and its loyal supporters within the CIS have also tried to 'reform' the OSCE and its Office of Democratic Institutions and Human Rights (ODIHR), the body specialising in observing elections, in order to include more observers from Russia and the CIS and to adjust its monitoring methodology to that dominating in the CIS.

Political Levers: Conclusions

The Kremlin has not been successful in using the CIS as a geopolitical lever to allow Russia to maintain its influence over the FSU. The three Baltic States never even considered joining the CIS, while even among those that have participated, a common interpretation of the organisation's aim was to allow 'a civilised divorce' between the Soviet

[23] Kupchinsky, Roman (2005), 'CIS: Monitoring the Election Monitors ', *RFE/RL*, Published: 2 April 2005, Last accessed: 10 May 2007, Internet: http://www.rferl.org/featuresarticle/2005/04/e791916d-4690-4835-9f2d-d230541270e6.html.

[24] Wikipedia (2006b), 'CIS Election Observation Missions', Published: 10 December 2006, Last accessed: 17 May 2007, Internet: http://en.wikipedia.org/wiki/CIS_election_observation_missions.

Republics, rather than an engine for re-integration around Russia. Over the years, the organisation has signed a large number of documents concerning integration and cooperation on matters of economics, defence and foreign policy, but very few have been implemented. This situation has led to a blasé attitude towards the CIS even within Russia, which the Russian journalist Andrei Kolesnikov rather pertinently likened to "a suitcase without a handle, which is hard to carry, but a pity to throw away".[25] Nevertheless, only Turkmenistan has bothered to leave the organisation, or rather downgrade its member status, although Moldova, Georgia and Ukraine all have aired such intentions.

In some ways, the CIS still serves Russia as a relevant meeting forum in order to keep an eye on the leaders of the CIS. The organisation's 15th Anniversary in 2006, for instance, was postponed from October to 28 November to coincide exactly with the NATO top summit in Riga. By scheduling what transpired to be extremely short and seemingly meaningless meetings with Georgia's President Mikhail Saakashvili and Ukraine's President Viktor Yushchenko, who both hold aspirations of membership in the Western alliance, Putin managed to ensure that both presidents would be present in Minsk, rather than in Riga.[26] Hence, in some ways it seems more important for Russia that the CIS states do not successfully integrate into the West, than that the integration with Russia is filled with real substance.

The other organisations with intentions to re-integrate the CIS economies, such as EurAsEC and CES, have also failed to build strong incentives for their members. Not to mention the Russia-Belarus Union State, perceived in the Foreign Policy Concept from 2000 as "a priority task" and "the highest, at this stage, form of integration of two sovereign states".[27] Today the Union State project has reached a dead-end. Over the years, this has led to frustration within the Kremlin, the standard

[25] DEMOS (2006), 'Journalists Were not Allowed to CIS Summit: The Summit failed', *DEMOS*, Published: N/A, Last accessed: 15 May 2007, Internet: http://www.demos-center.ru/projects/649C353/6AF8CAF/1169467652#6.
[26] Simonyan, Yurii and Gamova, Svetlana (2006), 'SNG napugano prizrakom SSSR [CIS Frightened by the Ghost of the USSR]', *Nezavisimaiia gazeta*, 30 November 2006
[27] Russia, President of (2000), 'Foreign Policy Concept of the Russian Federation. Approved by the President of the Russian Federation V.Putin June 28, 2000', *President of Russia (Reposted at Federation of American Scientists)*, Last accessed: 15 May 2007, Internet: http://www.fas.org/nuke/guide/russia/doctrine/econcept.htm.

response of which to every failed attempt to rally the FSU states around Russia has been to invent yet another organisation.

It is true, however, that the security-orientated cooperation within the CSTO and SCO seems better to serve Russia's intention as a promoter of Russian hegemony over the CIS area and as a tool for Russian Great Power ambitions in Eurasia. The reason is that these organisations are built up around a more limited number of tasks in the security sphere, where all the member states can see the rationale of cooperation. Furthermore, a lesson learned from the study of Russia's ambitions to dominate in the CIS area must be that the stronger Russia's ambition to dominate, the more likely it is that the organisation will fail. Therefore, China's membership in the SCO, in some ways as a balance against Russian domination, has had a positive impact on the cooperation.

3 Human-based levers

This chapter encompasses a survey of Russia's human-based levers in the FSU republics. It reports the numbers of Russian minorities in the FSU and describes the development of the Russian Federation's compatriot policy since the dissolution of the Soviet Union. Furthermore, it exemplifies when Russia has used (and not used) the Russian minorities as levers against the FSU republics and estimates how strong such levers can be considered to be. Emphasis is placed on Ukraine (particularly the situation in Crimea), Estonia, Latvia and Georgia.

The dissolution of the Soviet Union in 1991 left some 23.5 million ethnic Russians as minorities outside the Russian Federation. The biggest Russian communities in the Soviet successor states were in Ukraine (11.4 mil.), Kazakhstan (6.3 mil.), Uzbekistan (1.6 mil.) and Belarus (1.2 mil.). As a percentage of the total population in their state of residence, the Russian groups in Kazakhstan (37.8%), Latvia (33.8%), Estonia (30.3%), Ukraine (22.1%) and Kyrgyzstan (21.5%) were the largest.

As shown in the table below, the numbers of ethnic Russians in the FSU states have significantly dropped since the last Soviet census in 1989. Some of the Caucasian and Central Asian states in particular, where civil war and political unrest broke out after independence, have witnessed significant emigration of ethnic Russians. In real numbers, Uzbekistan saw the most dramatic reduction in its Russian population (approx. 1 million), although the percentage reductions were largest in Georgia and Tajikistan, primarily due to the civil wars that broke out there. The war between Azerbaijan and Armenia over Nagorno-Karabakh also led to a significant emigration of Russians from those countries. Economic hardship, which was felt more strongly in some of the other post-Soviet republics than in Russia itself, was also a common reason for emigration.

Table 2: Russian Minorities in the FSU Republics[28]						
Country	**Total number of ethnic Russians**	**Percentage of total population**	**Year of census or estimation**	**Russian population in 1989**	**Percentage of population in 1989**	**Number today as percentage of 1989**
Armenia	14,660	0.5	2002	50,000	1.5	29.3
Azerbaijan	144,000	1.8	2006	400,000	5.6	36.0
Belarus	1,141,731	11.4	1999	1,200,000	13.2	95.1
Estonia	351,178	25.6	2000	500,000	30.3	84.5
Georgia	67,670	1.5	2002	400,000	7.4	16.9
Kazakhstan	4,479,618	29.9	1999	6,300,000	37.8	71.1
Kyrgyzstan	604,000	12.5	1999	900,000	21.5	67.1
Latvia	684,657	29.2	2002	900,000	33.8	86.4
Lithuania	219,789	6.3	2001	300,000	9.4	67.0
Moldova	367,933	9.3	2004	550,000	13.0	66.9
Tajikistan	68,200	1.1	2000	400,000	7.6	17.1
Turkmenistan	142,000	4.0	2005	350,000	9.5	40.5
Ukraine	8,334,000	17.3	2001	11,400,000	22.1	73.1
Uzbekistan	620,000	5.5	2005	1,600,000	8.3	38.7

Sources: The Ministry of Statistics and Analysis of the Republic of Belarus, http://belstat.gov.by/homep/en/census/p5.htm, State Statistics Committee of Ukraine, http://www.ukrcensus.gov.ua/eng/results/general, National Statistical Service of the Republic of Armenia, http://docs.armstat.am/census/pdfs/51.pdf, Wikipedia, http://en.wikipedia.org/wiki/Russians, CIA World Fact Book, https://www.cia.gov/cia/publications/factbook/index.html, University of Oslo – "Russian minorities in the former Soviet Union", http://folk.uio.no/palk/PRIO%20Diaspora.htm, Oleh Protsyk (2006), "Nation-building in Moldova", http://www.policy.hu/protsyk/Publications/NationalisminMoldova.pdf

However, one has also to remember that the number of 'Russians' in the last Soviet census was somewhat over-exaggerated. As the basic trend in the ethnic processes in the Soviet Union was towards assimilation into the Russian group, this meant that many individuals, probably millions and especially people of mixed origin, regarded themselves as 'Russians' instead of other Soviet nationalities. After independence, as identification with the Soviet Union slowly disappeared to be naturally replaced by identification with the successor states, many of these people now to a larger degree naturally identify themselves with their new titular nation.[29] The dramatic drop in numbers of Russians in some parts

[28] Since the dissolution of the Soviet Union, the successor states have held censuses in different times and used different methodology, which makes it difficult to draw general conclusions based on the results. As a confirmation of that, the table uses combined data for Moldova from the separate censuses held by the authorities of the Republic of Moldova (5-12 October 2004) and the authorities of Transnistria (11-18 November 2004) .

[29] Hedenskog, Jakob (2004), *The Ukrainian Dilemma: Relations with Russia and the West in the Context of the 2004 Presidential Elections*, Stockholm: The Swedish Defence Research Agency (FOI), FOI-R--1199--SE, p. 29.

of the FSU may therefore not primarily be the result of emigration but rather of national self-re-identification.[30]

Nevertheless, there still exists a substantial Russian Diaspora in the FSU – altogether more than 16 million people according to the estimates. The largest Russian communities, by numbers, today live in Ukraine (8.3 million), Kazakhstan (4.4 million) and Belarus (1.1 million). Of all countries in the FSU, the size of the Russian minority in Belarus has notably been the most stable since Soviet times, signalling the extremely high level of Russification of Belarusian culture and society. In contrast to the other FSU republics, in Belarus it is impossible to find a Belarusian majority with high self-esteem, using their mother tongue, knowing their own history, etc.[31] The largest proportions of Russians, unchanged from 1989, are found in Kazakhstan (29.9%), Latvia (29.2%), Estonia (25.6%) and Ukraine (17.3%).

Russia's Compatriot Policy

During the first years following the dissolution of the Soviet Union, the leadership of the Russian Federation did not devote much attention to the Russian Diaspora in the 'near abroad', as the former Soviet republics were called. One exception, however, was the criticism of Estonia's and Latvia's citizenship policies and the highlighting of its effects for the Russian minorities there. One reason for this relative inactivity was that the main struggle for the supporters of Russia's first president Boris Yeltsin was against the Communist regime and they had neither time nor energy to simultaneously deal with other matters. Furthermore, Yeltsin had even used the centrifugal forces tearing the Soviet Union apart in his own struggle against Mikhail Gorbachev, the last Soviet leader. [32] The initiative to 'defend' Russians abroad was often taken over by 'freelancers', most notably perhaps Moscow mayor Yuri Luzhkov, who at an early stage took an active stance on the Russian minority

[30] Examples of this phenomenon from Ukraine's current politics are former president Leonid Kuchma and former Prime Minister Yuliya Tymoshenko, who both started to learn and use the Ukrainian language after they had achieved high political positions. See Lagzi, Gábor and Rácz, András (2007b), 'Nations and Minorities in Western-NIS region', *Minorities in Transition*, Budapest, 24 May 2007, p. 45.
[31] Ibid., p. 11.
[32] Malmlöf, Tomas (2006), *The Russian Population in Latvia - Puppets of Moscow?*, Stockholm: The Swedish Defence Research Agency, FOI-R--1975--SE, p. 60.

issues in Estonia, Latvia and Ukraine (particularly Sevastopol). Gradually, however, as the threat of Communist revenge diminished, a more pro-active compatriot agenda also took shape within the Russian official leadership.

However, it was only after Vladimir Putin came to power that protection of compatriots abroad became an important and integral part of Russian foreign policy. In the military doctrine signed by the newly elected president Putin in April 2000, "discrimination and the suppression of the rights, freedoms and legitimate interests of the citizens of the Russian Federation in foreign states"[33] was included among the main threats to Russia's military security.[34] In his annual address to the Federal Assembly in 2001, Putin also stressed the priority to defend "the rights and interests of Russians abroad, our compatriots in other countries".[35] This is visible in the context of Russian military bases abroad (see Chapter six).

In the beginning of his presidency, it seems that Putin had some difficulties in convincing the Russian Ministry of Foreign Affairs (MFA) of the importance of protecting its compatriots abroad. In a meeting with the heads of Russia's diplomatic missions in July 2002, he stressed that it

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[33] President of Russia (2000), 'Voennaia Doktrina Rossiiskoi Federatsii, utverzhdena ukazom prezidenta Rossiiskoi Federatsii ot 21 Aprelia 2000 g. No. 706 [Military Doctrine of the Russian Federation, Confirmed by a Decree of the President of the Russian Federation from 21 April 2000, No. 706]', Internet: http://merln.ndu.edu/whitepapers/Russia2000.pdf.

[34] The military doctrine, however, used the term "citizens" (*grazhdane*) instead of the wider "compatriots" (*sootechestvenniki*), which is the term usually used when defending ethnic Russians interests in the FSU. In Estonia, for instance, some 40% of the Russian-speaking group are today citizens of Estonia and some 40% remain stateless, with the rest (approx. 20%) being Russian citizens. A strict interpretation of the military doctrine's wording therefore only applies for the last group. Hence, to speak about compatriots without using citizenship as a criterion might be troublesome. See Björklund, Marianne (2007), 'Statystriden har ökat klyftan: Ryssar födda i Estland känner sig som främlingar i sitt eget land [The Battle of the Statue has Increased the Gap: Russians Born in Estonia Feel as Strangers in their Own Country]', *Dagens Nyheter*, 7 May 2007, and Leijonhielm, Jan, et al. *Rysk militär förmåga i ett tioårsperspektiv – problem och trender 2005*, FOI-R—1662—SE, June 2005, p. 133.

[35] President of Russia (2001), 'Poslaniie Federalnomu Sobraniiu Rossiiskoi Federatsii, 3 aprelia 2001 goda [Address to the Federal Assembly of the Russian Federation, 3 April 2001]', *President of Russia*, Published: Last accessed: 30 March 2007, Internet: http://www.kremlin.ru/text/appears/2001/04/28514.shtml.

was a "big mistake" to see this matter as peripheral problem, when in fact it was a central part of Russia's foreign policy.[36] Over the years, as the financial means from the Russian authorities supporting NGOs and political parties supporting Russian minorities has increased, the priority of the compatriot policy has also strengthened.

The MFA has kept the main responsibility for the practical work with the Russian compatriots abroad. Since February 2002, however, the operative responsibility for international and cultural contacts has been organised within the Centre for Scientific and Cultural Cooperation (*Roszarubezhtsentr*) under the leadership of Eleonora Mitrofanova.[37] By early 2007, Roszarubezhtsentr was functioning in as many as 65 countries, including 39 countries with 44 centres of Science and Culture.[38]

An example of Russia's more offensive compatriot policy in the FSU in recent years is the launching of the 'National Programme for Supporting Voluntary Migration of the Compatriots Residing Abroad to the Russian Federation (2006-2012)' approved in June 2006. This was basically the first time that Moscow officially started considering systematic repatriation of Russians abroad. The Plan envisaged repatriates flooding into underdeveloped regions in Russia in exchange for new work opportunities, housing loans, cash benefits and other incentives. Under the Programme, repatriates would be able to choose between 12 so-called 'pilot regions' located in Russia's Far East, its Central Black earth region, and Kaliningrad Oblast exclave – all regions having a dwindling population, bordering another country or proposed as sites for major investment projects. However, the estimates for 2007 do not indicate fulfilment of a plan to attract some 100,000 repatriates, 40,000 of whom

[36] President of Russia (2002), 'Vystupleniie na vstreche s glavami rossiiskikh diplomaticheskikh missii za rubezhom [Appearance at a Meeting with the Heads of the Russian Diplomatic Missions Abroad]', Last accessed: 30 March 2007, Internet: http://www.kremlin.ru/appears/2002/07/12/1720_type63378_29145.shtml.
[37] Malmlöf, Tomas (2006), *The Russian Population in Latvia - Puppets of Moscow?*, Stockholm: The Swedish Defence Research Agency, FOI-R--1975--SE pp. 65-66.
[38] EU Commission (2007), 'Trans-European Energy Networks', *EU Commission*, Published: N/A, Last accessed: 28 February 2007, Internet: http://ec.europa.eu/ten/energy/documentation/index_en.htm.

would be professionally active.[39] Most probably, the tendencies for mass immigration to Russia from some countries in the FSU that were visible in the early 1990s are not likely to reappear, as people have adapted to the situation in their new home countries.

Another example of a more active compatriot policy is the policy, adopted in 2004, simplifying the procedure for granting citizenship to conscripts in the Russian army from other CIS countries.[40] This has had some effect, particularly in some Central Asian republics. In the unrecognised separatist entities of Georgia, Abkhazia and South Ossetia, Russian authorities have also been very active in giving Russian domestic passports to the residents. Some 90% of the local residents in these entities are believed to hold Russian passports. However in Moldova's separatist republic, Transnistria, the number is considerably smaller (15%). The main objective of this policy of the Russian authorities of giving Russian passports may be to secure a legitimate right for Russia to claim to represent the interests of the secessionist entities because they consist of Russian citizens. Thus Russia is creating a political and even legal basis for intervention for the sake of protecting its own 'citizens' in the secessionist entities. Russia's introduction of visa regimes for Georgia in 2001 was also designed, *inter alia*, to strengthen the separatist entities and weaken the legitimacy of Georgia.[41] The residents of Abkhazia and South Ossetia were exempted from the visa regime.

Examples of Human-based Levers

One has to admit that concern for compatriots is a perfectly legal activity and makes the list of the most important national interests in many countries. In many cases, this concern is motivated by the strengthening

[39] Bigg, Claire (2006), 'Russia: Most Regions Unprepared for Repatriation Scheme', *RFE/RL*, Published: September 2006, Last accessed: 20 May 2007, Internet: http://www.rferl.org/featuresarticle/2006/09/ed15e12d-70e6-4488-af16-fc6a8a0537fe.html.

[40] Yermukanov, Marat (2005), 'Is Kazakhstan Supplying Cannon-fodder to Russia?' Published: Last accessed: 7 May 2007, Internet: http://www.cacianalyst.org/view_article.php?articleid=3046.

[41] Popescu, Nicu (2006), ''Outsourcing' *de facto* Statehood: Russia and the Secessionist Entities in Georgia and Moldova', *Centre for European Policy Studies*, June, 2006, Internet: http://www.policy.hu/npopescu/publications/06.07.20%20CEPS%20Policy%20Brief%20109%20Outsourcing%20de%20facto%20statehood%20109.pdf., p 5.

of the national spirit or the bond to the homeland. However, states often use these motives to conceal somewhat more realistic goals of practical foreign policy: to create conditions for manipulating the so-called national minorities issue by emphasising the need to protect compatriots.[42]

Due to the relatively low level of interests within the Russian political elite under Yeltsin for compatriots abroad, Russia often hesitated to use the Russian ethnic minorities in the FSU as levers in order to influence the FSU states. As an example, one can mention Crimea, which during 1994-95 saw a strong pro-Russian separatist movement under the leadership of Yurii Meshkov. He was even elected president under a Crimean constitution, before Kyiv managed to return Crimea to Ukraine's jurisdiction.

Four reasons forced Russia, at that time, not openly to support Russian separatism in Crimea and use this potential lever as a means of influencing Ukraine. First, the political chaos that a strong Russian separatist movement in Ukraine could cause would in all probability also have spilled over into Russian territory, and if separatism led to civil war in Ukraine, that could have had very negative consequences also for Russia. Secondly, already in an early phase of the Crimean separatist movement, the Russian leadership realised the difficulties in controlling such a movement from Moscow. Thirdly, supporting Russian separatism in Ukraine would have entailed an official recognition of the separation of the Russian and Ukrainian peoples, something that no official Russian politician would have liked to admit.[43] Fourth, one can also add the difficulty of Moscow supporting Russian separatism in Ukraine while at the same time fighting Chechen separatism on Russian territory.

As the priority of the compatriot policy was raised under Putin, however, the ambition of the Russian authorities to use Russians abroad as levers to influence the FSU republics has also increased. With Chechen separatism suppressed and, unlike in the 1990s, no urgent perception of

[42] Lopata, Raimundas (2007), 'Repatriation: Outlines of the Russian Model', *Lithuanian Foreign Policy Review*, Vol. 2007/1.
[43] Bukkvol, Tor (2001), 'Off the Cuff Politics: Explaining Russia's Lack of a Ukraine Strategy', *Europe-Asia Studies*, Vol. 53, No. 8, p 1145.

a risk for dissolution of the Russian Federation, Moscow has felt free to step up its support for demands by Russian citizens in the FSU.

In order to mobilise the Russian minorities in the FSU, Russia can still use its upper hand in the information arena. Russian state television channels can be watched in most urban areas of the FSU and still play a substantial role in shaping the information base of Russians resident in the FSU. In addition, Russian newspapers, magazines and books are widely available all around the FSU.

At least before Russian radio and television lost its final independence, the lack of strong and influential opposition media in Belarus was in some sense compensated for by the Russian media. For many Belarusians, Russian television became a window on the world as well as, most importantly, the source of more objective reporting about what was going on in their own country (although, obviously, this information reflected Moscow's perspective and interests). On several occasions the Belarusian authorities even temporarily switched off the Russian television channels and replaced them with the only Belarusian channel. This happened particularly during the 2001 presidential election campaign, when Russian television, for instance, granted air time to opposition candidates. In the summer of 2003, after a Russian NTV journalist had been deported from Belarus because of a report from the funeral of dissident author Vasil Bykau, Lukashenko even threatened to close NTV's Belarusian bureau and called the mass media 'weapons of mass destruction' involved in a plot against Belarus.[44] Such words and measures gave an indication that at least the Belarusian presidential administration estimated the potential influence of the Russian media over the country as substantial.

Russian Subversion in Crimea

Russia's subversive tactics in supporting separatism among ethnic Russians in Ukraine's Autonomous Republic of Crimea are long standing. In March 2006, the Party of Regions of Ukraine (PRU), together with three extreme left parties in an alliance called the 'For Yanukovych Bloc', won a landslide victory in elections to the Crimean parliament,

[44] Hedenskog, Jakob (2005), 'Filling the 'Gap': Russia's Security Policy towards Belarus, Ukraine and Moldova under Putin', in: Hedenskog (Ed.) *Russia as a Great Power: Dimensions of Security under Putin,* Routeledge).

gaining over 70% of the vote. The 'For Yanukovych Bloc' gained the votes of Crimea's majority ethnic Russian population by promising to make the Russian language official and introduce dual Russian-Ukrainian citizenship. One of the coalition parties is the Russian Bloc, which is a local party reportedly financed by Moscow mayor Luzhkov through the Moscow-Krym Foundation and various expatriate funds.[45] Allied with the Russian Security Service (FSB), the Russian Military Intelligence (GRU) and officers of the Black Sea Fleet, the 'For Yanukovych Bloc' incited anti-US and anti-NATO demonstrations, pickets and rallies in the Crimea. The events culminated in the demonstrations in Feodosiia in June, which led to the first ever cancellation of joint military exercises with the US and other NATO countries through the Partnership for Peace (PfP) Programme.[46] These exercises had been regularly held in Crimea and in military bases in Western Ukraine since 1997, without any notable protests except for in the first year.

During the protests against the military exercises, Russia supplied intelligence on the location and plans for military exercises and provided personnel to increase the attendance at rallies and demonstrations. During the June rallies, many of the leading organisers were spouses of serving Russian Black Sea officers.[47] The demonstrations were largely covered in the Russian-speaking media, both of Russian and Ukrainian origin. Furthermore, the actions took place during a sensitive period in Ukrainian politics when the pro-Western parties were negotiating on the formation of a coalition after the parliamentary elections. The anti-NATO protests spread to other regions and towns in southern and eastern Ukraine, where regional and local councils, all dominated by the Yanukovych' Party of Regions of Ukraine (PRU), started to proclaim their territories as 'NATO-free areas', or proclaimed Russian the regional language, in defiance of the constitution. The leading role in the popular protests was played by fiercely anti-West leftists like Nataliia Vitrenko, leader of an eponymous political bloc, while centrally the PRU ostentatiously distanced itself from the most radical elements, signalling to President Yushchenko that compromises were possible on certain

[45] BBC (2007a), 'Political Scene in Ukraine's Crimea: Pro-Russian Sentiments', *BBC Monitoring Research*.
[46] Jane's Intelligent Digest (2006), 'Russian Subversion in Crimea', *Jane's Intelligence Digest*, No. 3 November 2006.
[47] Ibid.

conditions. Interestingly, the protests ended immediately following the collapse of the pro-Western forces coalition talks and the creation instead on 7 July 2006 of the 'Anti-Crisis Coalition' in the parliament by the PRU, the Socialists and the Communists parties.[48] Subsequently, the unconstitutional legislation in the regions was also quickly withdrawn.

According to information from the Ukrainian Presidential Secretariat, based on reports by loyal officers of the Security Service (SBU) in Crimea, financial support is being given to ethnic Russian nationalist NGOs on the peninsula. Logistical support is being provided to these groups by the Black Sea Fleet and by nationalist youth groups from Russia dedicated to the Kremlin, such as Ours (Nashi), the pro-Putin NGO that was involved in racist and anti-Georgian violence in Russia in 2006, as well as in the siege of the Estonian Embassy in Moscow during the 'statue crisis' in April-May 2007.

Kyiv's ability to launch counter-measures against the Russian subversion in Crimea is limited by two factors. The first factor is the lack of political will by Yushchenko and within the Presidential Secretariat and the National Security and Defence Council (NRBO) to tackle the separatist threat. The two institutions are the president's last important remaining levers of influence following the 2006 constitutional reform that transferred many of the presidential powers to the parliament. The second factor is the divided loyalties between Kyiv and Moscow within the Ukrainian Security Service (SBU) and the Interior Ministry (MVS). In 1994-95, President Kuchma successfully used non-violent tactics implemented by the SBU and the NRBO to marginalise Crimea's separatist voices, but following a decade of rampant corruption under Kuchma, including the SBU's involvement in arms trafficking and repression of the opposition in a manner reminiscent of the KGB, the SBU's competence is now in doubt.[49] The political stand-off during 2006-2007, with a sharp struggle between the president and the PRU-dominated government coalition over competence has further deepened the regional cleft in Ukraine, and made local SBU branches in Eastern

[48] Hedenskog, Jakob (2006), *Ukraine and NATO: Deadlock or Re-start?*, Stockholm: Swedish Defence Research Agency, FOI-R--2165--SE, pp. 57-58.
[49] Jane's Intelligent Digest (2006), 'Russian Subversion in Crimea', *Jane's Intelligence Digest*, No. 3 November 2006.

and Southern Ukraine even more sceptical towards President Yushchenko.

Russia is also involved in attempts to incite inter-ethnic strife in Crimea by fomenting clashes between Crimean Tatars and Russian-speaking Slavs. Local experts say that Russia has lately become highly interested in radicalising Crimean Tatar Muslims and even started to finance various Islamic movements operating in Crimea. This has happened for a number of reasons. If Crimean Tatars become radical Muslims they will lose the support of Turkey, their biggest aid donor. Besides weakening the Crimean Tatars, the move would also diminish Turkey's influence in the Black Sea region and improve Russia's political stand there. The radicalisation of Crimean Tatars would prevent them from establishing an ethnic autonomy in Crimea under the guidance of a secular government, the Mejlis.[50] Crimean Tatars could altogether be redirected into supporting Russia's interests in Crimea and not, as today, Ukrainian interests.

Furthermore, if Crimean Tatars become radicalised, Russia could claim that they threaten the Russian Black Sea Fleet, which is based in Crimea and which deploys troops to protect Russian citizens from possible attacks by Islamic extremists. Finally, in an unholy alliance, Russia hopes to gain Muslim allies in its conflict with the West. Some radical Islamic Russian websites, such as Islam.ru, have started publishing appeals to their Muslim brothers living in Crimea, urging Crimean Tatars to support Russia since only Russia could allow them to build an Islamic state in Crimea. Russian Muslim leaders have proposed to set up a network of Muslim centres in Crimea and even suggested that several families of true Islamic followers be settled in Crimea to set an example of faith to Crimean Tatars.[51] Clashes between radical Crimean Tatars and Russian nationalists (skinheads) regularly occur in Crimea as of today.

The Russian interests in Crimea are also secured with the help of Cossacks – pro-Russian paramilitary formations officially registered as NGOs. The Crimean Cossacks cooperate closely with Russian Cossacks, holding joint military training sessions in Crimea. Cossacks holding

[50] BBC (2007b), 'Radical Muslim Ideas in Ukraine's Crimea Sponsored from Abroad', *BBC Monitoring Research.*
[51] Ibid.

military rank are allowed to carry firearms, whips and swords as part of their uniform. They are faithful members to the Ukrainian Orthodox Church (Moscow Patriarchate) and are considered to be Christian radicals. They have taken part in all ethnic and religious conflicts in Crimea. The media in Crimea report that local authorities and Russian businessmen hire Cossacks to guard their property from Crimean Tatars. The number of Cossacks in Crimea amounts to a few thousands.[52]

The Difficulties in Using Human-based Levers

Despite some evident examples, human-based levers can be tricky and sometimes ineffective to handle. As noted by Bertil Nygren[53], influence through human-based levers is more difficult to identify than that through other levers, as it is fairly broad in content and includes more general phenomena, such as common Soviet culture and history. Russia's use of the 'discrimination' of Russians in the FSU republics also risks back-firing on Russia itself, as when the Kremlin carried out mass deportations of Georgians from Moscow in autumn 2006 in retaliation for Georgia arresting four Russian military officials and accused them of spying.[54] During the 'statue crisis' in April-May 2007, Russia obviously aimed to mobilise Russian compatriots in Estonia on the basis of residual Soviet values – in this case the Soviet 'liberation' of the Baltic States from 'fascism' during World War II. Furthermore, Moscow also attempted to justify that 'liberation' and to stigmatise the opposite viewpoint at the international level.[55] It is difficult to pinpoint whether the activists in Tallinn acted on Moscow's instructions or not, even if there are strong grounds to suspect that there was a link between Moscow and the local extremists and organisers of the unrest.[56] According to the Estonian newspaper Postimees (the Russian-language edition), the Estonian Security Police observed regular meetings in Tallinn during the weeks

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[52] BBC (2007a), 'Political Scene in Ukraine's Crimea: Pro-Russian Sentiments', *BBC Monitoring Research.*

[53] Nygren, Bertil (2007 Forthcoming), *The Re-Building of Greater Russia: Putin's Foreign Policy towards the CIS Countries,* (London: Routledge).

[54] BBC (2006), 'Georgia Slams Russian 'Cleansing'', *BBC*, Published: 7 October 2006, Last accessed: 22 May 2007, Internet: http://news.bbc.co.uk/2/hi/europe/5415388.stm.

[55] Socor, Vladimir (2007), 'Russian Strategy, EU Drift Estonia', *Eurasia Daily Monitor*, Vol. 4, No. 90

[56] ICDS (2007), *Russia's Involvement in the Tallinn Disturbances*, Tallinn: International Centre for Defence Studies, 7 May 2007,

leading up to the disturbances in Estonia between senior diplomats from the Russian Embassy and Dmitrii Linter, the leader the 'Night Patrol' (Nochnoi Dozor) – the grouping that is suspected of having organised the rioting.[57]

As with the Russian separatism in Crimea in the mid-1990s, a FOI report by Tomas Malmlöf[58] on the Russian minority in Latvia came to the similar conclusion that Latvia-Russians as a group are rather difficult for Moscow to control. Despite high ambitions, a formulated state policy and substantial financial support, Russian efforts have not been able to create a united Latvian-Russia front. In fact, the Russian financing has sometimes caused more splits and fraction formations than Latvia-Russian unity. Some Latvia-Russian radicals have even declined Russian support, as they consider Russia too clumsy a player in the Baltic States. According to their view, mistakes from the Russian authorities instead backfire on the compatriot group Russia wanted to support. Instead, Russian diplomacy seems to have been more successful at the international level, where Russia has kept the issue of language policies, citizenship and minority issues in the Baltic States dormant, not allowing them to be removed from the international agenda.

Human-based Levers: Conclusions

Russia's human-based levers are somehow more difficult to identify than levers in, for instance, the energy and military spheres. There is a certain ambiguity associated with this lever. On the one hand, there is a true, well-intentioned and legal reason to protect Russian compatriots abroad. On the other hand, the existence of Russian minorities in the FSU republics gives Russia the ability to use them in order to influence these states. The extent to which actions taken by the compatriots in the FSU are spontaneous or sponsored by Moscow is, however, often a difficult question to answer.

Obviously, President Putin's personal interest in the Russian minorities has had a great impact on Russian policy. During his presidency the

[57] Kuimet, Peter and Kagge, Rasmus (2007), 'Za aktsiayami radikalov vidna ten rossiiskikh diplomatov [The shadows of the Russian Diplomats are visible behind the Actions of the Radicals]', *Postimees*, 25 April 2007.
[58] Malmlöf, Tomas (2006), *The Russian Population in Latvia - Puppets of Moscow?*, Stockholm: The Swedish Defence Research Agency, FOI-R--1975--SE, p. 126.

compatriot policy has been given a substantially higher priority on the agenda of Russian foreign policy. Together with successful economic development and the suppression of the separatist threat in Russia, the Kremlin's ambitions of claiming Great Power status have also been raised. Therefore, Russia today seems to be more inclined to use human-based levers in the FSU area than during the 1990s.

Recently, the human-based lever has been used, for instance, in Ukraine (particularly in Crimea) during the political standoff after the parliamentary elections in 2006 and in Estonia during the 'statue crisis' in 2007. Human-based levers are also regularly used in the unresolved conflicts in Georgia and Moldova, in order to separate the local population in the separatist entities from the population of Georgia and Moldova. The Russian-speaking mass media is used as a tool to influence the Russian minorities in the whole FSU area.

There is a certain relationship between the size of the Russian minority and the extent to which it has been used as a lever. Ukraine, Estonia and Latvia all have large Russian minorities in relative terms. However, even more important is the general relationship between Russia and the state itself. Belarus and Kazakhstan both have large Russian minorities, both in real numbers and as a percentage of the total population, but nevertheless, Russia has not used the local Russians as levers for Russian influence. Hence, minorities become important as a lever only in situations where a state has negative relations with Russia.

Whether the human-based lever is effective as a means to influence the FSU republics is also difficult to estimate. Russia's intensive support for its compatriots in Latvia has not created a united Latvia-Russian front and has sometimes even laid the ground for new schisms within the group. Furthermore, the actions of radical Russian compatriot activists in Estonia did not prevent the Estonian government from moving the 'Bronze Soldier' from the centre of Tallinn to a war cemetery on the outskirts of the town.

In fact, Russia sometimes seems to be more successful internationally, in keeping the issues of the Russian minorities in Estonia and Latvia dormant on the international agenda. In addition, the 2007 'statue crisis' initially showed Russia's ability to manifest the split within the EU over how to react to the crisis and how to show support for its member,

Estonia. Although, in the aftermath of the crisis, the EU for the first time managed to speak with one voice at the high-level summit in Samara. This illustrates a common aspect of Russian foreign policy: what first seems like a success may prove to be a long-term failure.

4 Energy Levers

This chapter comprises a survey of Russia's energy levers in the context of the FSU and discusses what the energy levers consist of, some cases when they have been used (and some when they have not) and finally an estimate of how strong they are. After an initial overview, the analysis is divided according to the different types of levers. Emphasis is placed on Belarus, Georgia and Ukraine and the reader is also referred to related sections on trade politics in Chapter five.

One significant difference between various types of energy levers is the division into what this report labels tactical and a strategic levers. While a strategic lever concerns pipeline routes, fields of resources, strategic energy partnerships or transit issues, i.e. long term issues that are geographically or structurally bound. A tactical lever, in contrast, includes total or partial supply interruptions, covert or overt threats (of supply interruptions or something else), coercive pricing policy i.e. usage of prices as carrots or sticks, or usage of existing energy debts take-overs of companies or infrastructure. Thus: the tactical lever may well have strategic consequences. This definition can in some cases be blunt, but if the Clausewizian notion of tactics as a way to win the battle and strategy aimed at winning the war, it makes a distinction of two types of means that differs in style and content. Strategic and tactical levers interact and reinforce each other, but focus is initially on the tactical levers in this chapter (with special emphasis on crude oil and natural gas). Electricity is occasionally mentioned since the gas and electricity sectors are interlinked.

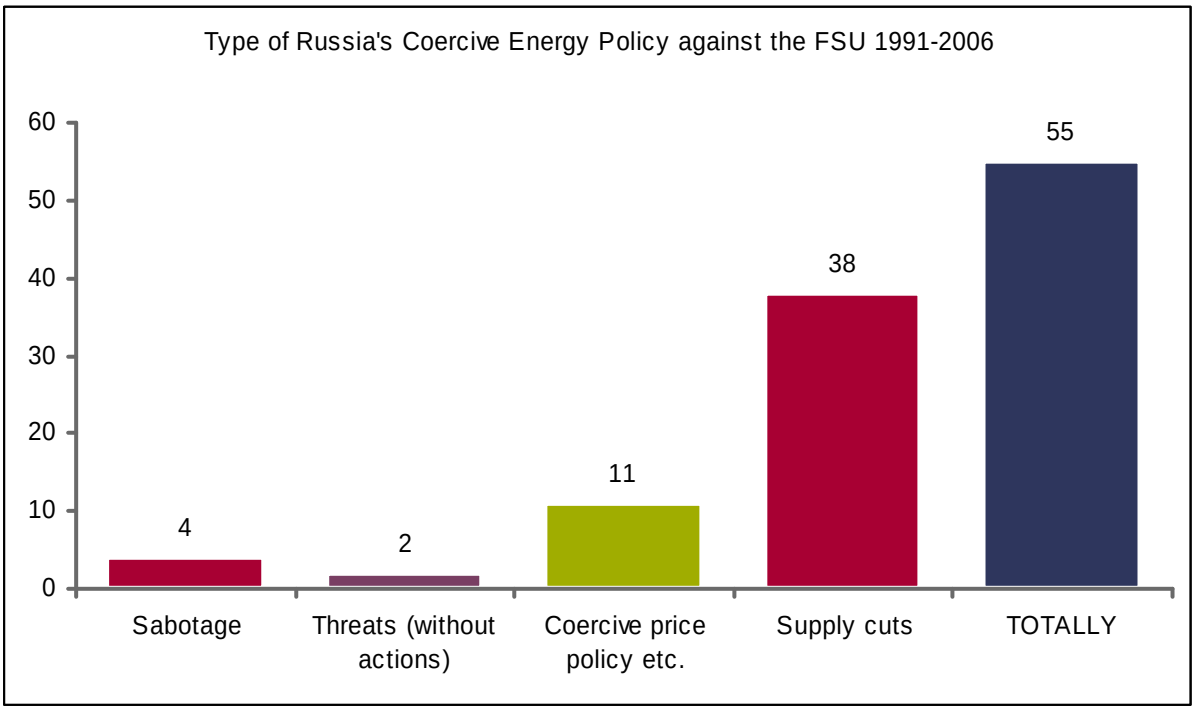
Naturally, the strength of these levers varies over time and space. Pricing policy is not acknowledged to be as serious as supply interruptions, even though they go hand-in-hand and affect each other. In this review, the main thrust is on supply interruptions and several incidents of coercive or discriminatory pricing policy have consequently been omitted.[59] Chapter five nonetheless discusses price policies in greater depth against the backdrop of coercive trade policies and dependencies on supplies.

[59] A reader is strongly advised to read Appendix 1 that contains details on definitions and methods utilised. The subsequent sections are solely concerned with examples, analysis and conclusions.

Outline of Russia's Usage of the Energy Levers

In a previous report by FOI, a number of incidents have been identified.[60] If these are analysed from an aggregated perspective and updated with the latest developments, it is possible to provide a quantitative illustration of Russia's past behaviour. Figure 1 shows the numbers of incidents that have occurred when it comes to threats, coercive price policy and supply cuts between 1991 and 2006. A few cases of sabotage have also been included for reasons explained below. This is thus an illustration of the types of energy levers that exist.

Figure 1: Types of Russia's Coercive Energy Policy.



As shown, there have been 55 incidents since 1991, with the majority of these cases, about 70%, being cuts in supplies. However, this proportion is not strictly accurate as there have, for example, been numerous incidents of sabotage, but there is limited evidence of this being directed from Moscow. Furthermore, there have been several more cases of threats and other incidents that can be characterised as coercive policy, but those have been omitted for various reasons. One reason is that they have not been confirmed or that there are problems with vague

[60] Larsson, Robert L. (2006c), *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier*, Stockholm: Swedish Defence Research Agency (FOI), Scientific Report FOI-R--1934--SE.

definitions. A more generous inclusion and definition of the concepts applied would thus have resulted in many more incidents and a lower proportion of supply cuts. This would reflect reality to a greater degree, but the reliability of the figures would decrease. Similarly, a very strict, coherent and rigid definition would result in nothing, hardly a reflection of realities. A few comments and examples of these incidents can be given.

First and foremost, threats of supply cuts that never materialise of course occur all the time, as this is part of the public charade connected with negotiations. However, there are incidents where a planned or announced supply cut by Moscow never materialised since the importer threatened to cut Russia's energy transit to third parties. This has been the case in Moldova where there are links between the negotiations on the Russian troops in the breakaway region of Transnistria (see Chapter six) and energy imports. Chisinau, the capital of Moldova, has limited or no control over Transnistria and as Russia holds its hand over it, the regional problems have proven to be fertile ground for the disputes between Russia and Moldova.[61] In this light, Gazprom (the state-controlled de facto gas monopoly) in 1998 threatened to cut off Moldova's gas supply due to non-payments and a contractual dispute. As a response, Moldova threatened to cut gas transit to Bulgaria, Turkey and Greece. This would have resulted in economic losses for Russia, but the supply cut never occurred.[62] It is also highly likely that the supply cut to Ukraine in January 2006[63] would have continued for longer had it not been for gas transit to Europe being limited as a result of Russia's policy on Ukraine. A third example is that Russia also threatened central

[61] Jamestown (1998), 'Gazprom, Cutting Moldova Off, May Let Her Off the Hook', *The Jamestown Foundation*, Published: 16 November 1998, Last accessed: 19 July 2005, Internet: http://www.jamestown.org/publications_details.php?volume_id=21&issue_id=1423&article_id=14496.

[62] Levyveld, Michael (1998), 'IMF Rescue Does Little for Gazprom's Suppliers', *RFE/RL (Reposed at Balkan Info)*, Published: 23 July 1998, Last accessed: 28 July 2005, Internet: http://www.b-info.com/places/Bulgaria/news/98-07/jul23a.rfe.

[63] Larsson, Robert L. (2006d), *Rysslands energipolitik och pålitlighet som energileverantör: risker och trender i ljuset av den rysk-ukrainska gaskonflikten 2005-2006) [Russia's Energy Policy and Reliability as Energy Supplier: Risks and Trends in the Light of the Russian-Ukrainian gas Conflict 2005-2006)*, Stockholm: The Swedish Defence Research Agency (FOI), January 2006, FOI-R--1905--SE.

European states, such as the Czech Republic, with repercussions in gas deliveries just before Prague's NATO accession.

Furthermore, sabotage is difficult to assess and most of the known cases have been omitted here (as most of them seem to be explained by bandits firing on power lines). However, one example is worth mentioning, namely that energy exports from Russia to Georgia came to a halt in January 2006 when the Kavkasioni electricity transmission lines and the pipelines transporting gas from Russia were destroyed in the Russian republic of North Ossetia. It was unclear who was behind the sabotage,[64] but president Saakashvili accused Russia of deliberately trying to blackmail Georgia into handing over its energy-related infrastructure.[65] Even the usually balanced speaker of the Georgian parliament, Nino Burjanadze, stated on Russian radio (Ekho Moskvy) on 23 January that the attacks were "deliberate action against Georgia," and "I am more than sure that major Russian forces, including special services, are unfortunately interested in destabilising the situation."[66] Another spectacular incident occurred in the same year when gas exports to Georgia from Azerbaijan and Russia were simultaneously targeted by sabotage. Certainly, this circumstantial indication proves nothing in legal terms, but it is nevertheless what regional players act upon.

The rationale for this survey is that it is interesting to note when energy policy is used as an instrument for reasons other than managing the energy sector, but it can nonetheless be questioned whether normal market management in the international energy sector actually encompasses a rather high degree of coercion. It is a well-known fact that the Great Powers, such as China and the US, have gone to great lengths

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[64] Moscow News (2006a), 'Blasts Leave Georgia Without Russian Gas, Power Supplies, Sabotage Suspected', *Moscow News*, Published: 22 January 2006, Last accessed: 24 January 2006, Internet: http://www.mosnews.com/news/2006/01/22/georgmore.shtml.

[65] Moscow News (2006b), 'Georgia's President Accuses Russia of Blackmail Following Gas Supply Cut', *Moscow News*, Published: 22 January 2006, Last accessed: 24 January 2006, Internet: http://www.mosnews.com/news/2006/01/22/saakblames.shtml.

[66] Yasmann, Victor J. (2006), 'Georgian Gas Crisis May Hint at Moscow's New Energy Strategy', *Moscow News*, Published: 23 January 2006, Internet: http://www.mosnews.com/commentary/2006/01/23/georgia.shtml.

to secure their access to oil; and producers such as OPEC affect the supply market as they see fit.

The European perspective on this issue has been somewhat more along the lines of an ordinary market economy and as Russia aspires, or pretends, to adapt to market mechanisms it serves a purpose to assess its policy against this backdrop. As a consequence, this survey has omitted 'normal activities', including modest price rises, and instead focused on other interesting anomalies. If the ordinary market drivers are excluded, the underpinnings in all of the observed cases can be grouped into two broad categories, economic and political underpinnings.

Figure 2: Underpinnings of Russia's Coercive Energy Policy.

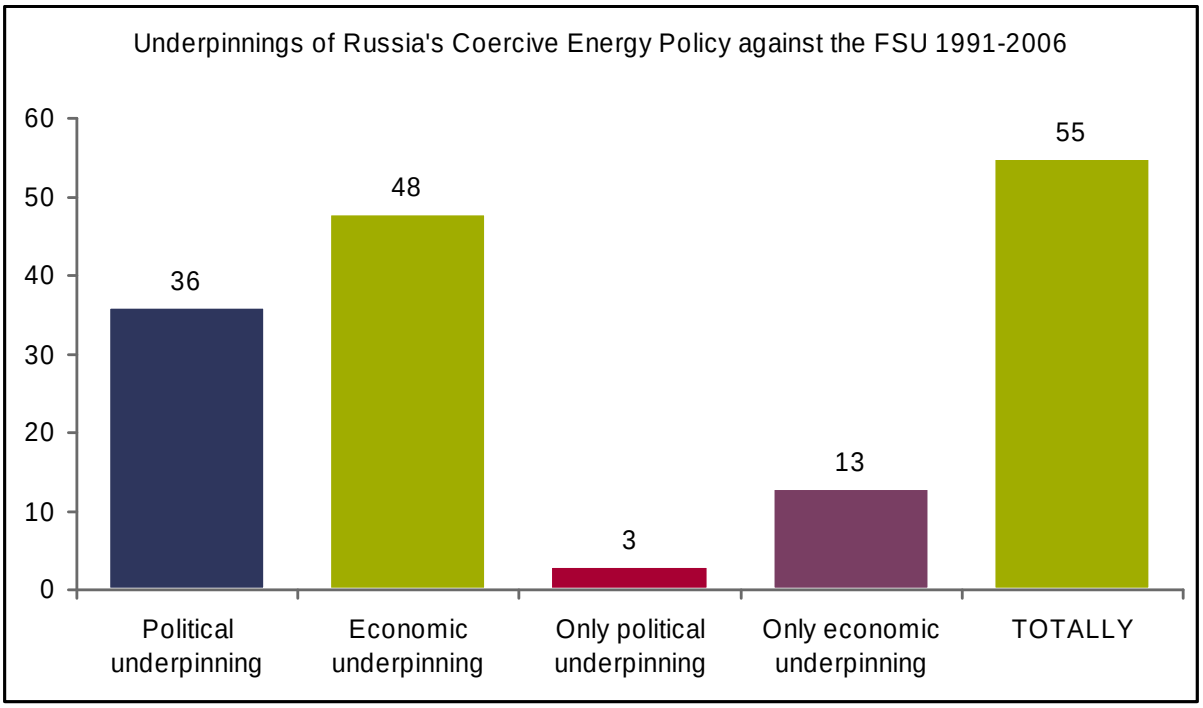
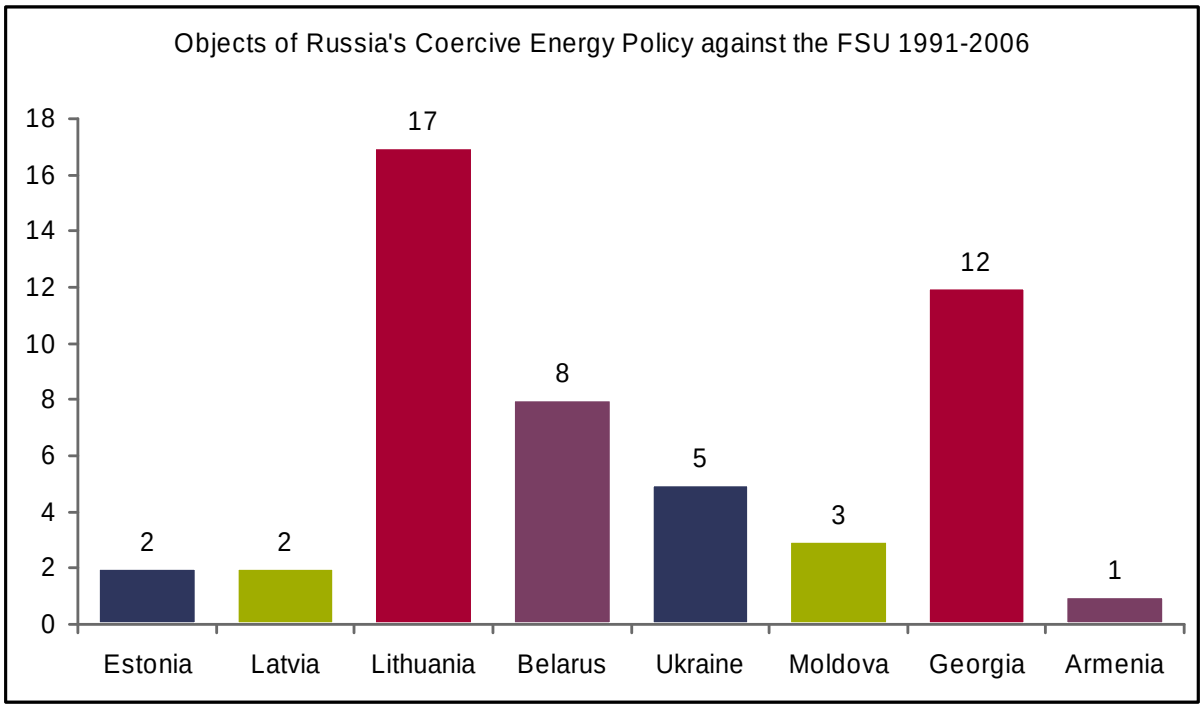


Figure 2 shows that of the 55 incidents recorded, 36 had political and 48 had economic underpinnings. Political underpinnings refer to threats of supply cuts ahead of an upcoming election, political or military demands, political punishment in time of bad bilateral relations, etc., while economic underpinning refers for example to ambitions to take over companies and infrastructure. The definitions are of course not crystal clear as there is a grey zone between economic and market drivers and thus between economics and politics.[67]

[67] Since these figures are continuously updated when more information is available, they may differ from previous reports or presentations.

The category of 'only political underpinning' nonetheless encompasses a few cases when Russia punished the Baltic States during the years after the break-up of the Soviet Union. In addition, supply cuts coincided with the adoption of Estonia's law on aliens, which negatively affected the situation for the ethnic Russians living in Estonia.[68] Further examples can be found below. The main conclusion is still that regardless of definition, there is a clear overlap between market, political and economic drivers and it would be utterly wrong to claim that Russia energy policy is purely market-driven.

Figure 3: Targets of Russia's Coercive Energy Policy.



N.B. Sabotages not included

Figure 3 shows the objects, or targeted states, of the incidents. During the last couple of years, media articles concerning this topic have been covering Ukraine rather than Lithuania. The explanation for this is that Lithuania first and foremost was in the line of fire during the 1990s, but the current process around the Lithuanian Mazeikiu refinery has been long and is still contentious. It pinpoints a methodological problem in this regard. Should the process be pinned as one incident in the survey

[68] Oldberg, Ingmar (2003), *Reluctant Rapprochement: Russian-Baltic Relations in the Context of NATO and EU Enlargements*, Stockholm: The Swedish Defence Research Agency (FOI), FOI-R--0808--SE, p. 51.

above, or should every single negotiation with a certain level of coercion be noted? Here, every noted cut of supply is noted.

Furthermore, the explanation for Belarus' high ranking is similar, namely the perpetual process around Russia's ambition to take over the Belarusian gas transit company Beltranshaz. Furthermore, Georgia has had negative relations with Russia for a long time and on several occasions has been squeezed by Moscow. A few examples can be given.

In January 2001, Georgian-Russian relations were particularly strained and Russia attempted to halt Georgia's orientation away from Russia by imposing a unilateral visa regime, cutting gas supplies and neglecting agreements on military withdrawal. The reasons were that Georgia at the time implicitly supported the Chechen guerrillas and was active in GUUAM, an organisation perceived in Moscow as a counter-weight to the Russian-led CIS.[69] In addition, Georgia aspired to NATO membership and advocated the Baku-Tbilisi-Ceyhan pipeline, which in many ways was undermining Russia's position concerning energy transport from the Caspian Sea.[70]

In November 2005, it was announced that Gazprom was to raise gas prices for Georgia from USD 63 to USD 110. Georgia's Prime Minister Zhurab Nogaideli claimed that it was a "purely political decision",[71] but that it would only marginally affect Georgia's economy. He also claimed that USD 63 was a market price for a country in the South Caucasus and that Russia raised prices more for Georgia than for other countries.[72] This was not entirely accurate, as Ukraine had to pay even more. However President Saakashvili also claimed that the decision was politically grounded and that Georgia's economy would be affected, even if Russia

[69] Acronym stands for Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova. Before Uzbekistan joined, it was called GUAM, and when Uzbekistan left, it once again adopted this name.
[70] Baran, Zeyno (2001), 'Georgia under Worst Pressure Since Independence', *The Center for Strategic and International Studies (CSIS)*, Published: 10 January 2001, Last accessed: 19 July 2005, Internet: http://www.csis.org/ruseura/georgia/gaupdate_0101.htm.
[71] Civil Georgia (2005a), 'Georgian PM: Increase of Gas Price Political Decision', *Civil Georgia*, Published: 25 November 2005, Last accessed: 28 November 2005, Internet: http://www.civil.ge/eng/article.php?id=11216.
[72] Ibid.

would not be able to "suppress [the] democratic mood".[73] While price rises are legitimate in many ways, Russia at the same time put forward threats that it might cut gas supply altogether. The threat came just before the meeting of the CIS Energy Council in Tbilisi where Georgia subsequently, and without any reservations, accepted all of Russia's conditions for entering the CIS united energy market. For doing so, Russia guaranteed gas supplies to Georgia.[74]

In attempts to get out of the dependency predicament, Georgia has tried to diversify its imports and while new supplies are coming from Azerbaijan, deals have also been made with Iran. One example occurred in January 2006, when gas pipelines and transmission lines for electricity were blown up in and near Georgia. Tbilisi then managed to make a deal with Iran on using some of the old pipelines. The maximum capacity was said to be unknown, but allegedly it was enough to supply Georgia's residential sector.[75]

When it comes to the agents, i.e. the actors that carry out the coercive policy, Gazprom stands out as a key player. This is not remarkable as most of coercive energy policy concerns gas and Gazprom had a monopoly. One of its main competitors within the FSU, the company Itera, was for the greater part of the 1990s a de facto subsidiary to Gazprom and in reality Gazprom's share should be higher. When it comes to oil, few companies act on their own but instead via Transneft, which is the Russian oil pipeline behemoth.

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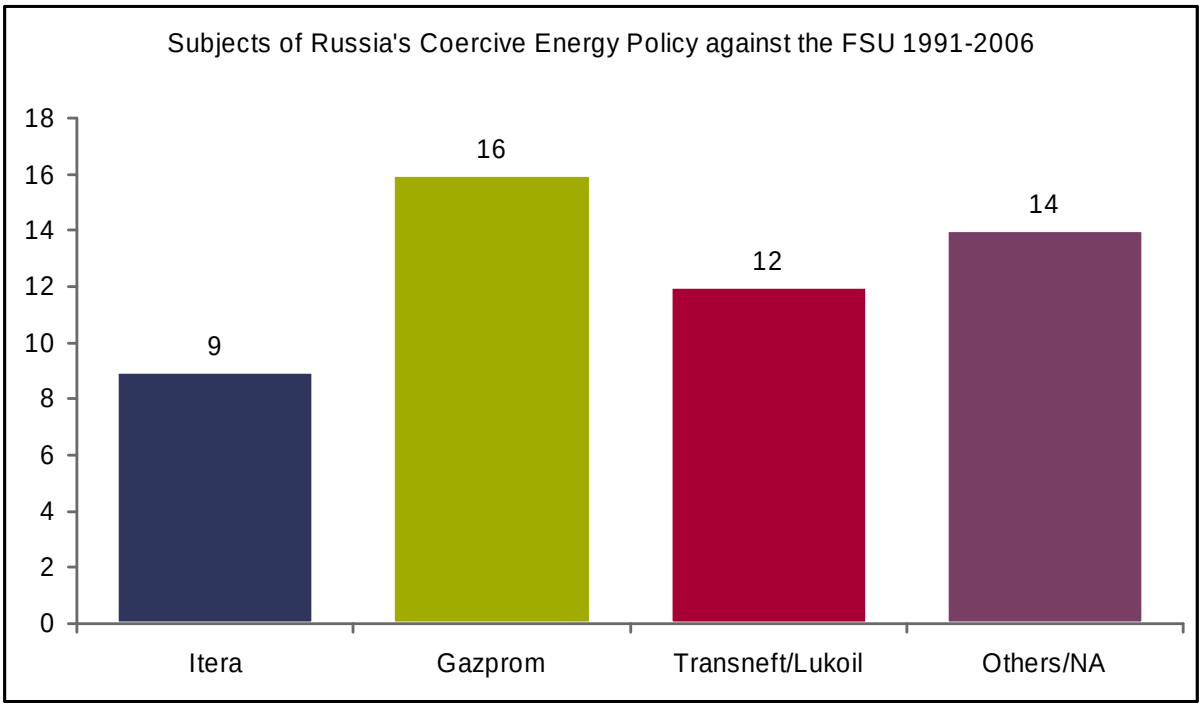
[73] Civil Georgia (2005b), 'Saakashvili: Increase of Gas Price Will Hit Georgia's Economy', *Civil Georgia*, Published: 2 December 2005, Last accessed: 2 December 2005, Internet: http://www.civil.ge/eng/article.php?id=11255.

[74] Alkhazashvili, M. (2005), 'Georgia Still in Russian Energy Empire: Russia Angry with Georgia's Pro-Western Orientation, Threatens to Activate Energy Levers', *The Georgian Messenger*, Published: 31 October 2005, Last accessed: 31 October 2005, Internet: http://www.messenger.com.ge/issues/0979_october_31_2005/economy_0979_1.htm.

[75] Zyagar, Mikhail and Fedyukin, Igor (2006), 'Bendukidze: The Russian Government is Deceiving Itself', *Kommersant*, Published: 7 November 2006, Last accessed: 7 November 2006, Internet: http://www.kommersant.com/p719423/r_527/Kakha_Bendukidze_Georgia/.

Figure 4: Agents of Russia's Coercive Energy Policy.



N.B. Sabotages not included

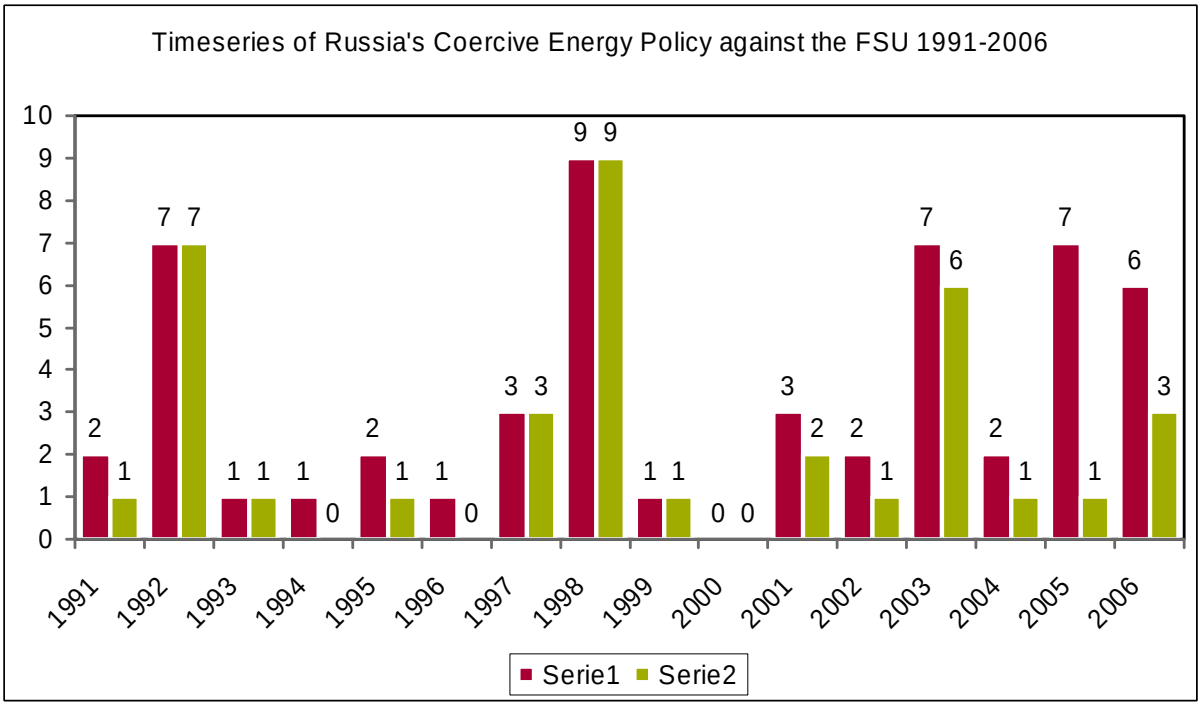
One example of the 'others' category is Unified Energy System (UES), which is the electricity giant in Russia that has also extended its influence to the FSU. One example of its actions concerns Armenia, which does not have any oil and gas and has to rely on imports. Russia and Armenia are basically allies and Armenia is the only place in the South Caucasus where Russia's military presence is welcomed. However, Armenia's energy debts have resulted in Russia managing to swap the USD 150 million debt in exchange for the largest thermal plant and the Metsamor nuclear power plant. Gazprom currently holds 45% of the local gas distributors and together with the UES controls 80% of Armenia's energy resources. The deal when the UES took over Armenia's power grid was seen as especially murky by observers.[76] As insight into these negotiations is extremely limited, few pieces of hard evidence are available.

Figure 5 below reveals that the frequency of incidents has differed over time. Series 1 are basically general incidents and Series 2 are specific supply cuts. Broadly speaking, three peaks can be observed, one in the early 1990s, one around 1998 and one since 2003 and onwards. It seems that the explanation for the great peak in 1997-1999 was Russia's

[76] Danielyan, Emil (2005), 'Surge in Russian Gas Prices Raises Eyebrows in Armenia', *Eurasia Daily Monitor*, Vol. 2, No. 227.

ambition to acquire the Mazeikiu refinery in Lithuania. Apart from that, no other incidents occurred.

Figure 5: Time Series of Russia's Coercive Policy.



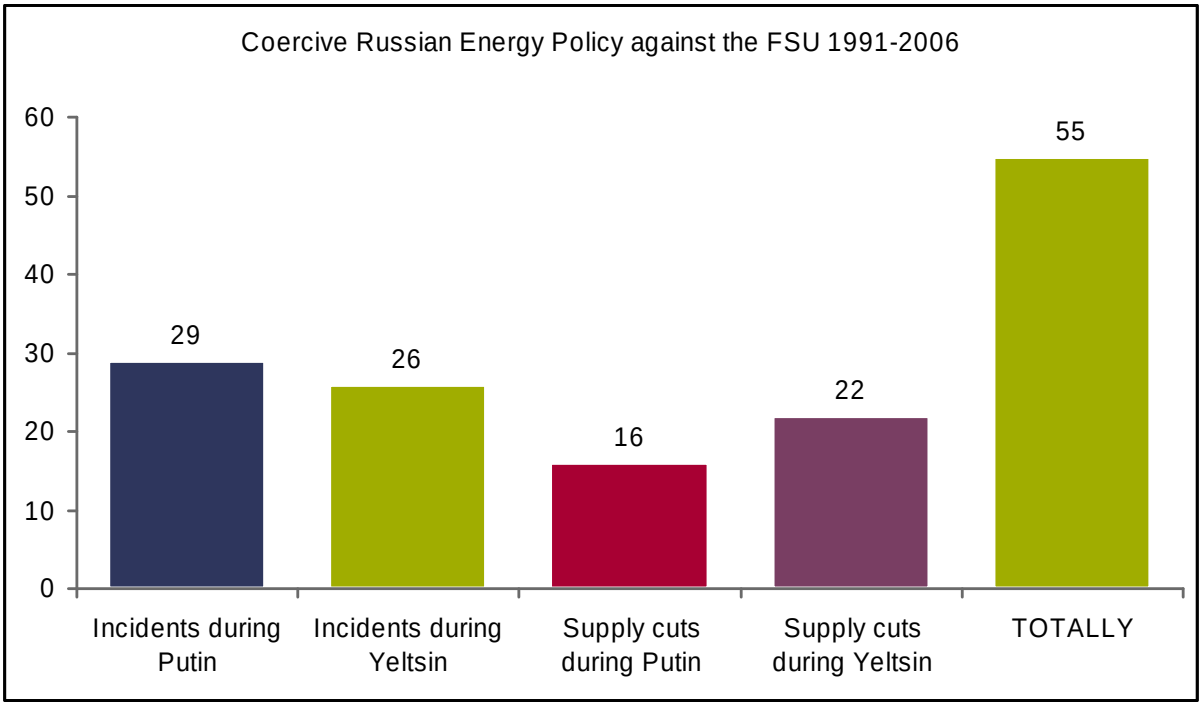
N.B. Series 1 is general incidents and Series 2 are supply cuts.

The peak in the early 1990s is explained by Russia's punishment of the Baltic states after their secession from the Soviet Union and refusal to join the CIS. Hence, both these peaks occurred at a time when Russia was rather weak. The rise during the last couple of years is connected to Russia's renewed aspirations to be a Great Power and to its so-called marketisation scheme. It would be wrong to draw any strong conclusions on Russia's strategy from this material. Higher frequencies are seen both when Russia has been weak and has lacked other means to reach its limited policy goals, but also when it has gained in strength and used its boosted confidence to reach higher goals. The limited number of cases makes the diagram highly sensitive for individual cases, so it should be read with care.

With the time series in Figure 5 divided into two periods, it is possible to see a pattern of Yeltsin's (1990-1998) and Putin's (1999-2006) policy. This is based on the well-grounded assumption that the Kremlin directly or indirectly authorised cuts in supplies. Supplies were cut more frequently during Yeltsin than during Putin, possibly due to Russia's weakness at the time and Yeltsin's less than sophisticated way of conducing foreign policy. Although the number of incidents is equal between the regimes

(see Figure 6), one must bear in mind that Putin has had an additional year in office and numbers might change. The trend of using the energy lever on the FSU is thus increasing, even if the number of supply cuts is decreasing.

Figure 6: Russia's Energy Policy during Yeltsin and Putin.



The survey of incidents presented hitherto only outlines the historical frequency of conducted policy and shows little of the actual impact that this policy has had. Table 3 below is a tentative outline of the failures and successes of Russia's energy policy. The table looks at the tactical goals that Russia seems to have had and divides them into two broad categories, successes and failures. A grey zone is evident and since several of these goals have been tackled by means other than energy policy, it is difficult to draw any firm conclusions.

Table 3: Tentative Estimates of Successes and Failures of Russian Energy Policy

Successes	Failures
Attain infrastructure in Georgia	Attain transit pipelines in Ukraine
Attain infrastructure in Moldova	Attain transit pipelines in Georgia
Attain companies in Georgia	Attain military presence in Belarus
Attain companies in Moldova	Attain military presence in Ukraine besides Sevastopol
Attain price increases	
Attain advantageous contracts	Attain control over Ventspils
Attain control over Beltranshaz	Attain control over Mazeikiu
Attain control over Ukraine's nuclear weapons and Black Sea fleet	

It is utterly clear that this division is far from ideal, and a genuine analysis should be made, but it is a cautious indication of the impact of Russia's policy. One striking point is that Russia has been quite successful in attaining tactical victories, but it has failed in almost all of the most important cases.

As indicated above, an additional point would be to look at the individual state's level of dependency and vulnerability. This lies outside the scope of this study, but a few aspects can be noted.

Domestic actions aimed at securing energy supplies and reducing dependence include diversification of imports or construction of storage for energy carriers. However, self-sufficiency is not a cure for supply cuts, but merely a way of managing the problem. It is rarely enough for large crises, such as the one in the 1970s.[77] For some states, storage is also insignificant from a political perspective (as the same company supplies energy and owns the storage).[78] It can therefore only be of assistance against natural disasters. This is important in its own way, as natural disasters or technical failings often have a much larger impact than political unreliability.[79] Storage has also become an issue when it comes to planning and assessing the safety of supply, but from a security policy point of view, it is not relevant.

A dependency index is not the best measurement of vulnerability, and vulnerability is often what analysts want to discuss when they outline dependency problems for the FSU or other actors. However, usually neither dependency nor vulnerability poses an immediate danger unless something happens that triggers a crisis. A trigger could for example be a war, revolution, civil unrest, nationalisation schemes, or creation of state monopolies or boycotts.[80] All of these triggers have been present in

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[77] Neu, C. R. and Wolf, Charles Jr. (1992), *The Economic Dimensions of National Security*, Santa Monica: RAND/National Defense Research Institute, MR-466-OSD, p. 52.
[78] Smith, Keith C. (2004), *Russian Energy Politics in the Baltics, Poland and Ukraine: A New Stealth Imperialism?*, Washington D.C.: Center for Strategic and International Studies (CSIS), December 2004, p. 61.
[79] Stern, Jonathan (2005), 'European Gas Supply and Security Issues', *European Dependence on Russian Energy*, Stockholm, 13 September 2005.
[80] Szuprowicz, Bohdan O. (1979), *How to Avoid Strategic Mineral Shortages: Dealing with Cartels, Embargoes and Supply Disruptions,* (Toronto: John Wiley and Sons), p. 281. See this source for further comments.

Russia and the FSU. Therefore, if dependence is seen in a security political context, even a degree of sensitivity is important.[81] Dependence on one single energy supplier reduces the policy manoeuvrability for affected states. Even if the means to tackle dependency are left aside, a rough indication of the strength of Russia's energy lever can thus be seen by looking at Russia's control of energy infrastructure, its control over energy enterprises and the importer's degree of dependence. As outlined above, pipelines are also a strategic lever that can be exploited.

Pipeline Routes and Transit Levers

The strategic energy levers include at least four items. First of all, resources can be seen as bait. One example is that Russia uses its deposits of oil and gas in Siberia in order to get concessions from Japan and China when it comes to new pipelines. This lever is not covered here, even though it exists. Secondly, there is the pipeline issue per se, which includes the strategic choices that have to be made when a new route is planned. Thirdly, there are the strategic partnerships that often come as a package deal when pipelines or other projects are constructed. Finally, there is the transit issue. Strategic partnerships are important, but lie outside the scope of this report. The last two points are interlinked and need to be addressed.

During the time of the Soviet Union, the energy grids within the Union were created as a unified network. After the break-up, 15 independent states were still connected and Russia in several ways became the owner and monopoly actor of pipeline routes and pivotal hubs. Consequently, the FSU's dependence on Russia was extremely high. More specifically, Azerbaijan, Kazakhstan, Uzbekistan and Turkmenistan became dependent on Russian pipelines for exporting their resources of oil and gas. Georgia, Armenia, Moldova, Belarus and Ukraine became dependent on import routes as they lack domestic resources. Tajikistan and Kyrgyzstan further became dependent on their fellow Central Asian republics, while Armenia became dependent on Georgia and Moldova became dependent on Ukraine. This complicated the trade pattern at a time when everybody lacked money and when international relations were beleaguered by blunt policies. Although this situation largely exists

[81] Keohane, Robert O. and Nye, Joseph S. (2001), *Power and Interdependence,* (New York: Longman), p. 14.

even today, a few emerging trends concerning construction of new pipeline routes can be discerned.

Firstly, Azerbaijan and the Central Asian republics are trying to diversify their export routes away from Russia. In practice, this means that there are ambitions to construct new pipelines in three directions, towards China, towards Southern Asia and India and towards the South Caucasus and Europe.

Secondly, Georgia and Armenia are trying to diversify their imports from Azerbaijan and Iran respectively. Moldova, Belarus and Ukraine have also tried to diversify imports, but the physical ability to find alternative import routes that are so viable that they replace Russian routes completely is restricted. Georgia will possibly build a pipeline under the Black Sea to Ukraine with the aim of channelling Caspian gas to Ukraine and Poland.

Thirdly, Russia is more active than ever in diversifying its energy exports in order to reduce dependence on transit states (Belarus and Ukraine). For example, this is a key reason behind the Nord Stream pipeline through the Baltic Sea.[82]

The pattern sketched above bears witness to a situation where mutual trust and confidence is missing. The situation is so serious that all states are willing to devote substantial efforts and resources to reaching their national diversification goals. Besides any historical antipathies, there are two reasons for this, one being Russian usage of the tactical energy levers as shown above, the other concerning transit and transit fees.

Two final points need to be stressed when it comes to transit. Firstly, Central Asia has lacked real alternatives to Russia for its energy exports. Russia has been a monopoly buyer of the regional oil and gas assets, assets that Russia has bought cheaply and re-exported at a profit. Secondly, the Central Asian exporters have also used Russian pipelines by paying transit fees. Thus, Russia enjoys great economic and political leverage over the Central Asian exporters, especially Kazakhstan,

[82] Larsson, Robert L. (2007), *Nord Stream, Sweden and Baltic Sea Security*, Stockholm: Swedish Defence Research Agency (FOI), March 2007, FOI-R--2251-SE.

Uzbekistan and Turkmenistan, although the impact of their diversification efforts is slowly reducing this leverage.

The Energy Lever: Conclusions

Russia's energy levers are of both a tactical and strategic nature and the character differs depending on region. Asia and Central Asia have mostly been affected by the strategic levers, where pipelines and transit power are central. Western FSU and the South Caucasus have in contrast been objects of the tactical levers, such as supply cuts and coercive price policy. Legitimate reasons have been exploited for political or other purposes.

Russia's usage of the energy lever as a means of influence has changed in style over time. During the 1990s a higher degree of coercion was visible, while trends suggest that the lever during the last couple of years has changed toward a more sophisticated approach, increasingly utilised in the grey zone between politics and economics. In addition, it should be noted that the recipients or transit states of energy also has resorted to non-market practices.

While Russia's overarching energy policy perspective is guided by its strategic ambitions and geopolitical orientation, the individual cases have primarily been guided by an ambition to reach tactical goals. Russia has reached these goals in several cases, but it has largely failed in the most important cases, for example when it comes to preventing NATO enlargement, changing the outcome of an election or gaining control of important transit pipelines. There are also occasions when the lever has not been used, for example in the Russian-Georgian diplomatic crisis of 2006.

5 Economic and Trade Levers

This chapter encompasses a survey of Russia's trade levers on the CIS states and discusses what the levers consist of and some cases when they have been used. Finally, there is an estimate of how strong they can be considered to be, together with a note on their double-edged sword nature. The focus is on the incidents that occurred during 2006 with Ukraine, Moldova and Georgia. This chapter should be read together with Chapter three on energy levers, as the topics are related.

At the end of September 2006, Georgia declared that it had cracked a Russian spy ring when four Russians (two of whom were said to be GRU officers and two officers of the Russian troops in Georgia) were arrested, together with 13 Georgian citizens. The charges were probably true, but Tbilisi's handling of the issue was not really in line with international diplomatic practices,[83] which caused anger in Moscow and triggered a wave of serious repercussions against Georgia.

Although trade friction and a boycott of wine had been evident during a long period, this issue provides a starting point for many of the levers and incidents covered here. Besides the pursuit of Georgians that Russia staged, it also launched a full-scale blockade of air, road, sea and rail communications,[84] something that was said to cost Georgia 1% of its GDP (as most tourists are Russians).[85] Russia also froze money transfers,

[83] For further comments on Georgia's development at the time, see Larsson, Robert L. (2006b), *Revolutionens resultat: Georgiens lokalval och polisreform tre år efter rosrevolutionen*, Stockholm: Totalförsvarets forskningsinstitut (FOI), September 2006, FOI Memo 1817, and Lohm, Hedvig (2007), 'Ett steg fram, ett steg tillbaka: Javacheti sedan Rosornas revolution [One Step Forward, One Step Back: Javakheti Since the Rose Revolution]', *Sällskapet för Studier av Ryssland, Central- och Österuropa samt Centralasien*, Published: Mars 2007, Internet: http://www.sallskapet.org/bull/bull12007.pdf.

[84] Novikov, Vladimir, *et al.* (2006), 'Russia Begins the Blockade of Georgia', *Kommersant*, Published: 3 October 2006, Last accessed: 3 October 2006, Internet: http://www.kommersant.com/doc.asp?id=709580.

[85] Zyagar, Mikhail and Fedyukin, Igor (2006), 'Bendukidze: The Russian Government is Deceiving Itself', *Kommersant*, Published: 7 November 2006, Last accessed: 7

postal communications and a wide spectrum of trade.[86] Not until February 2007 were there any discussions on lifting the blockade. In May 2007, Estonia experienced similar boycotts in the wake of the 'bronze statue crisis'.

Boycotts and Embargos

Russians have always had a taste for Georgian and Moldovan wines, wines that made up the bulk of supplies during the time of the Soviet Union. After years of relations filled with tension and problems, however, the Russian Federal Goods Supervisory Service (Rospotrebnadzor) imposed a ban on wine imports from Moldova and Georgia in April 2006. It cited heath reasons and claimed that the wines contained pesticides and heavy metals. The customs services were also instructed to enforce the ban and the relations with Moscow were burdened for many months.

Even if the ban in Russia's view had legitimate grounds, a key issue is that a ban of this type also goes against Russia's WTO aspirations. Moldova knew this of course and on 20 November, it announced that it had compiled a list of requirements for Russia's WTO accession, namely that the ban on agricultural products and wine must be abolished.[87] As a consequence of this policy, Russia and Moldova reached an agreement on 28 November stating that they would resume the wine trade.[88] This was a real relief for Moldova, as wine exports make up 30% of Moldova's total exports.[89] For Georgia, the corresponding figure is

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November 2006, Internet:
http://www.kommersant.com/p719423/r_527/Kakha_Bendukidze_Georgia/.

[86] Novikov, Vladimir, *et al.* (2006), 'Russia Begins the Blockade of Georgia', *Kommersant*, Published: 3 October 2006, Last accessed: 3 October 2006, Internet: http://www.kommersant.com/doc.asp?id=709580.

[87] Regnum (2006a), 'Chisinau Compiles a List of Conditions for Russia to Join the WTO', *Regnum*, Published: 21 November 2006, Last accessed: 11 January 2006, Internet: http://www.regnum.ru/english/742729.html.

[88] Regnum (2006c), 'Moldavia Recommences its Wine Exports to Russia', *Regnum*, Published: 29 November 2006, Last accessed: 11 January 2007, Internet: http://www.regnum.ru/english/746663.html.

[89] Zyagar, Mikhail and Fedyukin, Igor (2006), 'Bendukidze: The Russian Government is Deceiving Itself', *Kommersant*, Published: 7 November 2006, Last accessed: 7 November 2006, Internet:
http://www.kommersant.com/p719423/r_527/Kakha_Bendukidze_Georgia/.

merely 7% according to some sources.[90] However, other sources claim that of a total Georgian wine production of 59.3 million bottles, 65% went to Russia prior to the ban (and made up 10% of Georgia's exports, with a total value of USD 65 million). One analyst said that the ban would cut 1.7%-units of the total 6.2% growth in GDP.[91]

According to the Georgian Minister of Finance, Kakha Bendukidze, however, the loss would only be around 0.5% of Georgia's GDP. In monetary terms, the value of pre-ban wine exports to Russia was around USD 120 million, but that refers to the total sum (which includes bottles, corks and labels bought abroad). Of Georgia's total production of grapes, only 20% went to Russia. Regardless of the exact figures, the ban sparked Georgia's ambition to search for alternative markets and its goal has been to acquire a 1% share of the UK and Germany markets.[92] More realistically, other markets within the FSU are being targeted and, for example, Ukraine is already an established market. This was further emphasised during an advertising campaign for wine that featured the slogans: "Try the wine of freedom" and "It has more freedom than is allowed".[93] This strengthened the bonds between Ukraine and Georgia, which together pushed for the organisation 'Countries of Democratic Choice', a loose entity aimed at uniting the anti-Russian post-revolution states of the CIS.

Data on the impact of the wine ban are contradictory, but it can be concluded that the impact was slightly smaller than most analysts believed. The upcoming elections, which some analysts saw as the rationale behind Moscow's pressure, were not affected, according to Bendukidze.[94] While it is unlikely that he would admit whether this was

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[90] Ibid.

[91] Bellaby, Mara D. (2006), 'Georgia's Wine Industry Adjusts to Russian Ban', *Moscow Times*, Published: 31 October 2006, Last accessed: 31 October 2006, Internet: http://www.moscowtimes.ru/stories/2006/10/31/016_print.html.html.

[92] Zyagar, Mikhail and Fedyukin, Igor (2006), 'Bendukidze: The Russian Government is Deceiving Itself', *Kommersant*, Published: 7 November 2006, Last accessed: 7 November 2006, Internet: http://www.kommersant.com/p719423/r_527/Kakha_Bendukidze_Georgia/.

[93] Ivantsov, Eugene (2006), 'A Small Anti-Russian Demarche', *Ukrainskaya Pravda*, Published: 22 May 2006, Last accessed: 11 January 2006, Internet: http://www2.pravda.com.ua/en/news_print/2006/5/23/5272.htm.

[94] Zyagar, Mikhail and Fedyukin, Igor (2006), 'Bendukidze: The Russian Government is Deceiving Itself', *Kommersant*, Published: 7 November 2006, Last accessed: 7

the case, the logical response of the Georgian population would primarily be to unite against Russia, hardly a preferred outcome for Moscow.

It is significant that Russia's ambition to utilise the unresolved conflicts of the FSU for leverage is also connected with this lever. Gennady Onishchenko, the head of Rospotrebnadzor, for example negotiated with Moldova's and Georgia's break-away republics Transnistria and Abkhazia on the topic of initiating wine imports from them. He alleged that the quality was better than the wine from Georgia and Moldova proper, as it 'did not contain detergents or result in alcohol poisoning'.[95] This is a clear reflection of Moscow's stand on the separatist regions contra the central authorities in Chisinau and Tbilisi.

On the topic of mineral water, it can be said that Georgia's renowned water brands Borjomi and Nabeghlavi were targeted on 7 and 10 May respectively. Onishchenko was also responsible for this action.[96] Apparently, Russia found 175,560 bottles with "unsatisfactory content".[97] Borjomi is popular in Russia and as much as 70% of Borjomi's exports go to Russia. The Nabeghlavi mineral water producer, the company Healthy Waters, on the other hand only exports about 10% of its products to Russia.[98] Ukraine also promised to buy large quantities of Borjomi.[99] Russia's ban was not appreciated in Europe and even the head

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November 2006, Internet:
http://www.kommersant.com/p719423/r_527/Kakha_Bendukidze_Georgia/.

[95] Tashkevich, Christina (2006a), 'Onishchenko Develops Taste for Abkhazian Wine', *Georgian Messenger*, Published: 8 November 2006, Last accessed: 8 November 2006, Internet:
http://www.messenger.com.ge/issues/1232_november_8_2006/n_1232_1.htm.

[96] Levitov, Maria (2006), 'Russian Ban on Georgian Mineral Water', *St. Petersburg Times*, Published: 12 May 2006, Last accessed: 11 January 2006, Internet:
http://www.sptimes.ru/index.php?action_id=2&story_id=17547.

[97] Regnum (2006b), 'Georgia is Afraid to Take Specific Steps Out of the CIS: Georgian Press Digest', *Regnum*, Published: 17 May 2006, Last accessed: 11 January 2007, Internet: http://www.regnum.ru/english/640212.html?forprint.

[98] Levitov, Maria (2006), 'Russian Ban on Georgian Mineral Water', *St. Petersburg Times*, Published: 12 May 2006, Last accessed: 11 January 2006, Internet:
http://www.sptimes.ru/index.php?action_id=2&story_id=17547.

[99] Regnum (2006b), 'Georgia is Afraid to Take Specific Steps Out of the CIS: Georgian Press Digest', *Regnum*, Published: 17 May 2006, Last accessed: 11 January 2007, Internet: http://www.regnum.ru/english/640212.html?forprint.

of NATO's parliamentary assembly, Pierre Lellouche, said that "the boycott of Georgian goods was alarming not only to Georgia, but also to the whole of Europe".[100]

Furthermore, Russia's ban on money transfers to and from Georgia came as a result of the spy incident, but was explicitly motivated by the claim that it financed criminals.[101] The impact of this action was also not substantial. In real money, Georgia received USD 220 million from abroad between January and June 2006 and of this sum, USD 147.3 million came from Russia (the rest from the US, Greece etc.). Of Georgia's outward transfer, which was only USD 65.8 million, 63.1% went to Russia.[102] Other sources claim that inflow was USD 300 million and outflow to Russia was USD 100 million.[103] According to the IMF, the total remittance as inflow has risen during the last couple of years. In 2003 it was USD 200 million, while the figure for 2006 was USD 400 million. Today the IMF states that inflow makes up more than 5% of Georgia's GDP.[104]

The conclusions are two-fold. Firstly, there is a clear asymmetry in the relationship, as the impact on Georgia is much stronger than it is on Russia. Secondly, despite the IMF's analysis, the impact is rather modest even on Georgia. The Head of Georgia's National Bank, Roman Gotsiridze, underscored that the ban could actually create a backlash for Russia as it brings a risk of creating new illegal money transfer systems in Russia.[105] The ban was also criticised by representatives of the Russian

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[100] Levitov, Maria (2006), 'Russian Ban on Georgian Mineral Water', *St. Petersburg Times*, Published: 12 May 2006, Last accessed: 11 January 2006, Internet: http://www.sptimes.ru/index.php?action_id=2&story_id=17547.
[101] Tashkevich, Christina (2006b), 'Russia's Top banker Warn Against Transfer Ban', *Georgian Messenger*, Published: 16 October, Last accessed: 16 October 2006, Internet: http://www.messenger.com.ge/issues/1215_october_14_2006/n_1215_3.htm.
[102] Alkhazashvili, M. (2006), 'Russia Plans to Strengthen Economic Sanctions Against Georgia', *Georgian Messenger*, Published: 26 July 2006, Last accessed: 26 July 2006, Internet: http://www.messenger.com.ge/issues/1159_july_26_2006/eco_1159_2.htm.
[103] Tashkevich, Christina (2006b), 'Russia's Top banker Warn Against Transfer Ban', *Georgian Messenger*, Published: 16 October, Last accessed: 16 October 2006, Internet: http://www.messenger.com.ge/issues/1215_october_14_2006/n_1215_3.htm.
[104] Ibid.
[105] Ibid.

banking sector, who stated that the ban stands in violation to Russia's commitments to the IMF.[106]

The effects of these frictions not only show up in national statistics, but are also linked with the problem of borders and politics. For example, there is only one major road connecting Russia and Georgia (and that is not controlled by either Abkhazia or South Ossetia), namely the Georgian Military Highway. When Moscow declared a boycott on goods, this usually busy road became deserted.[107] The border dispute in fact had a larger impact on Armenian trade, which is transited through Georgia. Russia offered to open the border for Armenians, but not for Georgians, but Tbilisi declined this solution due to its discriminatory nature. Russia quickly explained to Yerevan that Tbilisi was to blame.

Debts to Russia

Russia has quite successfully managed to tackle its huge national debts within only a few years, mainly thanks to high oil prices. Debts of the FSU to Russia are a complex phenomenon and a cornerstone of the Soviet legacy for the FSU states. Once the disruption of the Union was a fact, the former Soviet republics inherited a structure closely connected with the USSR and thus their dependency on Russia was implicit. Given the state of turmoil and Russia's ambition to create the CIS structure, previous trade patterns remained, although at lower levels. As a result, Russia supplied goods and services without receiving proper payments. Thus, the FSU states gradually became indebted to Russia and to Russian companies. The accumulated debts until the year 2005 are shown in Table 4.

[106] Ibid.

[107] It is also worth noting that in the summer of 2006, Russia closed this border for refurbishment purposes, something that had a similar effect.

Table 4: Debts of the CIS states to Russia in 2005	
Country:	**Debt in million USD:**
Armenia	1,881
Belarus	258,881
Georgia	158,045
Kyrgyzstan	181,815
Moldova	140,739
Tajikistan	305,730
Uzbekistan	654,343
Ukraine	1 583,355
Source: Regnum, cited in Ozerov, Viktor (2005), 'Neloyalniye ostanutsya bez nefti i gaza [Disloyalty Will Remain without Oil and Gas]', Nezavisimaya Gazeta, Last accessed: 17 October 2005, Internet: http://www.ng.ru/printed/politics/2005-10-13/1_notloyal.html. **N.B.** Debt in USD on 1 January 2005.[108]	

These debts have frequently been a key factor in bilateral negotiations on trade, energy and security. They have provided Russia with a legitimate reason for cutting supplies of oil and gas and thus provide excellent leverage when needed. The debts are both state debts to Russia per se, and debts to companies for purchases of oil and gas. One company that has stood out in this question is Itera. Initially, Itera and Gazprom operated in harmony within the former Soviet Union. Itera, for example, sold Turkmen gas to other FSU states with the permission of Gazprom. Despite its modest size (4% of the Russian market), it outranked all European companies in terms of volume of sales. Given its close relationship to Gazprom, it was not a genuine competitor and was used, on numerous occasions, as a vehicle for deals within the FSU in which Gazprom did not want to become openly involved. This included the sales of gas to the non-paying customers of the FSU. Itera is no longer a de facto subsidiary of Gazprom, but the motivation of its relentless efforts to do business in the FSU area are still opaque.

However, the fact remains that Russia for quite some time willingly supplied gas to non-paying customers for undisclosed reasons. A consequence of Itera's and Gazprom's practices was that debts rose further and a group of 'FSU-gasoholics' was created. It is not possible to

[108] For data on total external debt (state, private banks etc.) to others than Russia, see SNG STAT/CIS STAT (2006), *Sodruzhestvo nezavisimykh gosudarstv v 2005 godu: statistichestii ezhegodnik [Commonwealth of Independent States in 2005. Statistical Yearbook,* (Moscow: Mezhgosudarstvennyi statisticheskii komitet sodrykhestva nezavisimykh gosudarstv/Interstate Statistical Committee of the Commonwealth of Independent States), p. 48.

say whether that the creation of debts had a sinister purpose, but Russia could in some ways be seen as a 'pusher' of gas. Once hooked, FSU countries became dependent on discounted energy.

The consequential debts are also something that could be used for various purposes, for example as bargaining chips. As an example, when Russia demands payment of debts with short notice (in combination with dramatic price rises), indebted states have little counter-leverage. Unless they can pay, they have no option but to offer Russia and Gazprom shares in energy enterprises or domestic infrastructure. By this, the debts have fulfilled a purpose, namely of increasing influence and entrenching a position on the FSU market that can later be exploited. This has been the case in Moldova and Georgia. Actions that were once made at a loss could be very profitable in the long-run. A conclusion is that as long as the FSU states are indebted, Russia has a legitimate reason to push hard for getting paid. The skewed trade balances of the FSU states are also a factor in this equation.

In this context, the unresolved conflicts again come into play. Russia has either subsidised or delivered goods as aid to the separatist republics of Transnistria, Abkhazia and South Ossetia without the approval of the legitimate central powers. Russia has thus pushed for payments in Tbilisi and Chisinau, but not in Tiraspol, Tskhinvali and Sukhumi. This constitutes strong support for the local regimes in times of good relations. At the same time, Russia could demand rapid payments from them, should they decide to turn away from Moscow.

Balance of Trade and Trade Dependencies

A full assessment of the economic impact of possible embedded asymmetries of the balance of trade between Russia and the FSU states is beyond the scope of this survey, but an outline of the situation can be given. The Baltic States are covered in a separate FOI-report where the main conclusion is that all Baltic states have included economic security in the national security concepts and all strive to reduce their dependence on Russia since it is seen as a key problem.[109]

[109] Svensson, Charlotte (2003), *Ekonomi och säkerhet i de baltiska staterna: en studie av relationen mellan säkerhetstänkande och ekonomiska beroenden [Economy and Security in the Baltic States: A Study of the Relation between Security Thinking and Economic Dependence]*, Stockholm: Swedish Defence Research Agency (FOI), FOI-R--0895--95.

In one way, the balance of trade is not only an explanatory factor in the creation of debts, but also a rough indication of the level of sensitivity and vulnerability to embargos and boycotts. If a country such as Moldova has a strongly negative balance of trade, there are few ways it can tackle growing debts and abuse of Russian trade policies. Table 5 shows the situation for Russia vis-à-vis the CIS as a whole.

Table 5: Russian Exports and Imports in 2005in Billion USD

Exports to the CIS	32.6
Exports to other countries	208.6
Imports from the CIS	18.9
Imports from other countries	79.6
Balance with the CIS	13.7
Balance with other countries	129.0

Source: SNG STAT/CIS STAT (2006), *Sodruzhestvo nezavisimykh gosudarstv v 2005 godu: statistichestii ezhegodnik [Commonwealth of Independent States in 2005. Statistical Yearbook* (Moscow: Mezhgosudarstvennyi statisticheskii komitet sodrykhestva nezavisimykh gosudarstv/Interstate Statistical Committee of the Commonwealth of Independent States), p. 442.

A few conclusions can be drawn from this. Firstly, Russia's exports to the CIS region are far from important compared with other markets. Secondly, imports from the CIS market are also of low importance. It must nonetheless be noted that Russia's exports to other markets occasionally include re-exported gas from the CIS area. Thus, without a certain share of imports from the CIS, including gas from Central Asia, Russia's exports would be negatively affected.

Table 6 below gives an illustration of the sums involved. A conclusion is that Russia is rather important to all of the states and the CIS states are rather unimportant to Russia. The difference is that the export market is more important to the CIS than the imports from the CIS are to Russia. Unless there is some extremely vital commodity or component that can only be found in the CIS, it is possible for Russia to reduce trade to an issue of money. One consequence is that as long as Russia is financially strong, the need to find importers of Russian products is not very urgent. However, for the CIS states, especially the western ones, there are commodities that are exclusively imported from Russia. Hence, the sensitivity and vulnerability to disruptions in intra-CIS trade are quite large.

Even if the CIS market is of interest to Russia in terms of exports, it is important to stress that the purchasing power of the CIS consumers is low compared with that of European consumers. This is the reason why Russia is trying to greatest extent possible to turn away from the CIS area.

Table 6: Russia vs. CIS States Exports and Imports in 2005 in million USD

	Exports	Imports	Balance
Total	241219.4	98576.7	142642.7
Total CIS	32594.1	18935.3	13658.8
European CIS	22944.6	14039.1	8905.5
Belarus	10093.6	5713.9	4379.7
Moldova	448.4	548.3	-99.9
Ukraine	12402.6	7776.9	4625.7
Caucasian CIS	1402.0	465.3	936.7
Azerbaijan	857.8	206.5	651.3
Armenia	191.2	101.3	89.9
Georgia	353.0	157.6	195.4
Central Asian CIS	8247.5	4430.9	3816.6
Kazakhstan	6526.1	3209.3	3316.8
Kyrgyzstan	397.2	145.5	251.7
Tajikistan	240.1	95.0	145.1
Turkmenistan	223.6	77.2	146.4
Uzbekistan	860.5	904.0	-43.5

Source: SNG STAT/CIS STAT (2006), Sodruzhestvo nezavisimykh gosudarstv v 2005 godu: statistichestii ezhegodnik [Commonwealth of Independent States in 2005. Statistical Yearbook (Moscow: Mezhgosudarstvennyi statisticheskii komitet sodryxhestva nezavisimykh gosudarstv/Interstate Statistical Committee of the Commonwealth of Independent States), p. 442.

In monetary terms, it is not surprising to find, as shown in Table 6, that the major states of the CIS, Ukraine, Belarus and Kazakhstan, are the most important in Russian trade. As indicated, there is a need to look at trade in some key goods to understand the situation.

Arms trade

The arms trade is often mentioned as a cornerstone of Russian trade. Table 7 below illustrates that the arms trade is a good example of what was outlined above in general terms, namely that the CIS market is of limited importance to Russia. Russia has been a keen supplier to the CIS, which is only natural given their existing Soviet-style military hardware, but the market only made up 2.5% of Russia's total exports of arms. Kazakhstan stands out as a key beneficiary of arms, as is Armenia. Georgia has stubbornly refused to increase its reliance on Russian arms, but has bought equipment from Europe and Ukraine instead.

Table 7: Individual CIS States' Share of Russia's Total Arms Transfer 1995-2005		
Country	**Value**	**Share in per cent**
Armenia	221	0.45
Kyrgyzstan	12	0.02
Belarus	82	0.17
Uzbekistan	10	0.02
Kazakhstan	909	1.87
TOTAL RUSSIAN TRANSFER	48695	100.00

Source: SIPRI (2006), 'Exported Weapons from Russia (RUS) in 1995-2005', *SIPRI*, Published: 3 March 2006, Last accessed: 10 January 2007, Internet: http://www.sipri.org/contents/armstrad/access.html#rus.
NB: Figures are trend-indicator values expressed in million USD at constant (1990) prices. Figures refer to actual deliveries, but values are not an exact value of the transfer. Total refers to Russia's total exports.

Existing statistics on the reliance of each CIS state on Russian arms are not comprehensive, but two things are clear. Firstly, the quantities of arms supplied to the CIS states by Russia are rather small, for example a few helicopters, tanks or armoured personnel carriers. Secondly, the deals are often linked to existing debts in such a way that certain states, for example Kazakhstan, repay their debt to Russia by purchases of military equipment.[110]

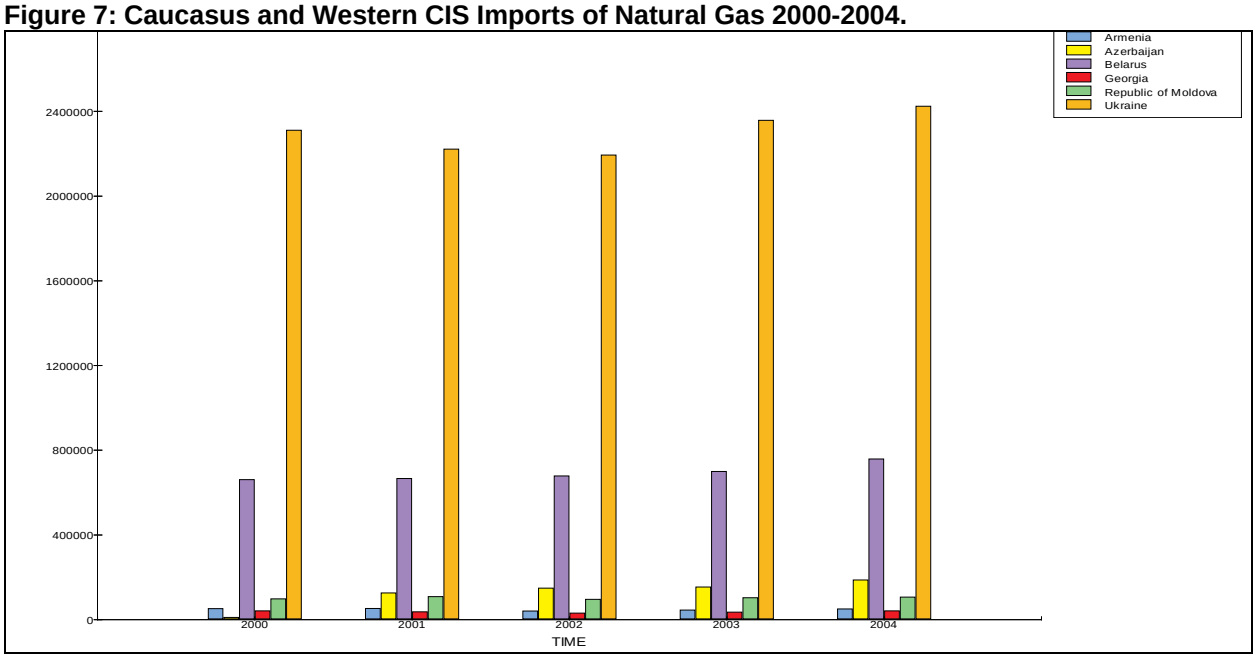
It is also a well-known fact that arms are often exported outside ordinary channels and thus do not end up in official statistics. Russia has for example supplied the break-away republics of Transnistria, Abkhazia and South Ossetia with arms, something that is not important in terms of trade, but highly important when it comes to upholding the unresolved conflicts.

Energy Trade and Price Politics

Chapter four of this report discusses energy supplies and pipelines as levers, while this chapter mainly focuses on energy trade and its impact. Although no quantitative analysis was made, an illustration of the total gas imports for selected CIS states is shown in the figure below.

[110] SIPRI (2006), *Trade in and Licensed Production of Major Conventional Weapons: Imports Sorted by Recipient. Deals with Deliveries or Orders Made 2001-2005*, Stockholm: SIPRI, The authors are grateful to SIPRI for providing these figures.

Figure 7: Caucasus and Western CIS Imports of Natural Gas 2000-2004.



Source: IEA (2006), *Energy Statistics of Non-OECD Countries 1971-2004*, Paris: International Energy Agency (IEA), Database. The figures are expressed in terajoules based on gross calorific values.

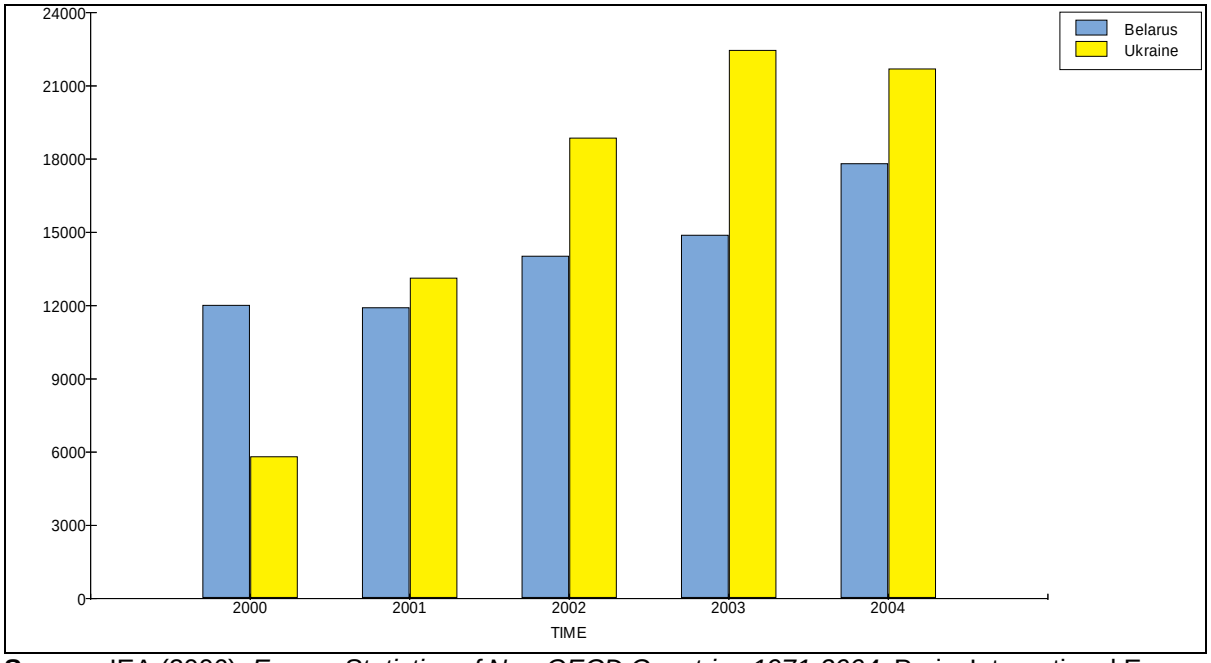
The graph strikingly shows imports expressed in terms of energy content. The most interesting point to note is that Ukraine and Belarus are the greatest importers. With the exception of Georgia, these states have no real option other than to import gas from Russia. It is thus possible to draw the conclusion that in terms of importance to Russia, only Belarus and Ukraine purchase gas in large quantities and are thus the only real markets for Russian gas. If one examines Russian exports of gas in specific terms, this is clearly evident as shown in Table 8.

Table 8: Russian Gas Deliveries to CIS States in 2003	
Country:	**Volume in BCM:**
Armenia	1.21
Azerbaijan	4.1
Belarus	16.4
Georgia	1.05
Kazakhstan	0.91
Moldova	2.66
Ukraine	26.3
Source: Table compiled on the basis of Itera and Gazprom data cited in Stern, Jonathan P. (2005), *The Future of Russian Gas and Gazprom* (Oxford: The Oxford University Press/The Oxford Institute for Energy Studies), p. 69. BCM = Billion Cubic Metres. Vol. includes total Itera and Gazprom deliveries. Minor amounts of independent supplies exist. Figures do not include Central Asian gas under the contract of Gazexport.	

The situation is similar for oil and if these two states, Ukraine and Belarus, are scrutinised, as in, one finds that there firstly is an increasing

trend and secondly that Ukraine has replaced Belarus as the premier importer.

Figure 8: Ukraine and Belarus Imports of Crude Oil 2000-2004.



Source: IEA (2006), *Energy Statistics of Non-OECD Countries 1971-2004*, Paris: International Energy Agency (IEA), Database. The figures are expressed in kilo-tonnes.

As these volumes are relatively large, even minor price changes affect the importer. In 2006, the price issue also climbed to the top of the bilateral agenda and drew a lot of media attention when Russia sharply increased its prices. The legitimate idea behind the policy is that both domestic and international gas prices have been heavily subsidised in Russia as a result of the Soviet legacy and politicised foreign trade. Russia's ambition to move towards a market-orientated position has first and foremost manifested itself in a declared intention to abolish price subsidies.

One important factor is that those FSU states that are dependent on Russian energy are not only dependent on actual deliveries, but also to a large extent on low prices. In Ukraine, the energy-intensive and inefficient petrochemical industries rely solely on subsidised prices, as does the Belarusian economy. The political implication of this is that presidents, i.e. Alexander Lukashenko, seek legitimacy through the relatively successful economic performance. As the Belarusian economy is artificially upheld by low energy prices, a strong power base of the

president is at stake when Moscow demands higher prices for natural gas.

Domestically in Russia, households and strategic enterprises are largely exempted from this policy of high prices and the eagerness to get paid primarily affects foreign importers of Russian gas. Most FSU states pay around USD 40-50 per thousand cubic metres of natural gas, while European customers pay up to USD 250. The European price is sometimes referred to as a 'market price', although this can be debated as Gazprom is often in a monopoly position and the gas price, unlike the oil price, is administratively decided. Russia has nonetheless striven to increase gas prices for the FSU states to the European level. This effort is not politicised by definition, but the way Russia has enforced the price rise for the FSU states and the way it has been exploited for political and economic purposes make it a coercive lever.

Trade statistics from early 2007 show that Georgia has increased its turnover with Russia compared with the previous year, when the embargo was not in force. It would be easy to draw the conclusion that a rapprochement has been going on and that trade is normalising. However, a closer look at the figures reveals that the reason is that the hike in gas prices has increased monetary turnover, but not the trade in terms of volumes.[111]

Belarus is an interesting case to pinpoint, as it is often seen as an ally of Russia. In fact, the brotherly relations are only present about every second year and during the interim periods, Moscow squeezes Minsk in order to take over its beloved gas pipeline operator Beltranshaz. The process has been long and complicated but a few occasions of high tension can illustrate the method Russia has used for acquiring foreign energy enterprises against the will of its host nations.

Firstly, during the mid-1990s, there were negotiations on cancellation of the Belarusian gas debt in exchange for military concessions and Russia then treated Minsk quite gently. By 1997, the political importance of Belarus had decreased (as no real political union had come about) and

[111] Alkhazashvili, M. (2007), 'Russia Remains Georgia's Main Trade Partner', *Georgian Messenger*, Published: 26 February 2007, Last accessed: 27 February 2007, Internet: http://www.messenger.com.ge/issues/1304_february_26_2007/eco_1304_2htm.

when the Russian state demanded payment of back-taxes by Gazprom, it felt that it had to take a tough line on Belarus' gas debts. Supplies were therefore reduced three times in only one year, by 50, 30 and 40% respectively, as no friendship price was offered.[112] This was the starting point for the battle for Beltranshaz that came to characterise Russia's energy policy under Putin.

For example, in 2001 and 2002 Belarus agreed to provide Gazprom with a 50% stake in Beltranshaz, largely in return for a gas price close to the domestic Russian price. Again, this process of negotiation was taking place in parallel with negotiations concerning a merger of the two states. Russia proposed either an EU-like structure or full integration. Lukashenko felt insulted (as he would have had to give up the presidential post). The deal concerning Beltranshaz subsequently came to a halt and Belarus refused to pay Gazprom's new gas price. In response, Gazprom cut gas supplies by 50% and called for a full privatisation of Beltranshaz.[113]

Eventually, in the autumn of 2003, Gazprom once again suspended gas deliveries to Belarus, demanding a higher price for deliveries and "favourable terms in the potential purchase of a controlling stake in Belarus' gas-pipeline operator Beltranshaz".[114] Finally, by November 2003, Belarus gave in to Russia's demand and agreed to let Gazprom lease Beltranshaz for 99 years in return for increased gas deliveries (which would be enough for Belarus to re-export some gas). However, the Belarusian parliament refused to ratify the agreement.[115] After some turbulent times and further supply cuts, Alexander Lukashenko even stated that "now our relations with Russia will be poisoned by gas for a long time".[116] Indeed this was true and Alexei Miller, the CEO of

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[112] Bruce, Chloë (2005), *Friction or Fiction? The Gas Factor in Russian-Belarusian Relations*, London: Chatham House, May 2005, Briefing Paper, REP BP 05/01, p. 5.
[113] Ibid., p. 7f.
[114] RFE/RL (2004a), 'RFE/RL Newsline 18 February 2004', *RFE/RL*, Published: 18 February 2004, Last accessed: 21 June 2005, Internet: http://www.rferl.org/newsline/2004/02/180204.asp..
[115] Bruce, Chloë (2005), *Friction or Fiction? The Gas Factor in Russian-Belarusian Relations*, London: Chatham House, May 2005, Briefing Paper, REP BP 05/01p. 4.
[116] RFE/RL (2004b), 'RFE/RL Newsline 19 February 2004', *RFE/RL*, Published: 19 February 2004, Last accessed: 21 June 2005, Internet: http://www.rferl.org/newsline/2004/02/190204.asp.

Gazprom, later admitted that the supply cuts had been approved by the Russian government.[117]

After a series of threats of supply cuts and a 400% price rise for gas, Belarus gave in to Russia's long-term demands. A few minutes before midnight on New Year's Eve, the time of the deadline, Belarus accepted a 100% price rise and accorded Gazprom the right to buy Beltranshaz. Through this, Minsk's foremost bargaining chip was lost.

Similar events have happened in Ukraine, Georgia and Moldova, for example during the gas row with Ukraine in 2006, when Russia also cut supplies to Moldova and doubled prices from 80 to 160 USD/tcm. Moldova asked for 30% increase in two stages, but Gazprom refused.[118] President Voronin officially perceives Russian practice as a way to press Moldova on the issue of Transnistria.[119] The flexible response that Russia occasionally uses when it serves political purposes never came about in this case. The bottom line is thus that prices can be used and abused to enforce favourable deals and to exploit opportunities for political concessions. This not only includes price rises and threats against importers not acting in tune with the Kremlin, but can also be used as a reward for appreciation.

Coercive price policy as a lever for acquiring foreign companies and infrastructure clearly results in an entrenchment of Russia's influence in the FSU. This is an ongoing process that can be seen as a long-term struggle for control rather than for ownership per se. Step-by-step, Russia has incorporated many energy companies in the FSU, of which a few are listed in Table 9.

[117] Stern, Jonathan P. (2005), *The Future of Russian Gas and Gazprom,* (Oxford: The Oxford University Press/The Oxford Institute for Energy Studies), p. 99.
[118] Socor, Vladimir (2006a), 'Gazprom Halts Gas Supplies to Moldova', *Eurasia Daily Monitor*, Vol. 4, No. 2.
[119] Socor, Vladimir (2006b), 'Ukrainian and Moldovan Presidents Close Ranks, Appeal to European Union on Gas Crisis', *Eurasia Daily Monitor*, Vol. 3, No. 2.

Table 9: Gazprom's and UES's Assets in the FSU Countries					
Mother Comp:	**Country:**	**SCA:**	**Activity:**	**Company:**	**% owned:**
Gazprom	Kazakhstan	-	Gas extraction	ZAO Kazrosgaz	50%
Gazprom	Kazakhstan	-	Gas development	Centr-Kaspnieftiegaz	50%
Gazprom	Uzbekistan	2012	-	-	-
Gazprom	Kyrgyzstan	2028	Gas and oil exploitation	AO Kyrgyzneftegaz	85.16% held in trust
Gazprom	Tajikistan	2028	-	-	-
Gazprom	Turkmenistan	2028	-	-	-
Gazprom	Georgia	2028	-	-	-
Gazprom	Armenia	-	Gas exploitation	ZAO Armrosgazprom	45%
Gazprom	Ukraine	2028	Gas pipeline operator	SP Rosukrenergo	50%
Gazprom	Ukraine	-	Equipment for field operation and gas transmission	Druzhovskiy zavod gazovoi apparatury	51%
Gazprom	Ukraine	-	Pipeline expansion	Gaztranzyt	37%
Gazprom	Moldova	-	Gas pipeline operator	AO Moldovagaz	50% + 1 share
Gazprom	Estonia	-	Gas distribution	Eesti Gaas	37%
Gazprom	Latvia	-	Gas distribution	Latvijas Gaze	34%
Gazprom	Lithuania	-	Gas distribution	Lietuvos Dujos	25%
Gazprom	Belarus	-	Equipment for field operation and gas transmission	Brestgazoapparat	51%
Gazprom	Belarus	-	Banking	Belgazprombank	34,99%
Gazprom	Lithuania	-	Power plant	Kaunas CHP	Unclear
UES	Georgia	-	Electricity distribution	AO Telasi	75%
UES	Georgia	-	Power generation	OOO Mtkvari	100%
UES	Georgia	-	Electricity export	OOO AES Transenergy	50%
UES	Georgia	-	Khrami -1/-2 hydroelectric power plant	AO Khramesi	Right to run until 2024
UES	Armenia	-	Hydroelectric power plant	Sevan-Hrazdan	100%
UES	Armenia	-	Thermal power plant	ZAO Hrazdan TPP	Management control
UES	Armenia	-	Nuclear power plant	Metsamor NPP	Management control
UES	Kazakhstan	-	Hydroelectric power plant	Ekibastuz	50%

Source: Table compiled on data in Fredholm, Michael (2005), The Russian Energy Strategy and Energy Policy: Pipeline Diplomacy or Mutual Dependence?, Conflict Studies Research Center, September 2005, 05/41, pp. 21-22 and Loskot-Strachota, Agata (2006), The Russian Gas for Europe, Warsaw: Centre for Eastern studies (OSW), October 2006, p. 12.

N.B. SCA = Agreement on strategic cooperation, in force until the year given in the table.

As consolidation of influence, control and ownership is realised, the need and incentives for further coercive policy are reduced. This leads to the conclusion that while Russia's leverage on the FSU is increased by this, its intention of using it might in fact decrease. The newly attained lever can possibly be used as a strong market actor, which is backed up

by Moscow, against other entities in the state in question. However, even if the explicit usage of the energy lever thus decreases, it would be wrong to claim that marketisation processes are consolidated, as this would give legitimacy to a coercive policy.

Economic and Trade Levers: Conclusions

The trade pattern is clear and is highly asymmetrical. To Russia, the CIS markets are not important, either in general or when it comes to energy or arms imports, with the sole exceptions of energy imports from Belarus and Ukraine. At the same time, Russia is highly important to the CIS states when it comes to general trade, arms and energy imports.

Russia's coercive price policy has been a frequently used lever toward the FSU states. While high debts and subsidised prices have provided Moscow with legitimate reasons to push for payments and prise rises, these have been abused for political or other purposes. One result is that Russia has been able to take over energy firms and infrastructure and by that to entrench its position on the FSU markets. The debts continue to provide Russia with leverage.

Despite a high degree of dependency, the boycotts, embargos and other economic levers Russia has used toward Georgia, Moldova and Ukraine have had limited impact. They have affected the importers to a great extent, but have not been able to undermine the whole economy or change the political direction of these countries. By and large, the actions have been counter-productive.

In the same way as energy policy and other levers, the trade lever illustrates one important thing, namely that the political side of the economic lever is most important. The exact impact on Georgia's economy is of less weight and Georgia's actions and counter-actions, as well as the comments from the international community, are guided by its perceptions of the political signals Russia sends by its actions.

6 Military Levers

This chapter encompasses a survey and analysis of some of Russia's military levers on the FSU, with special emphasis on the military presence in the CIS region. The chapter discusses what the levers consist of, some cases when they have been used (and some when they have not) and finally an estimate of how strong they can be considered to be. The analysis is divided according to the different branches of the armed forces. Emphasis is placed on Georgia and Ukraine for reasons explained below.

Like the other levers discussed above, the military lever is not a coherent tool. By its nature, it encompasses high-level strategic policy, nuclear deterrence, diplomacy, military presence, peacekeeping, covert support, subversion, or cooperation. These dimensions can in turn be divided into sub-levels. Among other things, defence diplomacy activities may consist of the following:[120]

- Bilateral and multilateral contacts between senior military and civilian defence officials.
- Appointment of defence attachés to foreign countries.
- Bilateral defence cooperation agreements.
- Training of foreign military and civilian defence personnel.
- Provision of expertise and advice on the democratic control of armed forces, defence management and military technical areas.
- Contacts and exchanges between military personnel and units, and ships visits.
- Placement of military or civilian personnel in the defence ministries or armed forces of partner countries.
- Deployment of training teams.
- Provision of military equipment and other material aid.
- Bilateral or multilateral military exercises for training purposes.

All of these defence-related diplomatic undertakings naturally constitute some leverage on the receiving state. By giving Belarusian officers

[120] Cottey, Andrew and Forster, Anthony (2004), *Reshaping Defence Diplomacy: New Roles for Military Cooperation and Assistance*, Oxford: The International Institute for Strategic Studies, Adelphi Paper, 365, p. 7.

special education at the General Staff Academy and providing Minsk with military hardware, Russia is able to tie Belarus to Russia and create a situation of dependence and harmonisation. This might be a situation preferable for Belarus, which is landlocked and has few friends among its neighbours.

The premises of functioning diplomatic activities of this kind include some kind of positive relationship and ambition to cooperate. An overview of Russia's regional relations concludes that it has rather positive relations with Tajikistan, Belarus, Kazakhstan and Armenia, while problems are greater in its relations with Ukraine and Georgia. It is also clear that Russia's close cooperation within this field first and foremost includes Belarus, Armenia and Tajikistan, while Georgia seeks closer cooperation and increased defence diplomatic activities with the US and European states.

On the other hand, if relations are negative, the character of the defence diplomacy is slightly different. Between adversaries or between states where relations strongly differ over time, for example Ukraine or Georgia, a Russian military presence in the shape of military bases and peacekeeping forces has a greater impact. In short, it may provide greater leverage.

Furthermore, under normal circumstances peacekeeping forces are not really levers, as they are not intended to fulfil one state's policy against another. Peacekeeping forces are supposed to work towards a universal goal defined by a higher authority, i.e. the UN. The Russian word and concept for peacekeeper is 'mirotvorets', which resembles the English word 'peacemaker'. This can be seen as an illustration of the Russian approach to peacekeeping, which at times can be hard-handed. The Russian way of peacekeeping has differed from international practice[121] and one explanation is that the Russian units that have served in Georgia was the 27th and 45th Motorised Rifle Divisions, which previously served in Czechoslovakia, Hungary and Afghanistan. They have not been the best-suited units for peacekeeping missions.[122]

[121] Russia is currently building new peacekeeping units in Samara, but these efforts have yet to have any impact on the conflicts in the CIS.
[122] Ekedahl, C. M. and Goldman, M. A. (2001), *The Wars of Eduard Shevardnadze,* (Dulles: Bassey's), p. 272f.

The military presence becomes interesting if it is seen against the background of Russia's military policy towards the FSU.[123] In reality it means that Russia is trying to extend its influence over its former territory and Russia's military units are consequently working towards this goal, in one way or another. In its National Military Strategy, Georgia points to Russia's military presence as an explicit threat by saying:

> *Russian military bases and Peacekeeping Troops within our territory have a history of provoking instability in the separatist regions and remain a threat. Until their complete withdrawal, this issue will require continuous attention. There will always be forces in the Russian Federation that will provide active support to separatist regimes using Russian bases within Georgia.*[124]

A detailed survey of Russia's military presence abroad shows that it has military units in Belarus, Ukraine, Moldova, Georgia, Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan and Tajikistan. This might look like an impressive list, but it cannot be concluded that Russia has the former Soviet space in a tight grip.

In Azerbaijan, Belarus and Kazakhstan there are merely radar centres, testing sites or other non-combat units. These installations provide limited military leverage but, as will be shown, can still be of interest, for example in the case of Russia's large naval base at Sevastopol. Russia has also large army bases in Armenia and Tajikistan, but as these states have fairly positive relations with Russia, leverage is rarely exercised. In Georgia, however, Russia has both a military presence and several peacekeeping units. Peacekeeping units are also located in Moldova. The cases of Ukraine and Georgia therefore need to be covered in greater depth.

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[123] See further Forsström, Pentti (2004), 'Russian Military Policy within the CIS', in: Forsström and Mikkola (Eds.) *Russian Military Policy and Strategy,* (Helsinki: National Defence Collage, Department for Strategic and Defence Studies), p. 75.

[124] Ministry of Defence of Georgia (2006b), 'National Military Strategy of Georgia', *Ministry of Defence of Georgia*, Published: N/A, Last accessed: 4 December 2006, Internet: http://www.mod.gov.ge/?l=E&m=3&sm=6.

Russia's Army Bases and Units

As is evident from the table below, Russia has a substantial amount of ground forces in the FSU area, more specifically in Armenia, Georgia and Tajikistan.[125]

Table 10: Russia's Ground Forces Presence in the FSU in 2005

#	Unit	Type	Country	Location	Part of:	RF Acr.
116.	Armoured battalion, a	c	Armenia	Gyumri (Leninakan)	GRVZ	OTB
992.	Artillery regiment	c	Armenia	Gyumri (Leninakan)	GRVZ	AR
102.	Military base	b	Armenia	Gyumri (Leninakan)	GRVZ	VB
127.	Motorised rifle division	c	Armenia	Gyumri (Leninakan)	GRVZ	MSD
124.	Motorised rifle regiment	c	Armenia	Gyumri (Leninakan)	GRVZ	MSP
128.	Motorised rifle regiment	c	Armenia	Gyumri (Leninakan)	GRVZ	MSP
772.	Reconnaissance battalion, a	c	Armenia	Gyumri (Leninakan)	GRVZ	ORB
628.	Signal battalion, a	r	Armenia	Gyumri (Leninakan)	GRVZ	OBS
1552.	Supplies battalion, a	m	Armenia	Gyumri (Leninakan)	GRVZ	OBMO
65.	Anti-armour division, a	c	Georgia	Akhalkalaki	GRVZ	OPTADN
142.	Armed vehicles/vehicles mechanics	m	Georgia	Tbilisi	GRVZ	BTRZ
115.	Armoured battalion, a	c	Georgia	Batumi	GRVZ	OTB
x	Artillery ammunition depot	a	Georgia	Sagaredzho	GRVZ	ABB
1089.	Artillery regiment, c	c	Georgia	Batumi	GRVZ	SAP
817.	Artillery regiment, c	c	Georgia	Akhalkalaki	GRVZ	SAP
66.	CC central	r	Georgia	Kodzhori	GRVZ	US
x	CC-post, reserve	cc	Georgia	Mtskheta	GRVZ	ZKP
x	GRVZ, battle group CC post	cc	Georgia	Tbilisi	GRVZ	Sjtab GRVZ
364.	Guard battalion, a	c	Georgia	Tbilisi	GRVZ	OBOO
176.	Maintenance and renovation battalion, a	m	Georgia	Akhalkalaki	GRVZ	ORBV
12.	Military base	b	Georgia	Batumi	GRVZ	VB
62.	Military base	b	Georgia	Akhalkalaki	GRVZ	VB
x	Military vehicles mechanics	m	Georgia	Batumi	GRVZ	VARZ
145.	Motorised rifle division	c	Georgia	Batumi	GRVZ	MSD
147.	Motorised rifle division	c	Georgia	Akhalkalaki	GRVZ	MSD
35.	Motorised rifle regiment	c	Georgia	Batumi	GRVZ	GV MSP
409.	Motorised rifle regiment	c	Georgia	Akhalkalaki	GRVZ	MSP
412.	Motorised rifle regiment	c	Georgia	Akhalkalaki	GRVZ	MSP
90.	Motorised rifle regiment	c	Georgia	Chelbachauri	GRVZ	MSP
899.	Signal battalion, a	r	Georgia	Akhalkalaki	GRVZ	OBS
149.	Supplies battalion, a	m	Georgia	Tbilisi	GRVZ	OBMO
x	Supply stocks for engineering troops	m	Georgia	Sagaredzho	GRVZ	IS
4.	Military base	b	Tajikistan	Dushanbe		VB
201.	Motorised rifle division	c	Tajikistan	Dushanbe		MSD
149.	Motorised rifle regiment	c	Tajikistan	Kulyab		MSP
191.	Motorised rifle regiment	c	Tajikistan	Kurgan-Chube		MSP
92.	Motorised rifle regiment	c	Tajikistan	Dusjanbe		MSP

Source: Stukalin, Alexander and Lukin, Michail (2005), 'Vsya Rossiiskaya Armiya [The Whole Army of Russia]', *Vlast*, No. 610, 21 February 2005, pp. 69-94.
N.B. For abbreviations see Appendix 1.

The Russian military presence in Georgia goes back to the days of the Soviet Union, and during the 1990s its legacy enriched Georgia with some 4,000 Russian troops on the Turkish-Georgian border and 11,000

[125] Explanations for the acronyms in the table are given in Appendix 1.

troops located at the four military bases: Gudauta, Vaziani, Akhalkalaki and Batumi. By 2005, troop numbers had been reduced to 3,000. They are collectively known as the Transcaucasian Group of Russian Troops, or by the Russian acronym GRVZ (Gruppirovki Rossiyskikh Voysk Zakavkazie). The Russian border troops are long since gone, as is the Vaziani base. The Gudauta base in Abkhazia is closed as an operative base but has hosted some 500 Russian soldiers, although without any heavy arms. The Batumi base on the Black Sea Coast of Adjara and the Akhalkalaki base are currently closing.

One could expect that all forces should have been gradually withdrawn as time went by, but their modern presence can be explained by Eduard Shevardnadze's internal power struggle in Georgia in the early 1990s. Shevardnadze, then weak and newly inaugurated, was in desperate need of foreign support. He had few allies and could not uphold the territorial integrity of Georgia, partly due to the numerous paramilitary forces and militias operating outside Tbilisi's control. Russia came to be Shevardnadze's saviour. Russia's President, Boris Yeltsin, promised to assist Shevardnadze in his endeavours, but only if three conditions were fulfilled: Without exceptions or reservations, Georgia was to enter the CIS; Russia was to become mediator in Abkhazia; and Russia was allowed to keep four military bases in Georgia.[126] Georgia obeyed and the decision still has serious repercussions on Georgia's policy. Today, Russia's mediation is seen as a key obstacle to conflict resolution in Abkhazia, Georgia has been more than eager to get out of the CIS, not that it ever was a keen member,[127] and withdrawal of the GRVZ has long been on the Georgian agenda.

The legal justification for the military presence has been disputed. On February 3 1996, Georgia and Russia signed a "Treaty of Friendship, Good Neighbourly Relations and Cooperation", which was later ratified by the Georgian Parliament on 17 January 1997. Two years earlier, on 15 September 1995, Russia and Georgia had signed the 'Treaty on Russian Military Bases on the Territory of the Republic of Georgia'. This treaty

[126] Ekedahl, C. M. and Goldman, M. A. (2001), *The Wars of Eduard Shevardnadze,* (Dulles: Bassey's), p. 257f.

[127] Larsson, Robert L. (2006a), *Konfliktlösning i Kaukasien: en säkerhetspolitisk lägesuppdatering 2006 [Conflict Resolution in the Caucasus: A Security Political Up-date 2006]*, Stockholm: Swedish Defence Research Agency (FOI), December 2006, FOI-R--2108-SE, p. 19ff.

granted Russia access to four (above mentioned) bases in Georgia for a duration of at least 25 years. Russia was, in addition, to guarantee Georgia's border security and assist Georgia in reconstructing its military forces.[128] However, the treaties were outflanked at the OSCE summit in Istanbul in 1999, when an internationally acknowledged and formal agreement between Georgia and Russia was made on the terms of withdrawal. The essence of the agreement detailed that Russia was to leave the Gudauta and Vaziani bases by 1 July 2001. Withdrawal from the remaining bases was not to take longer than necessary.[129] Meanwhile, the units should have no right to carry out military operations on Georgian soil.[130] With some delay, the Vaziani base, located near Tbilisi, was closed. Given its location, it was often subject to protests and demonstrations, so Russia was quite relieved to get rid of it. During the process of withdrawal, the Russian troops destroyed most of the infrastructure, making it difficult for Georgia to use it for its own units. As a consequence, Russia has no troops near Tbilisi. The HQ of the GRVZ is currently being withdrawn,[131] as are some of the support facilities near Tbilisi. Hence, Russia has no forces to use even if it wanted to use some in the Georgian capital. Some leverage on Tbilisi still remains. As shown in Chapters three and four, if Russia wants to find an excuse to intervene for whatever reason or wants to make a political statement, Moscow could do this by the argument of protecting its citizens and thus small quantities of non-armed units may also be of interest.

One further example of a closed base must be mentioned. When Russia's military base number 12, located at Batumi, was operative, it enjoyed the great respect of the local people in the Georgian region of Adjara at the Black Sea. The then ruler of Adjara, Aslan Abashidze, was a former Major General in the Soviet Army and supported the Russian forces in

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[128] Feinberg, Jared (1999), *The Armed Forces in Georgia*, Washington D.C.: Center for Defence Information (CDI), p. 17.

[129] OSCE (1999), *Agreement on Adaptation of the Treaty on Conventional Armed Forces in Europe: Istanbul Document 1999*, Istanbul: OSCE, and following analysis in Larsson, Robert L. (2004b), 'Ryssland och CFE: problem, utveckling och framtid', *Strategiskt forum för säkerhetspolitik och omvärldsanalys*, No. 14.

[130] Pataraia, Tamara (2001), 'Crisis Management Strategy in Georgia', *Army and Society in Georgia*, No. March-April.

[131] Yorov, Dmitrii (2006), ''Tbilistsy' bez zhilya ne ostanutsya [Tbilisi-troops without Accomodation Will not Stay]', *Krasnaya Zvezda*, 14 November 2006, p. 1.

the region against the central power in Tbilisi. In turn, he received Moscow's support. When Shevardnadze was still in office, even the Georgian 25th Motorised Rifle Brigade (also located in Adjara) unconstitutionally undertook so-called 'territorial conscription' and filled the unit solely with local citizens, stripping Tbilisi's possibilities to control the region even further.

The Russian-Adjaran axis not only deprived Tbilisi of authority over the region, but also deprived the state budget of customs fees and export income. This is one of the reasons why as soon as Saakashvili took office, he launched a military campaign to retake Adjara by force. This incident was of pivotal importance, as the main question was whether Moscow would use its military presence as leverage on Georgia by intervening on Abashidze's behalf. Much thanks to constructive Russian and US mediation, it never did intervene, but instead allowed Abashidze to escape to Russia. This is thus a clear example of a potent military lever that was never used when it really mattered.

In hindsight, Russia's policy choice was not surprising, but it would erroneous to assume that this would be the case if similar events took place in Abkhazia or South Ossetia. Adjara had no border with Russia and it was a special case of smaller strategic importance. Furthermore, Russia did not need Adjara as leverage on Georgia and thus avoided risking a severe negative backlash without any real gains, naturally a discouraging prospect.

Russia's explicit reason for its reluctant withdrawal is many-fold. Russia's former Minister of Defence, Pavel Grachev, has claimed that securing the stability of the Caucasus is the key issue,[132] while Andrei Kozyrev, former Minister of Foreign Affairs in Russia, stresses the protection of Georgia and Russia against the enemy powers that might arise in the power vacuum of the Soviet Union.[133] If NATO were ever to invade the South Caucasus, the Russian troops are expected to constitute the bulwark. In theory, Russia therefore has a strategic argument to keep these bases. However, the troops are so weak that if Turkey alone

[132] Gribincea, Mihai (2001), *The Russian Policy on Military Bases: Georgia and Moldova,* (Oradea: Cognito Publishing House), p. 13f.
[133] Ibid., p. 13f.

decided to invade, they would at best serve as a trip-wire. Given Georgia's NATO aspirations, the argument lacks substance today.

Vyacheslav Elagin, section chief at the Russian Press and Information Department of the Ministry for Foreign Affairs in 2000, further suggests that protection of the Russian-speaking population of Georgia is the key reason and primary gain for Russia (compare this to the issues raised in Chapter three). In addition, he points to the protection of borders and Russia's economic interests in Georgia.[134] One researcher who examined the views expressed in *Zakavkaskie Voennie Vedomosti*, the paper of the Russian troops in South Caucasus, moreover found eight issues that are of gain for Russia or the region by having military troops in Georgia.[135]

- It can be a force against other states that wish to dominate.
- It can stop an aggressor.
- A new and expensive border does not have to be built in Russia.
- It can serve as a buffer against Islam.
- It is good for Armenia that there are Russian bases in Georgia.
- It has a stabilising function.
- It may help Georgia to build a national army.
- It helps to provide work for at least 8000 locals in Georgia.

As indicated, all of these arguments have substantial flaws, but this is not the place to discuss them at great length.[136] Resulting from the previously mentioned study were six reasons for Russia's policy incoherence, which seems to be explained by:[137]

- Developments in Moscow, bureaucratic fighting and shifts in civil-military relations.
- Differences between departments in Moscow over peacekeeping and foreign policy.
- Resource capacity beyond Russia's borders.

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[134] Ibid., p. 13f.
[135] Ibid., p. 77ff.
[136] Larsson, Robert L. (2004a), 'The Enemy Within: Russia's Military Withdrawal from Georgia', *The Journal of Slavic Military Studies*, Vol. 17, No. 3
[137] Lynch, Dov (2000), *Russian Peacekeeping Strategies in the CIS: the Cases of Moldova, Georgia and Tajikistan,* (Basingstoke, New York, N.Y.: Macmillan in association with the Royal Institute of International Affairs Russia and Eurasia Programme: St. Martin's Press), pp. 5-11.

- Developments in the target state.
- Developments in conflicts on the ground.
- Developments in international relations, e.g. in the CIS.

One additional factor that Moscow often raised is the costs of withdrawal. For a long time, Moscow estimated the total costs for withdrawal to be around USD 140 million. Given the Russian budget in the late 1990s, it meant that 14-15 years would be a feasible timeframe for withdrawal.[138] Georgian estimations in 2003, based on Russian military handbooks on logistics, nevertheless came to the conclusion that it would only take two years and eight months and cost less that USD 30 million.[139] It can briefly be mentioned that the UK and France created a fund for this purpose[140] and the US contributed USD 10 million,[141] but Russia was still not interested in financial analysis, which suggests political underpinnings. Russia pushed hard for its case and in return for accepting the 15-year timeframe for withdrawal, it offered a reduction in Georgia's then USD 179 million gas debt.[142] The case is highly interesting as it shows a clear link between energy and military issues, as discussed elsewhere in this study. It can also be noted that today, when Russia's economy is extremely strong, this argument is seldom heard.

It is important to underscore that if the Russian presence has been appreciated by the local population, in contrast to the central power – in this case in Tbilisi – there have been deeply rooted problems with withdrawal, some of which require a few comments. Russian military base 62 in Akhalkalaki in the region of Samtshke-Javakheti, often referred to as either the 'Armenian division' due to the Armenian

[138] Gribincea, Mihai (2001), *The Russian Policy on Military Bases: Georgia and Moldova,* (Oradea: Cognito Publishing House), p. 276.
[139] Smith, David (2003), 'Russian Partnership? U.S. Security Interests Converge, but Only to a Point', *Defence News*, 13 January 2003, p. 29.
[140] Pataraia, Tamara (2001), 'Crisis Management Strategy in Georgia', *Army and Society in Georgia*, No. March-April.
[141] Alkhazashvili, M. (2003), 'United States Can Rescue Georgia from Default', *The Georgian Messenger*, 7 July 2003.
[142] Lieven, Anatol (2001), 'Imperial Outpost and Social Provider: The Russians and Akhalkalaki', *Eurasia Daily Monitor.*

population of the region or as 'the garrison at the gates of heaven' (due to its location 1700 m above sea level),[143] exemplifies the issue.

In the case of base 62, Russia could have taken advantage of the ethnic Armenians in Samtshke-Javakheti if it wanted to destabilise the region.[144] The Russian base has been highly appreciated and the Russian-Armenian connection has developed in a symbiotic relationship. A reason is that Armenians feel that the base provides some protection from its adversary Turkey. Should anything happen, the Russian air force located in Armenia could provide air support for the Akhalkalaki base and the local Armenians, unlikely as that may seem. The risk of destabilisation is nonetheless aggravated by the fact that social problems are endemic at Akhalkalaki and the level of integration is very low.[145] The only hospital has been that at the base and the base is also the main employer in a poor region, supporting approximately 10% of the population. During Shevardnadze's presidency, Tbilisi was unable to provide security for the population and the Russian base thus came in handy. Today, the situation is different. Tbilisi's strength has been growing and even if the impact of reforms remains low, there are prospects for positive change.

The semi-closed Gudauta base in the separatist region of Abkhazia poses a greater problem to Georgia. It is no secret that Russia strongly opposes Georgia's NATO aspirations and would be willing to go great lengths to hinder membership. As a key requirement for Georgia's accession is territorial integrity, undermining the prospects for integration of Abkhazia in Georgia proper is a potent lever. Hence, if Russia aims to obstruct Georgia's prospects, the best thing to do is to make sure that the conflict in Abkhazia remains unsettled. This is a key explanation why Russia has been reluctant to remove the remaining troops at Gudauta, why it has supported the Abkhazian side in the civil war, and why it has utilised the peacekeeping forces for strategic reasons.

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[143] Gribincea, Mihai (2001), *The Russian Policy on Military Bases: Georgia and Moldova,* (Oradea: Cognito Publishing House), p. 48.

[144] Matveeva, Anna (2001), 'Russia's Pull Drags Javakheti Away from Georgia's Orbit', *Jane´s Intelligence Review*, July 2001.

[145] See for example Sabanadze, Natalie (2001), *Armenian Minority in Georgia*, Flensburg: European Centre for Minority Issues, August 2001, ECMI Brief #6.

Russia has put forward an idea of creating either a sanatorium for soldiers serving as peacekeepers or possibly an anti-terrorist centre,[146] but Tbilisi has stubbornly refused. A key problem has been verification of the closure. There has so far been no independent confirmation of its closure. Russia is willing to allow a one-off inspection, while Georgia insists on continuous monitoring to ensure that the base is not again becoming operative.[147]

As indicated, Russia's policy on its armed units in Georgia has not been coherent. From 1991 to 1994, Russian rhetoric shifted several times, from promoting the existence of bases to promoting withdrawal.[148] During the last years of Shevardnadze's reign until the early years of Saakashvili's tenure, a protraction of withdrawal was evident.[149]

The first echelon of the Russian troops nonetheless left Akhalkalaki for Armenia in June 2003 with military equipment, weapons and ammunition[150] and already at early stages of withdrawal, both Armenia and South Ossetia made statements welcoming the Russian troops and declaring that they were prepared to host bases.[151] The withdrawal process stood idle until 2005 when then Minister of Foreign Affairs in Georgia Zalome Zourabishvili succeeded in negotiating a new contract

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[146] This idea has been launched also at other occasions, see Civil Georgia (2006d), 'Russia Pushes Joint Anti-Terrorist Center', *Civil Georgia*, Published: 19 April 2006, Last accessed: 20 April 2006, Internet: http://www.civil.ge/eng/article.php?id=12374.

[147] Civil Georgia (2006c), 'Moscow Comments on Gudauta Base in Abchazia', *Civil Georgia*, Published: 3 May 2006, Last accessed: 4 May 2006, Internet: http://www.civil.ge/eng/article.php?id=12472.

[148] Normark, Per (2001), *Russia's Policy vis-à-vis Georgia: Continuity and Change*, Stockholm: Swedish Defence Research Agency (FOI), FOI-R--0168--SE, p. 43.

[149] Larsson, Robert L. (2004a), 'The Enemy Within: Russia's Military Withdrawal from Georgia', *The Journal of Slavic Military Studies*, Vol. 17, No. 3.

[150] Times, Daily Georgian (2003), 'Russian Servicemen are Leaving Georgia', *The Daily Georgian Times*, Published: 23 June 2003, Last accessed: 23 June 2003, Internet: http://www.geotimes.ge/gtnews.php?cat1=1#2144.

[151] RFE/RL (2003b), 'South Ossetian President Wants More Russian Peacekeepers', *RFE/RL*, Published: 25 March 2003, Last accessed: N/A, Internet: http://www.rferl.org., and RFE/RL (2003a), 'Russia Reportedly 'Considering' Bases in South Ossetia', *RFE/RL*, Published: 28 May 2003, Last accessed: N/A, Internet: http://www.rferl.org.

on withdrawal,[152] which is seen as her greatest achievement during her time in office. Already by 15 June 2005, the tank repair factory 142 along with the Zvezda training ground and a relay station was to be handed over to Georgia.[153] The treaty said that base 62 should be withdrawal by 1 October 2007 (in the event of bad weather 31 December 2007 at the latest, according to article 3). The final withdrawal from the Batumi base and the HQ is to be carried out during 2008.[154]

During the autumn of 2006, the withdrawal process was boosted and heavy arms were pulled out, for example tanks, artillery and air-defence systems.[155] On 10 October 2006, Sergei Ivanov, the Defence Minister of Russia, promised that the Russian garrisons would be closed by the end of 2006.[156] Ivanov was either lying or just too optimistic. In reality, base 62 will be closed in the autumn of 2007 and withdrawal from base 12 in Batumi will continue during the whole year. The official date when everything is supposed to be closed is by the end of 2008.[157]

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[152] Georgian Messenger (2006), 'Russian Military Bases will Withdraw but Russia's Shadow Could Remain', *Georgian Messenger*, Published: 4 April 2006, Last accessed: 4 April 2006, Internet: http://www.messenger.com.ge/issues/1083_april_4_2006/opi_1083.htm.

[153] Ministry of Foreign Affairs of Russia (2005), 'Sovmestnoe zayavlenie: ministrov innostranykh del Rossiiskoi Federatsii i Gruzii [Commmon Declaration of the ministers of foreign affairs of the Russian Federation and Georgia]', *Ministry of Foreign Affairs of Russia*, Published: 30 May 2005, Last accessed: 31 May 2006, Internet: http://www.ln.mid.ru/brp_4.nsf/sps/6A48411CF24AD72FC3257011004AC4FA.

[154] Ministry of Defence of Georgia (2006a), 'Agreement between the Russian Federation and Georgia on Terms and Rules of Temporary Functioning and Withdrawal of the Russian Military Bases and Other Military Facilities of the Group of Russian Military Forces in South Caucasus Deployed on the Territory of Georgia', *Ministry Of Defence of Georgia (Reposted at the Georgian Messenger)*, Published: 3 April 2006, Last accessed: 4 April 2006, Internet: http://www.civil.ge/eng/article.php?id=12247.

[155] Civil Georgia (2006e), 'Russia Removes Tanks from Akhalkalaki Base', *Civil Georgia*, Published: 2 August 2006, Last accessed: 3 August 2006, Internet: http://www.civil.ge/eng/article.php?id=13238.

[156] Sikharulidze, Keti (2006), 'Russian Troops to Leave Tbilisi by the End of the Year', *Georgian Messenger*, Published: 12 October 2006, Last accessed: 13 October 2006, Internet: http://www.messenger.com.ge/issues/1213_october_12_2006/n_1213_2.htm.

[157] Civil Georgia (2007), 'Russia Resumes Base Pullout', *Civil Georgia*, Published: 24 March 2007, Last accessed: 27 March 2007, Internet: http://www.civil.ge/eng/article.php?id=14854.

The GRVZ is being relocated rather than being disbanded. The bulk of the forces are being relocated to the Northern Caucasus Military District, which is not much farther away from Tbilisi than Akhalkalaki and actually somewhat closer to Tbilisi than Batumi. Should there ever be open armed conflict between Russia and Georgia, the improvement from Georgia's horizon is thus limited. However, the frontline would be more clear. For Russia, it can be seen as an improvement as the GRVZ forces will not run the risk of becoming hostages to Georgia.

The forces that are not re-located to Russia are to be moved to Armenia in order to strengthen Russia's military presence at Gyumri. This can be seen as a strategic improvement for Russia, even if the impact is rather modest. What it is, however, is further support for Armenia against Azerbaijan, both at conflict over Nagorno-Karabakh.[158] At the present time, it is unlikely that the Russian troops would go to war against Azerbaijan for Armenia's sake, but their presence along Armenia's western borders makes it possible for Armenia to devote fewer resources to that border and focus on the Azeri border.

In Tajikistan, Russia has since long had border troops and the 201st Motorised Rifle Division[159] (which was previously a part of the CIS peacekeepers). The troops were deeply involved and highly biased in the Tajik civil war between 1992 and 1997, and were allegedly also involved in smuggling of narcotics from Afghanistan. Russia's leverage on Tajikistan has been very strong and it is highly questionable whether Tajikistan's president, Emomali Rakhmonov, would ever have entered office without support from the Russian troops. In 2001 it was announced that the 201st Division was to be transformed into a regular army base.[160] The base was formed as base number 4 and hosts some 5,000 personnel.

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[158] Larsson, Robert L. (2006a), *Konfliktlösning i Kaukasien: en säkerhetspolitisk lägesuppdatering 2006 [Conflict Resolution in the Caucasus: A Security Political Up-date 2006]*, Stockholm: Swedish Defence Research Agency (FOI), December 2006, FOI-R--2108-SE.

[159] See Jonson, Lena (1998), *The Tajik War: A Challenge to Russian Policy*, London: The Royal Institute of International Affairs, Discussion Paper, 74.

[160] Tajikistan Daily Digest (2001), 'Russian Military Base to be Established in Tajikistan', *Tajikistan Daily Digest (Reposted at Eurasianet)*, Published: 23 April 2006, Last accessed: 5 December 2006, Internet: http://www.eurasianet.net/resource/tajikistan/hypermail/200104/0042.html.

In 2004, Russia and Tajikistan concluded an agreement that encompassed several points. Firstly, the Russian border troops were gradually to hand over responsibility for the border to Tajik forces by 2006 and the FSB border troop education centre was to be handed over by 2005. However, Russia would not give up its presence along the border. In 2006, 200 FSB advisers and some army advisers were to be located along the border. It is interesting to note that Putin said that the military presence should increase, but developments until 2006 point in the other direction.[161] This case differs from Georgia as Russia is appreciated by Dushanbe. It is thus impossible to draw the similar conclusion from all cases discussed here. The trend indicates a relocation of troops to states where Russian forces are welcomed.

Russia's Air Force Bases

As a result of the increasing US presence in Central Asia,[162] Putin has been able to argue for an increased Russian presence in the name of balance. As a result, Russia has been able to press Uzbekistan for increased cooperation within the field of air defence, and most of all Kyrgyzstan for a new air force base at Kant.[163] This is the only new Russian military base for several years. As can be seen in Table 11, it appears to have a marginal role given its low numbers. It also seems to be true that its direct military leverage is small. Only ten planes, 500 pilots and 1,000 staff are located at Kant[164] and they can do little in terms of combat operations.[165]

At the request of the Kyrgyz president Askar Akayev, Russian troops were training and advising the Ministry of Internal Affairs in Kyrgyzstan, but despite this, they were not loyal to Akayev during the demonstrations in March 2006, nor were they used for evacuating

[161] Jonson, Lena (2006), *Tajikistan in the New Central Asia: Geopolitics, Great Power Rivalry and Radical Islam,* (London: I.B.Tauris), p. 79f.
[162] The US's engagement is now decreasing again.
[163] Olcott, Martha Brill (2005), *Central Asia's Second Chance,* (Washington D.C.: Carnegie Endowment for International Peace), p. 185f.
[164] Ibid., p. 188.
[165] In this respect, the CIS Collective Security Organisation is of higher importance, but that is covered in the chapter on politics.

Russian citizens.[166] What the forces could do, however, is to carry out limited pre-emptive strikes in the region.

If the military significance is modest, its political significance is larger. It is important for Russia's domestic politics and as a show of force vis-à-vis the US. Most important, however, is that it is a key factor in negotiations. It shows a strategic interest that becomes important in improving bilateral relations on the basis on mutual interests. Kyrgyzstan has been willing to increase its cooperation with Russia as long as Russia's policy is not too coercive.

Table 11: Russia's Air Force/Air Defence Presence in the FSU in 2005

#:	Unit:	Type:	Country:	Location:	System	RF Acr:
3624.	Air base	c	Armenia	Erebuni (Yerevan)	Mig-29	AB
520.	Air command	cc	Armenia	Erebuni (Yerevan)		AK
988.	Air defence missile regiment	c	Armenia	Gyumri (Leninakan)	S-300V	ZRP
426.	Air group	c	Armenia	Erebuni (Yerevan)	Mig-29	AG
1007.	Air defence missile regiment	c	Georgia	Chelbachauri	Osa	ZRP
171.	Air command	cc	Kazakhstan	Karaganda		AK
x	Aviation training site	t	Kazakhstan	Makat		Avia-polygon
x	Aviation training site	t	Kazakhstan	Tereki		Avia-polygon
x	Aviation training site	t	Kazakhstan	Turgai		Avia-polygon
x	Transport aviation division, autonomous	c	Kazakhstan	Kostanai		OVTAP
x	Air base	c	Kyrgzistan	Kant	Su-25	AB
1098.	Air defence regiment	c	Tajikistan	Dushanbe	Uragan	
670.	Air unit	c	Tajikistan	Dushanbe	Su-25	AG
1096.	Air defence missile regiment	c	Ukraine	Sevastopol	S-300P	ZRP
917.	Air regiment, composed, autonomous	c	Ukraine	Katya		OSAP

Source: Stukalin, Alexander and Lukin, Michail (2005), 'Vsya Rossiiskaya Armiya [The Whole Army of Russia]', *Vlast*, No. 610,21 February 2005, pp. 69-94.
N.B. For abbreviations see Appendix 1.

Russia's Naval Bases

Concerning naval bases, there is only one Russian base in the FSU today, namely Sevastopol. The conflict between Russia and Ukraine over the ownership of the former Soviet Black Sea Fleet was naturally tied to the question of sovereignty over the Crimean peninsula, where the Fleet's

[166] Olcott, Martha Brill (2005), *Central Asia's Second Chance,* (Washington D.C.: Carnegie Endowment for International Peace), p. 188.

naval base Sevastopol is situated.[167] Technically, Crimea was indisputably Ukrainian territory after it was 'donated' in 1954 to Ukraine on the orders of the Communist Party of Soviet Union's General Secretary Nikita Khrushchev. This decision was effectively validated in Ukraine's referendum on independence on 1 December 1991, when Crimea voted for the independence of Ukraine, albeit by a narrow majority – 54%, the smallest majority in all the regions of Ukraine (90% in Ukraine overall). Nevertheless, in May 1992 the Russian State Duma passed a resolution declaring the 1954 transfer of Crimea to Ukraine illegal.[168]

After prolonged negotiations, the agreement on the division of the Black Sea Fleet was signed on 28 May 1997. Briefly, the accords outlined in the agreement were that:

- The two nations would divide the Black Sea Fleet 50-50, with Russia being given the opportunity to buy back some of the more modern ships for cash (ending up with 81.7% of the ships going to Russia and 18.3% to Ukraine).
- Russia would leased the ports in and around Sevastopol for 20 years at USD 97.95 million per year (with a possible extension for a further five years subject to the agreement of both parties). The payment would go towards reducing Ukraine's USD 3 billion debt to Russia (most of which was owed to the Russian gas supplier Gazprom).
- Crimea and the city of Sevastopol were declared territorially sovereign parts of Ukraine.[169]

The signing of the agreement on the division of the Black Sea Fleet was followed three days later, on 31 May 1997, by the signing of the long-awaited 'Friendship, Co-operation and Partnership Treaty', which was a landmark in the normalisation process of the two former Soviet

[167] A Google Earth survey of the Black Sea Fleet can be found at http://bbs.keyhole.com/ubb/download.php?Number=392284.
[168] Wolczuk, Roman (2003), *Ukraine's Foreign and Security Policy 1991-2000* (New York: RoutledgeCurzon), pp. 28-29.
[169] Felgenhauer, Tyler (1999), *Ukraine, Russia and the Black Sea Fleet Accord*, Woodrow Wilson Center, Woodrow Wilson Case Study, 2.

republics. However, according to the British analyst James Sherr[170], the political provisions of these two agreements were more favourable for Ukraine than the military provisions. In fact, the legitimisation of the presence of the Russian forces on Ukrainian territory for the next twenty to twenty-five years was a noteworthy achievement for Russia. Similarly, the actual subdivision of the fleet, and above all, its infrastructure was highly unfavourable for the Ukrainian portion on the fleet.

As the year 2017 draws closer, the uncertainties over Russia's move of its Black Sea Fleet continue to increase. Although Russia has pledged itself to build a new navy base in Novorossiisk in the Russian Krasnodar region, construction is going slowly and funding has, so far, been insufficient. According to retired Admiral and former Black Sea Fleet commander Viktor Kravchenko, the main facilities for the Black Sea Fleet will be ready in Novorossiisk by 2016, as will a secondary base near the towns of Gelendzhik and Tuapse on the Black Sea Coast. However, Novorossiisk harbour has been deemed unsuitable for the construction of a naval base, since the space that can be allocated for basing the Black Sea Fleet ships is too small. Besides, climatic considerations make the area unsuitable for a base to maintain large warships. However according to Kravchenko, the Novorossiisk harbour will be deepened and broadened, with berths for about 30 warships to be constructed along wave-breakers.[171]

In March 2005, Sergei Ivanov, then Russian Minister of Defence, declared that although construction of the new navy base in Novorossiisk was going on, "the command and the core of the Black Sea Fleet will stay in Sevastopol".[172] He also said that Russia is planning to launch talks with Ukraine by 2013 on prolonging the Sevastopol lease.[173] It was unclear, however, whether the Defence Minister meant the five-year possible

[170] Sherr, James (1997), 'Russia-Ukraine *Rapprochement*?: The Black Sea Fleet Accords', *Survival*, Vol. 39, No. 3, pp. 40-42.
[171] Abdullaev, Nabi (2006), 'Russia To shift Black Sea Fleet Out of Ukraine', *Defense News*, Published: 28 March 2007, Internet: http://www.defensenews.com/story.php?F=1636012&C=navwar.
[172] 'Defense Minister Says Russia will not Withdraw its Navy from Sevastopol', (2005), *RFE/RL Newsline*, Published: 28 March 2007, Last accessed: 43, Internet: http://www.rferl.org/newsline/2005/03/1-RUS/rus-070305.asp.
[173] Ibid.

prolongation of the base lease referred to in the 1997 agreement or an additional five-year prolongation beyond this.

In February 2006, Ivanov repeated that "our main base has been, is and will continue to be in Sevastopol".[174] He further explained that Novorossiisk would only provide base facilities for those ships that had moved to the Krasnodar region since 1991.[175] This message that Sevastopol will remain the main base for the Russian Black Sea Fleet after 2017 is also often repeated by retired Navy officers, Duma members and Russian nationalist politicians.

The renewed tensions over the Black Sea Fleet's stationing escalated in 2005-2006, during creation of pro-Western governments following the Orange Revolution in late 2004, when Moscow decided to double the price of natural gas for Ukraine. Kyiv responded by demanding to increase the rent Russia pays for using naval facilities in Sevastopol, by taking over Crimea's lighthouses from the Russian navy and launching inventory checks into property rented out to the Black Sea Fleet.[176] The tensions increased further because of the Orange government's pro-NATO policy and its intensions to shift the Ukrainian Navy to NATO standards. As a potential NATO member, the Ukrainian Orange government's escalating demands for Russia's withdrawal of the Black Sea Fleet was also driven by NATO's ban on non-NATO member states having bases on NATO territory.

Tensions over the Black Sea Fleet's stationing in Sevastopol cooled down after Viktor Yanukovych was appointed Prime Minister of Ukraine in August 2006. The new government declared its intentions to give the highest priority to improvement of relations with Russia and declared that Ukraine was not ready for NATO membership for the moment due to low public support. In October 2006, the Ukrainian Prime Minister suggested that Russia may be able to continue to use its naval base in

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[174] 'Vladimir Kuroyedov has announced two new Black Sea Fleet bases will be built in Novorossiisk area on the Black sea coast', (2006), *The Russian Newsroom*, Published: 28 March 2007, Internet: http://www.russiannewsroom.com/content.aspx?id=2970_Politics&date=2006-2-18.

[175] Ibid.

[176] Abdullaev, Nabi (2006), 'Russia To shift Black Sea Fleet Out of Ukraine', *Defense News*, Published: 28 March 2007, Internet: http://www.defensenews.com/story.php?F=1636012&C=navwar.

Sevastopol after 2017.[177] For Russia, the Black Sea Fleet's continued stationing in Ukraine is important for two reasons. The first is that the Fleet is still a lever on Ukraine as uncertainties regarding its move from Ukraine constitute a formal obstacle for Ukraine's NATO membership. Even if the Fleet, which has the lowest status of the four Russian Fleets, is not a potential military threat in itself, its continued presence in Ukraine at least sends the signal that Ukraine is not totally independent and that Crimea is not a totally integrated part of Ukraine.

The second reason is that relocation from Crimea to the on-shore base at Novorossiisk would be the same as a further downgrading of the Fleet's status, as it would no longer be able to project Russia's military might into a region increasingly dominated by NATO. With Turkey, Romania and Bulgaria in NATO and Georgia and Ukraine striving to attain membership, the role of the Russian Black Sea Fleet will be further downscaled to mostly deterrence and protection of the Russian shores. One may even state that if the Black Sea Fleet leaves Sevastopol, it will in the traditional sense cease to exist.

[177] 'Russia may stay station Black Sea Fleet in Crimea after 2017, says PM', (2006), *Ukrainian Journal*, Published: 28 March 2007, Internet: http://www.ukrainianjournal.com/index.php?w=article&id=3452.

Table 12: Russia's Naval Presence in the FSU in 2005						
#:	**Unit:**	**Type:**	**Country:**	**Location:**	**System:**	**RF Acr:**
x	Naval communication central	r	Belarus	Vileyka		US VMF
x	Naval communication central	r	Kyrgyzstan	Kara-Balta (Chaldovar)		US VMF
x	Naval testing site	t	Kyrgyzstan	Karakol (Oz. Issik-Kul)		Its VMF
31.	Air defence testing site	t	Ukraine	Feodosiya	S-300P	Its
x	CC central	r	Ukraine	Yalta		US
x	CC central	r	Ukraine	Sevastopol		US
x	CC central	r	Ukraine	Sudak		US
197.	Coastal assault brigade	c	Ukraine	Sevastopol		BRDK
854.	Coastal defence regiment, a	c	Ukraine	Sevastopol	Rubezh	OBRP
300.	Guard battalion, a	c	Ukraine	Sevastopol		OBOO
115.	Guard troops CC-centre	cc	Ukraine	Sevastopol		KOO
872.	Helicopter regiment for submarine hunt, a	c	Ukraine	Katya	Ka-27	OPLVP
x	HQ Black Sea Navy	cc	Ukraine	Sevastopol		Sjtab TjF
x	Maintenance factory for rocket artillery	c	Ukraine	Sevastopol		ZRAV
41.	Missile ship brigade	c	Ukraine	Sevastopol		BRRKA
17.	Naval arsenal	c	Ukraine	Sevastopol		ARS VMF
43.	Naval assault air regiment, a	c	Ukraine	Gvardeiskoye	Su-24	OMSjAZ
859.	Naval aviation educational institute	t	Ukraine	Katya		UTsMA
x	Naval engineering battalion, a	c	Ukraine	Sevastopol		OMIB
1472.	Naval hospital	c	Ukraine	Sevastopol		VMKG
810.	Naval infantry regiment, a	c	Ukraine	Sevastopol		OPMP
68.	Patrol boat brigade	c	Ukraine	Sevastopol		BRKOVR
130.	Radar locations centre	r	Ukraine	Sevastopol		TsRZR
219.	Radio electronic warfare regiment, a	c	Ukraine	Otradnoe		OPRZB
37.	Rescue ship brigade	m	Ukraine	Sevastopol		BRSS
13.	Ship maintenance and renovation docks	m	Ukraine	Sevastopol		SRZ
63.	Ship maintenance and renovation docks	m	Ukraine	Sevastopol		BRREMK
91.	Ship maintenance and renovation docks	m	Ukraine	Sevastopol		SRZ
x	Signal and radio-technical protection battalion, a	c	Ukraine	Katya		OBSTRO
112.	Signal intelligence brigade	r	Ukraine	Sevastopol		BMKG
11.	Submarine hunting brigade	c	Ukraine	Sevastopol		BRPLK
247.	Submarine hunting division	c	Ukraine	Sevastopol		ODNPL
9.	Supply ship brigade	c	Ukraine	Sevastopol		BRSO
30.	Surface ship division	c	Ukraine	Sevastopol		DNK
52.	Yacht Club	i	Ukraine	Sevastopol		YaK

Source: Stukalin, Alexander and Lukin, Michail (2005), 'Vsya Rossiiskaya Armiya [The Whole Army of Russia]', Vlast, No. 610,21 February 2005, pp. 69-94.
N.B. For abbreviations see Appendix 1.

Russia's Peacekeeping Units

The modern background to Russia's peacekeeping ambitions shows a discrepancy in intentions and methods. Before the crisis in Kosovo in 1999, Russia participated in 11 missions by having 770 observers and 1,800 soldiers and officers, for example in Bosnia in 1993 and in Croatia in 1995. Its criteria for participation were that it should have a UN mandate with a fixed duration and policy for ending operations. Secondly, it should be in line with Russia's national strategic interests and, finally, it should be a multinational force. In addition, peaceful

means should be tried and have failed before force can be used.[178] Today there are but a few international missions, namely in Moldova, Georgia, Sierra Leone and Lebanon. The Lebanon operation is an independent operation, outside the framework of the UN, while in Sierra Leone just one helicopter contingent participates.[179]

Table 13: Russia's Peacekeeping Forces in the FSU in 2005

#:	Unit:	Type:	Country:	Location:	RF Acr:
x	Helicopter squadron, autonomous	c	Georgia	Bombora (Gudauta)	OVZ
x	Motorised rifle battalion, autonomous	c	Georgia	Gudauta	OMCB
x	Motorised rifle battalion, autonomous	c	Georgia	Tskhinvali	OMCB
x	Motorised rifle battalion, autonomous	c	Georgia	Urta	OMCB
64.	Signal battalion, autonomous	c	Georgia	Abkhazia	OBS
1162.	Air defence regiment	c	Moldova	Tiraspol	ZRP
8.	Motorised rifle brigade, autonomous	c	Moldova	Tiraspol	OMSBR (GV)
15.	Signal regiment, autonomous	c	Moldova	Tiraspol	OPS

Source: Stukalin, Alexander and Lukin, Michail (2005), 'Vsya Rossiiskaya Armiya [The Whole Army of Russia]', Vlast, No. 610,21 February 2005, pp. 69-94.
N.B. For abbreviations see Appendix 1. Troops in Moldova are here noted as peacekeeping forces, but the units listed in table are the OGRF forces.

Peacekeeping in relation to humanitarian missions has never been important to Russia. It is a means to solve armed conflicts, but it is never acceptable to have external intervention in domestic affairs, according to Russia.[180] The legal basis for its operations in the FSU was found in the document 'Agreement on Groups of Military Observers and collective Peacekeeping Forces' which allegedly was in line with UN policy. However, Russia has supported one of the sides in the conflicts in Abkhazia, Moldova, Nagorno-Karabakh, South Ossetia and Tajikistan.[181]

Russia's policy has created an awkward situation, for example in Tajikistan where the 201st Division was the core of the Collective Peacekeeping Force in Central Asia 1993 (during the Tajik civil war), but

[178] Finstad, Lars Harald (2001), *Russisk deltakelse i KFOR og forholdet til NATO [Russian Participation in KFOR and Relation to NATO]*, Kjeller: Forsvarets forskningsinstitutt, FFI Rapport, 2001/02710, p. 8.
[179] Stukalin, Alexander and Lukin, Michail (2005), 'Vsya Rossiiskaya Armiya [The Whole Army of Russia]', *Vlast*, No. 610, 21 February 2005. N.B Kommersant/Vlast has in the spring of 2007 updated its survey of the Russian military units. For latest information, look at their website.
[180] Finstad, Lars Harald (2001), *Russisk deltakelse i KFOR og forholdet til NATO [Russian Participation in KFOR and Relation to NATO]*, Kjeller: Forsvarets forskningsinstitutt, FFI Rapport, 2001/02710, p. 9f.
[181] Jonson, Lena (1998), *The Tajik War: A Challenge to Russian Policy*, London: The Royal Institute of International Affairs, Discussion Paper, 74. p. 13.

only one of the Division's battalions was earmarked as peacekeepers. Instead, its main task was to guard vital military and state objects and to provide a second echelon to the Russian border troops. As a subsidiary task, it was to deliver humanitarian aid and secure evacuation of refugees.[182] In combination with supply of Russian arms, bias among the Russian peacekeepers and the use of Russian mercenaries, Russia's peacekeeping policies have been dangerous and counter-productive if the aim is to support Russia's own security.[183]

When it comes to Georgia, the United Nations Observer Mission in Georgia (UNOMIG) is responsible for the situation in Abkhazia, but it has no ordinary peacekeeping forces for protection. Instead, the Commonwealth of Independent States Peacekeeping Force (CISPKF) takes care of protection of UNOMIG in the region of Abkhazia. It was meant to be a multinational force under the aegis of the CIS, but it only consists of Russian soldiers. As the force as been pro-Abkhazian ever since the civil war, there have been many frictions and lack of trust in the CISPKF.[184]

Due to the fact that the UNOMIG has to rely on the CISPKF, it has been unable to fulfil all parts of its mandate, for example patrolling the upper Kodori Valley, but for pragmatic reasons, the UNOMIG has been reluctant to criticise the CISPKF.[185] Georgia has been more than explicit in its statements, even though it has renewed the mandate.[186] One reason

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[182] Ibid. p. 14.

[183] See Sokolov, Alexander (1997), 'Russian Peace-keeping Forces in the Post-Soviet Area', in: Kaldor and Vashee (Eds.) *New Wars: Restructuring the Global Military Sector,* (London: Pinter), p. 207.

[184] UN Economic and Social Council (2001), *Report of the Representative of the Secretary-General on Internally Displaced Persons, Mr. Francis Deng, Submitted Pursuant to Commission on Human Rights Resolution 2000/53*, UN Economic and Social Council, 25 January 2001, E/CN.4/2001/5/Add.4.

[185] See e.g. Rossiyski Mirotvorets (2005), 'Interview with UNOMIG Chief Military Observer (CMO) Major general Hussein Ghobashi to The Russian Peacekeeper (Rossiyski Mirotvorets) Newspaper', *Rossiyski Mirotvorets (Reposted at UNOMIG)*, Published: 20 January 2005, Last accessed: 11 April 2006, Internet: http://www.unomig.org/media/interviews/?id=268.

[186] Russian forces have on occasion extorted money from the local people and been involved in cases of physical abuse. See e.g. Civil Georgia (2006a), 'Georgia Renews Criticism of Russian Peacekeepers', *Civil Georgia*, Published: 3 May 2006, Last accessed: 15 May 2006, Internet: http://www.civil.ge/eng/article.php?id=12473.

is that the UNOMIG would have to be withdrawn if the CISPKF left altogether. The CISPKF is thus a rather strong lever affecting the conflict resolution process in Abkhazia.

During 2006, when Georgian-Russian relations hit rock bottom, Georgia renewed its demands for replacing the CISPKF, yet with little success. Putin nonetheless made it clear that Russia is not interested in withdrawal.[187] In fact, after the armed clashes in Kodori during the summer of 2006, Russian soldiers increased their military activities, for example by establishing roadblocks.[188] Another factor in the equation is Georgia's threat to leave the CIS, which was indicated during 2006 along with a suggestion to change UNOMIG's mandate.[189] The conclusion is that Georgia has little power to change the current situation, as the situation would grow worse regardless of the policy line taken.

Alexander Sokolov[190] has analysed Russia's peacekeeping efforts and concludes that there has been a struggle between two policy models. He labels one model 'diplomatic' and the other 'force-based'. The latter prevails and basically disregards the mandate established through negotiations along with legal norms in order to achieve practical results.[191] This has usually meant that a certain Russian bias has been present, usually in favour of Abkhazia, but it is worth mentioning that Russian commanders have flirted with the idea of forcing the Abkhazian authorities to agree to the return of Georgian refugees.

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[187] Ministry of Foreign Affairs of Russia (2006), 'O soveshchanii Prezidenta Rossii V.V. Putina s poslami i postoyannimi predstavitelyami Rossiiskoi Federatsii, Moskva, 27 ionya 2006 goda [Notes from Russia's President V.V. Putin's meeting with the permanent government of the Russian Federation, Moscow, 27 June 2006].' *Ministerstvo Inostrannikh del Rossiiskoi Federatsii*, Published: 28 June 2006, Last accessed: 11 July 2006.

[188] Rustavi 2 (2006), 'Russian Peacekeeping Forces Have Opened a New Guard Point at the Turn of the Village Urta, Zugdidi Region', *Rustavi 2 (Reposted at Georgian Times)*, Published: 8 September 2006, Last accessed: 18 September 2006, Internet: http://www.geotimes.ge/print.php?print=1642&m=news.

[189] Khutsidze, Nino (2006), 'Tbilisi's Abkhaz Strategy', *Civil Georgia*, Published: 15 May 2006, Last accessed: 24 May 2006, Internet: http://www.civil.ge/eng/article.php?id=12572.

[190] Sokolov, Alexander (1997), 'Russian Peace-keeping Forces in the Post-Soviet Area', in: Kaldor and Vashee (Eds.) *New Wars: Restructuring the Global Military Sector,* (London: Pinter) p. 228.

[191] Ibid. p. 227.

In Georgia's second separatist region, South Ossetia, there is the Joint Peacekeeping Force (JPKF) that is supervised by the OSCE. The JPKF, together with the OSCE, is supposed to monitor the 2004 ceasefire agreement between Georgia and South Ossetia. The JPKF has been less than efficient and it has largely been unable to handle combatants or issues such as smuggling or trafficking, a paramount reason being the Russian support to South Ossetia. The Ergneti arms bazaar, which is now closed, used to be the largest in the Caucasus, and the spread of arms is very high.[192] Between December 2005 and May 2006, large depots of arms and air defence weaponry were found and according to the Georgian Ministry of Defence, this is evidence of the inability of the JPKF to demilitarise the region.[193] A further aggravating incident took place in early December 2006, when two Russian peacekeepers were arrested for involvement in contraband activities.[194]

In Moldova's separatist region, Transnistria, the Russian military presence consists of a peacekeeping force within the trilateral Joint Control Commission (JCC), and the Operational Group of Russian Forces (the former 14th Army), consisting basically of the 8th Motorised Rifle Regiment, an air defence regiment and a signal regiment.

The JCC, which monitors the buffer zone on both sides of the Nistru River, was established after the signing of the ceasefire agreement from 21 July 1992. It consists of troops from Moldova, the Transnistrian separatists and Russia, as well as Ukrainian military observers. In addition, the OSCE has a local observation mission and participates in all

[192] The Caucasus Institute for Peace, Democracy and Development (2004), *SALW Proliferation and its Impact on Social and Political Life in Kvemo Kartli*, Tbilisi: The Caucasus Institute for Peace, Democracy and Development (CIPDD).
[193] Civil Georgia (2006b), 'MoD Reports on Unauthorized Military Hardware in S.Ossetia', *Civil Georgia*, Published: 9 April 2006, Last accessed: 10 April 2006, Internet: http://www.civil.ge/eng/article.php?id=12296.
[194] Nezavisimaya gazeta (2006), 'V Gruzii arestovany rossiiskie mirotvoretsy [In Georgia Russian Peacemakers Were Arrested]', *Nezavisimaya gazeta*, Published: 2 December 2006, Last accessed: 4 December 2006, Internet: http://news.ng.ru/2006/12/04/1165236872.html.

JCC meetings. By September 2006, Moldova had supplied 403 men to the force, Transnistria 411 and Russia just 385.[195]

The Russian 14th Army was based in Moldova since its creation in 1956. Its involvement in the Transnistrian conflict contributed to a large extent to the outcome in the war of 1992, which left the Transnistria with de facto independence from the Republic of Moldova. Even before the outbreak of the armed conflict, local Transnistrians made up the great majority of the 14th Army's soldiers and officers. While the official policy of the Russian Federation in the early phase of the conflict was of neutrality, many soldiers of the 14th Army actively participated in the fighting and a considerable amount of military hardware was taken by or given to the separatist forces.[196] After the appointment of General Aleksandr Lebed as commander of the army in June 1992, the Russian troops openly entered into the conflict on the separatists' side and quickly ended the war with the bloody massacre of Moldovan forces concentrated in the Gerbovetskii forest.[197]

After the disbandment of the 14th Army and the creation of the Operational Group of the Russian Forces (OGRF) in 1996, Russian material, logistic, administrative, training and not least moral support have helped to establish and develop the armed forces of Transnistria. The dividing lines between the troops of the OGRF, the peacekeeping units and the Transnistrian military and paramilitary units are unclear. Personnel from the OGRF and the Russian peacekeeping unit are well integrated into Transnistrian society and have been transferred to the Transnistrian and military structures. By 2003, the OGRF was composed of between 1,300 and 1,500 troops, mainly officers.[198]

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[195] Tiraspol Times (2006), ''Peacekeepers Must Leave', says Moldova's Foreign Minister', *The Tiraspol Times & Weekly Review*, Published: 26 February 2007, Last accessed: 28 September 2006, Internet: http://www.tiraspoltimes.com/node/248.
[196] Wikipedia (2006a), '14th Army involvement in Transnistria', Published: 26 February 2007, Internet: http://en.wikipedia.org/wiki/14th_Army_involvement_in_Transnistria.
[197] Kazakov, Anatolii Mikhailovich (2006), '*Krovavoe leto v Benderackh - zapiski pokhodnogo atamana* [Bloody Summer in Bendery - Notes from a Campaign Hetman]', Published: 26 February 2007, Internet: http://artowar.ru/k/kazakow_a_m/text_0420.shtml.
[198] Lynch, Dov (Ed.) (2004), *Moldova and Transnistria,* (Groningen, the Centre of European Security Studies (CESS)).

After the ceasefire in 1992, Moldova entered into difficult negotiations with Russia regarding the withdrawal of Russian troops from Moldova. They resulted in Moscow consenting to sign an agreement with the Moldovan government in Chisinau on 21 October 1994, according to which Russia committed itself to the removal of its troops within three years. At the same time, the withdrawal was supposed to be 'synchronised' with "the political settlement of the Transnistrian region of the Republic of Moldova", which in practice gave Russia various excuses for not putting the agreement in effect.

After the failure of the bilateral approach for Russian troop withdrawals, the Moldovan government tried a multilateral approach. Moldovan diplomacy took particular advantage of the negotiations concerning the Adaptation of the Treaty on Conventional Forces in Europe[199] and managed to ensure that a special paragraph about the removal of Russian troops from Moldova's territory was introduced into the text of the OSCE Summit Declaration of Istanbul in 1999. According to the document, Russia committed itself to pulling out its heavy armament by the end of 2001 and its troops from the Transnistrian region by the end of 2002.

However, after the Istanbul summit, Russia again ignored its commitments to withdraw its troops from Moldova. However, being mindful of the effects and implementation of the Adapted CFE Treaty, Russia did implement the withdrawal of its heavy armament limited by the treaty. From 1999-2001, Moscow withdrew 125 pieces of Treaty Limited Equipment (TLE) and 60 railway wagons containing ammunition from Moldova. At the Ministerial Council of the OSCE in Porto in December 2002, the member states of the OSCE adopted a new decision regarding Moldova, in which they "extended" the term by which Russia had to pull out its troops by one year, to 31 December 2003. However by adding the crucial phrase "providing necessary conditions are in place", the OSCE simultaneously reduced Russian interests in fulfilling its obligation to almost nil.

Although during 2003 Russia withdrew a substantial amount (39%) of the originally estimated 42,000 tonnes of ammunition stored in depots in

[199] See further Larsson, Robert L. (2004b), 'Ryssland och CFE: problem, utveckling och framtid', *Strategiskt forum för säkerhetspolitik och omvärldsanalys*, No. 14.

Colbasna, this did not lead to the end of the Russian military presence on Moldovan territory as stipulated by the Decision of the OSCE Ministerial Council. Moscow blamed the separatist leaders in Tiraspol for not respecting Russia's commitments and allegedly prevented the removal and/or destruction of the Russian military equipment and ammunition. In fact, Russia was employing delaying tactics in the hope that by applying economic and political pressure, the then pro-Russian communist government in Chisinau would accept the legalisation of the Russian military presence on Moldovan territory.[200]

The Moldovan president Vladimir Voronin's decision in November 2003 not to sign the Russia-sponsored 'Kozak Memorandum' led to a freezing of the peace settlement talks over Transnistria and the Russian withdrawal of its ammunition from the territory of Moldova. The Kozak Memorandum, if it had been signed, would have led to the sanctioning of the presence of Russian troops in Moldova until 2020.

Since the failure of the Kozak Memorandum, no significant changes have occurred in the position of the Russian government regarding the withdrawal of Russian troops from Moldova. The Moldovan government has continued to insist on the complete withdrawal of the Russian forces and ammunition from the Moldovan territory and a change in the peacekeeping arrangement in favour of a multiethnic peacekeeping mission with an international mandate. Moscow has insisted that the states supporting the Adaptation on the CFE Treaty should ratify this document before Russia withdraws its troops from Moldova and Georgia. This opinion, however, totally opposes the opinion of the western organisations. During the NATO Summit in Istanbul in June 2004, for instance, the Alliance made it clear that the Adapted CFE Treaty would only be ratified once Russia had fulfilled its obligations towards Georgia and Moldova, assumed in 1999.[201] In the spring of 2007, Russia nevertheless stated that it may refuse to ratify it and even withdraw from CFE altogether as a result of the US ambition to forward its missile defence systems in Europe.

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[200] Gribincea, Mihai (2006), 'Russian Troops in Transnistria: a Threat to the Security of the Republic of Moldova', *Politcom*, Internet:
http://politcom.moldova.org/stiri/eng/20998.

[201] NATO (2004), *Istanbul Summit Communiqué Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council*, NATO.

Although small in numbers today, the Russian military in Moldova together with their armament deposits still work as a means of supporting Transnistria and controlling and keeping Moldova in Russia's sphere of influence. Furthermore, the Russian military presence in Moldova also serves as a lever over Ukraine, Russia's main political competitor in the FSU area. In case of Ukrainian (and, at the same time, possibly Moldovan) NATO membership, Transnistria would become a small Russian-controlled territory inside NATO. Furthermore, the Russian military presence in Moldova is considered 'protection' on land for the Russian Black Sea Fleet located in Sevastopol.[202] As the Moldovan state is so weak, there is still a risk that Chisinau will be persuaded by Moscow to accept a permanent Russian military presence in Moldova.

Other Military Levers

Some further levers must also be mentioned. One of the most important is covert military support to Abkhazia and South Ossetia. There is a strong informal network between Russia and Abkhazia in this respect. Money and arms have been flowing to Abkhazia for years and thus strengthening Abkhazia's struggle for independence. Volunteer fighters or mercenaries have been entering Abkhazia from the north and if not promoted by Russia, they have at least been tolerated. Most notably, there have been Russian Cossacks participating as mercenaries in the struggle.[203] In addition, most of Abkhazia's power structures, i.e. those dealing in defence and security, are connected, affected and controlled by Russia. Russian officers or ex-officers are participating in defence policymaking. One prominent example is the Chief of the Abkhazian General Staff, Anatoly Zaitsev, who is a Russian general and who allegedly coordinates policy between the two actors.

In addition to what has been said, Russia has a few strategic installations in the FSU. The radar systems Dnepr (in the west known as the Hen House), Daryal (Pechora) and Okno are parts of the early-warning system of the missile defence system, which belongs to the space forces (Kosmicheskaya Voyska). Despite the fact that it has been of great importance to have these kinds of installations abroad, a trend of withdrawal is evident. Ukraine allegedly controls the installations on its

[202] Ghiduleanov, Irina and Galusca, Tamara (2005), *Frozen Conflict in Transdniestria: Security Threat at Future EU Borders*, Linköping, pp. 41-42.
[203] See the chapter on human-based levers.

territory.[204] There were also severe problems in Tajikistan for a long time, but Russia's renewed engagement since 2004 has solved many of the remaining issues. One example was the Okno station at Nurek. During the bilateral negotiations, Russia managed to rent the station for 49 years for a symbolic sum of 30 US cents per annum. In return, parts of Tajikistan's debt were cancelled.[205]

Table 14: Russia's Strategic Military Presence in the FSU in 2005

#:	Unit:	Type:	Country:	Location:	System:	RF Acr:
5.	State testing site	t	Kazakhstan	Baikonur		GIK
7680.	Radar system, autonomous	r	Tajikistan	Nurek	"Okno"	ORTU
x	Early-warning-radar, autonomous	r	Azerbaijan	Gabala (Lyaki)	EW+ABM "Daryal"	ORTU
x	Early-warning-radar, autonomous	r	Belarus	Gantsevichi (Ussuriisk/Baranovichi)	EW+ABM "Volga"	OPTU
x	Early-warning-radar, autonomous	r	Kazakhstan	Gulshad (Sari-shagan/Priozersk)	EW+ABM "Dnepr"	ORTU
x	Measuring spot 3	t	Kazakhstan	Baikonur		IP
x	Measuring spot 5	t	Kazakhstan	Baikonur		IP
x	Early-warning-radar, autonomous	r	Ukraine	Nikolayev (Sevastopol)	OTH-B "Dnepr"	ORTU

Source: Stukalin, Alexander and Lukin, Michail (2005), 'Vsya Rossiiskaya Armiya [The Whole Army of Russia]', *Vlast*, No. 610,21 February 2005, pp. 69-94.
N.B. For abbreviations see Appendix 1.

The testing site Baikonur in Kazakhstan is formally owned by Kazakhstan and Russia pays USD 115 million per annum for it. Kazakhstan considers this too little and claims that it is too risky for the Kazakh population. It further claims that it is forced to lease it to Russia.[206] Baikonur has been one of the most important launching and testing sites for Russian space rockets, but in 2006 Moscow decided to relocate its operations to Plesetsk on the Russian homeland.

The Gabala station in Azerbaijan is still in operation, but is not wanted by the Azeri authorities, partly since Russia has not been paying its bills, partly since there are allegedly many cases of 'radar-related diseases', such as cancer, among the Azeri population living near the centre. As

[204] Sokov, Nikolai (2004), 'Russia: Early Warning System Status', *Nuclear Threat Initiative*, Published: 24 May 2004, Last accessed: 5 December 2006, Internet: http://www.nti.org/db/nisprofs/russia/weapons/abmc3/earlwarn.htm.
[205] Jonson, Lena (2006), *Tajikistan in the New Central Asia: Geopolitics, Great Power Rivalry and Radical Islam,* (London: I.B.Tauris), p. 79.
[206] Olcott, Martha Brill (2005), *Central Asia's Second Chance,* (Washington D.C.: Carnegie Endowment for International Peace), p. 192.

previously mentioned, these installations are not strong levers when it comes to affecting policy and they can hardly be used in armed combat. However, they constitute bargaining chips in political negotiations.

The force of the CIS Collective Security Organisation (CSTO)[207] has been long in the making and it seems that it will consist of 10,000 troops where each member country provides one type of unit. Kazakhstan provides an coastal assault brigade, Tajikistan an airborne brigade, Kyrgyzstan a mountain battalion and Russia a battalion from the Volga-Ural Military District along with a communication battalion, air force and an artillery battalion from the former 201st Division in Tajikistan. The idea is to have the units under national command in peacetime, while in case of war they should be under joint command.

Usage of Military Units

The power of Russian troops in the FSU is not primarily based on their involvement in combat activities. In Abkhazia, South Ossetia and Transnistria they have active roles and are occasionally engaged in armed activities. The units in Tajikistan have also been involved in real operations but as illustrated above, the influence posed by the military presence is to be found at other levels.

However, several states perceive Russia's armed forces as a clear and present danger. This is not primarily related to Russia's presence within the FSU area, but the threat also comes from Russia proper. Substantial amounts of military units and troops are located along Russia's borders, and one flank stands out as especially significant, namely the South Caucasus. Moscow's campaign in Chechnya and perceived threats is one explanation. The military lever can in this context be said to be two-fold. Firstly, Russia's strong military capability close to Georgia is both a deterring factor and a force that could come to the assistance of South Ossetia or Abkhazia in the event of a war with Tbilisi. Secondly, there have a few incidents when Georgia's territory has been bombed. This has been done covertly by using unmarked aircrafts, but all the evidence points to Russia. For example, this occurred on three occasions in 2002

[207] See further the chapter on political levers.

close to the Chechen border,[208] and in 2007 in the Georgian-controlled Kodori valley in Abkhazia.[209] In the spring of 2007, Russian attack helicopters, Mi-24s, carried out combat operations of official buildings in the Georgian-controlled parts of Abkhazia.

It should be stressed that the constitutional possibility to send Special Forces abroad is very strong in Russia. On 4 August 2006, Putin asked the Federation Council, the upper chamber of the Russian Parliament, for the right to send Special Forces from the FSB and the Armed Forces abroad to combat terrorism.[210] Allegedly, the president has to specify how, where and how long the operation is going to take place, along with data on the number of troops, which he never did. However, a legal change has since made this requirement superfluous.

Treaties and Relocations at Aggregated Level

As indicated, Russia's withdrawal is important insofar as it is one step closer to fulfilling the Istanbul commitments and Conventional Forces in Europe Treaty (CFE).[211] Moscow has been reluctant to ratify the Adapted CFE treaty but NATO refuses to follow as long as Russia is violating the limitations on the Southern flank,[212] which it has due to its presence in Georgia and campaign in Chechnya. However, by relocating large qualities of arms and weaponry (Treaty Limited Equipment), to

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[208] Devdariani, Jaba (2005), 'Georgia and Russia: The Troubled Road to Accomodation', in: Cooppieters and Legvold (Eds.) *Statehood and Security: Georgia after the Rose Revolution,* (London: MIT press), p. 184f.

[209] Basilaia, Ekaterina (2007), 'Tbilisi Claims Kodori Bombed by Russian Helicopters', *Georgian Messenger*, Published: 13 March 2007, Last accessed: 14 March 2007, Internet: http://www.messenger.com.ge/issues/1314_march_13_2007/n_1314_1.htm. and Chivers, C. J. (2007), 'U.N. Finds Evidence That Russian Gunships Aided in Missile Attacks on Villages in Georgia', *New York Times*, 14 March 2007, p. 8.

[210] Kommersant (2006), 'Russia to Fight Terror Worldwide', *Kommersant*, Published: 5 July 2006, Last accessed: 5 December 2006, Internet: http://www.kommersant.com/p687758/Russia_to_Fight_Terror_Worldwide/, Reuters (2006), 'Kremlin Seeks Right to Hunt Terrorists Abroad', *Moscow Times*, Published: 5 July 2006, Last accessed: N/A, and Reuters (2006), 'Kremlin Seeks Right to Hunt Terrorists Abroad', *Moscow Times*, Published: 5 July 2006.

[211] Larsson, Robert L. (2004b), 'Ryssland och CFE: problem, utveckling och framtid', *Strategiskt forum för säkerhetspolitik och omvärldsanalys,* No. 14.

[212] Boese, Wade (2004), 'Dispute Over Russian Withdrawal from Georgia, Moldova Stall CFE Treaty', *Arms Control Today*, Published: September 2004, Last accessed: 13 January 2005, Internet: http://www.armscontrol.org/act/2004_09/CFE.asp.

Northern Caucasus, the net amount of heavy arms on the Southern flank remains the same and the CFE treaty would still be violated.

Moreover, the ongoing strategic re-alignment seems to be taking place at several levels. Three trends can be seen. First of all, there is the withdrawal of the GRVZ in Georgia, which has limited strategic impact but which is of high political gain since it removes a serious point of friction between Russia and Georgia. The gains in terms of fulfilment of the CFE treaty are also limited. Russia's direct leverage on Georgia thus decreases somewhat while the troops near Georgia's borders remain. The withdrawal of the installations of the space forces results in a reduced amount of bargaining chips that can be used for political or economic reasons in bilateral relations, for example between Kazakhstan and Russia. Secondly, there is a trend of relocation, for example from Georgia to Armenia, which also has limited strategic impact. The leverage on Georgia decreases, but the increase on Armenia is not necessarily similar as the troops are welcomed. The final point is connected to the second and is made up of a strengthening of military presence in states with positive relations to Russia, namely Tajikistan, Armenia and Kyrgyzstan.

Military Levers: Conclusions

Russia's army bases and ground troops have been important factors in local and regional politics. This seems to be more important than their actual ability or intention to carry out combat operations. When it comes to Russia's air force bases, they are rather few and weak, but of high political importance. The strategic installations are first and foremost to be seen as bargaining chips in bilateral negotiations. The fact that Russian nationals are located at military units in the FSU can be taken as an excuse for interventions or coercive policy, should Russia feel threatened. In addition, there is an aspect of providing 'comfort' for Russian citizens abroad by inspiring a feeling of support from Moscow.

The naval base of Sevastopol stands out as a highly important factor at both strategic and tactical level. Development of bilateral relations over Sevastopol will provide a watershed for Russia's power position in the Black Sea. The politics connected with treaties such as the CFE-treaty and Russia's military withdrawal from Georgia and Moldova are powerful levers when it comes to affecting bilateral relations. The withdrawal

process has nonetheless been boosted and its importance is shrinking. However, there is no withdrawal of Russia's military presence in the FSU in general, merely a realignment where troops move from hostile to friendly states. The active usage of armed units has been small, but covert Russian units have carried out military strikes in Georgia. Furthermore, the Russian peacekeepers in Transnistria, South Ossetia and Abkhazia are highly biased and constitute a severe problem for solving the conflicts. They pose a very strong lever in obstructing the development.

7 Concluding Analysis

> *[…]Russia's ability to cause harm to itself and to others in the cause of proving its greatness should never be underestimated.*[213]

The aim of this report was to identify Russia's levers, analyse how they have been used and assess how strong they are in the context of the former Soviet Union (FSU). Our objective was to assess whether there is a pattern for Russia's use of its levers and, if so, analyse what consequences this may have for the EU in the future.

This study has shown that there is a pattern, it has altered over time and changed in character. The strengths of the levers vary depending on target and lever, and the bottom line is that it will have consequences for Europe. This chapter discusses and elaborates on the findings while a recapitulation of the main conclusions is found in the beginning of the report.

The centrifugal trends of some of the FSU states (Georgia, Azerbaijan, Moldova, Estonia, Latvia, Lithuania and most often Ukraine) continue at the strategic level. At the same time, the Central Asian states, Armenia and Belarus often, but far from always, align with Moscow for various tactical and/or dependency reasons.

A key issue for understanding the problems sketched here is the FSU states' perceptions of Moscow's behaviour. The FSU states have deeply embedded antipathies, based on historical experiences and current policies from Moscow, especially towards the Baltic States and Georgia, that reinforce the centrifugal tendency and their ambitions to become integrated into structures that are not controlled by Russia. Russia, on the other hand, is thus trying to stall or reverse a process that hardly can be stopped.

Russia has no ambition to conquer the FSU or recreate the USSR, but this study confirms the often-suggested conclusion that Russia has an ambition to affirm or restore its influence in the former Soviet space, using whatever means it has at its disposal. More importantly, it also has

[213] Economist (2007), 'A Bear at the Throat', *The Economist*, 14 April 2007, p. 29.

a strong ambition to prevent other actors from gaining a foothold. Thus, it seems more important for Moscow that the FSU states do not turn to the West or to China, than that they turn to Russia.

Although Russia, without doubt, is aware that it has lost the battle for the hearts and minds of the Baltic states, it still resorts to coercive means. The 'statue crisis' in Estonia is one example of Russia's foreign policy having a coercive side that the non-FSU parts of Europe often forget.

The source of Russia's strength at the strategic level emanates from the structural dependence that was inherited after the fall of the USSR. A decade and a half later, this dependence still sets the framework for regional relations. In short, Russia is important in almost every way for most of the FSU states, but they are of little or no economic importance to Russia (although Russia still attaches great strategic and geopolitical importance to them, and thus does not want them to join NATO). Neither the value of energy trade, nor the value of arms transfers with the FSU states bring any substantial income to Russia. Russia is not sensitive to economic losses. The exception is Russian dependence on energy transit, something that Russia has worked hard to overcome. At the same time, the FSU states are willing to go to great lengths to diversify away from Russia and to strengthen their independence. This is a process that takes time and money.

Russia lacks positive forces of attraction and this is a key reason why Russia's approach to foreign policy in the FSU at times can be heavy-handed. Despite Russia's positive economic development and less anarchic society under Putin, as compared with Yeltsin, it is not a role model that appeals to the FSU states. One important explanation is that Russia is perceived as a symbol of the past, while NATO and the EU to a greater extent are symbols of the future. All of the FSU states know that it is impossible to combine membership in the EU or NATO with fully-fledged membership in the organisations dominated by Russia.

The multilateral approach to gain Russian leverage and influence, while managing regional relations, have not been fruitful. Instead, Russia has adopted a two-track approach. Multilateral institutions are utilised when they serve a purpose and have the potential to be successful. Otherwise, a bilateral track is used. By concluding bilateral deals, Russia is able to prevent the FSU states from joining forces and speaking with one voice

against Russia. This practice is often utilised by large powers and it seems to work quite well for Russia.

Russia's way of tackling the problem of CIS members that are unwilling to integrate further into the CIS has been to create new organisations as soon as old ones have proven inefficient. There is a strong correlation between potency and a low number of members in the organisation. For example, the CIS is on its way out, while the CSTO is thriving. While positive institutional cooperation provides leverage, voluntary participation also provides fertile soil for achieving tangible results. Old structures are nonetheless kept, as Russia is reluctant to 'find closure' in international affairs. Russia instead plays a sophisticated game within the FSU by keeping old problems or dysfunctional structures dormant. This strategy of ambiguity seems to be effective.

Issues that have been settled, for example border agreements, signed treaties and inefficient organisations, could be decommissioned or removed from the agenda. However, by keeping them dormant, Russia enjoys passive and potential leverage, should it ever feel a need to return to the issues at any time in the future.

Russia's utilisation of its levers has shifted somewhat over time. Since the 1990s, Russia's policy has evolved in a more sophisticated, pragmatic, rational and well-executed direction. Under Putin, Russia has been able to buy influence rather than resorting to force. However, two points must be stressed. Firstly, during Putin's second term, Russia strengthened its powers and regained its confidence. This meant that the character of its policies also changed. Today, Russia dares to do what it wants and its increased self-confidence in combination with a strong economy has resulted in Russia being able to conduct policy without considering the repercussions in terms of bad will or reduced confidence. Secondly, the more sophisticated approach is often a façade that is shown in relations with the West, while the CIS states face an old-fashioned approach based on exploitation of asymmetrical dependence and Russia's structurally embedded leverage. Russia has for example carried out military strikes against Georgia, which bears witness to a policy that strongly differs from its European policy. This military lever has been counter-productive.

Russia's strategic goal to keep and extend its influence in the CIS is relatively successful, but its ambition to advance a specific policy has failed. Consequently, the major achievement for Moscow is to obstruct and prolong the undertakings of the FSU states, for example in their campaign for NATO membership. In this respect, Russia's military levers have turned out to be more effective, than its economic or energy levers, even if the latter have been utilised to a greater extent.

The military levers, most notably Russia's military presence, are furthermore of higher political, rather than of military-operative, importance. The actual military capability of Russia's forces is limited in the event of large-scale war, but they work foremost as a political bargaining chip, a force in local affairs, and as a tool to prevent conflict resolution. The naval base of Sevastopol in Ukrainian Crimea enjoys a special position in this regard. Without this base, Russia's Black Sea Fleet runs the risk of being reduced to a coastal force that can merely protect the Russian shoreline rather than being a force for regional power projection, especially if NATO expands to Ukraine and Georgia.

The political side of the levers is the most important also at the tactical level. The targets of Russia's policy have shown a certain degree of flexibility, for example when it comes to handling of boycotts, which has reduced their vulnerability and the impact of Russia's leverage. The economic harm that Russia has caused its targets, for example by boycotts, embargoes and cuts in energy supplies is low compared with the political perceptions of these actions. Every coercive action from the Kremlin increases the motivation and efforts of the targeted states to reduce their dependence on Russia even further.

Russia has the upper hand in the battle over the information space. Large parts of the population in the FSU are either Russian minorities or Russian speaking, and they tend to follow Russian media reports rather than local or national media. Given a certain bias in Russian media reporting, Russia enjoys an advantageous position that has an impact in framing issues according to Russian views. However, it would be wrong to conclude that Russian reporting per definition is more biased than national reporting.

Furthermore, ethnic Russians or Russian citizens abroad could indeed be used as legitimate excuses for intervention, meddling in domestic affairs,

or even subversion. It must be stressed that Russia has a strong and legitimate interest in protecting its compatriots abroad in the same way that the US, UK or Israel do. However, strong statements are often heard from Moscow when Russian minorities are discriminated against, but Russia itself has often resorted to discriminatory practices, for example, towards Georgians in Russia. Thus, Russia's posture on minorities abroad is an indication of double standards.

Generally, it has become increasingly important to Moscow to have legitimate ground for its actions. Gas prices are raised with the motivation that this meets with WTO standards, citizens abroad are protected as a requirement by law and election observers are sent under the auspices of the CIS.

When looking at how Russia has used its levers, it is important to stress that the incidents are both actions and reactions in often long and entangled chains of events. The levers should occasionally bee seen together, and sometimes by them selves. Usually they reinforce each other. At times, Russia utilises these levers while it is short on other means, sometimes in a retaliatory manner and sometimes as a response to actions initiated by other states. Unless the whole process, including underlying tensions, is scrutinised, it is impossible to see, understand and assess the wider problems. The unresolved conflicts of the FSU are examples of this aspect. For example, in the conflict between Abkhazia and Tbilisi, Russia has utilised virtually all the levers at its disposal: Energy supplies, subversion, military presence, armed strikes, conflict by proxy and economic sanctions. In the same way, energy trade between Russia and Belarus has had military components. Thus, in several areas all levers are utilised together.

In this report, we have shown that that there is a pattern of Russia's use of its foreign policy levers. This raises the question whether there are any implications for Europe. A few tentative answers can be given.

It is a fact that some of Russia's levers are geographically or structurally determined. Levers such as bilateral asymmetric trade patterns, and military bases in Caucasus or Central Asia are not easy to utilise against Europe. Moreover, levers such as pipelines are entrenched and issues such as border disputes are impossible to turn toward Europe. However, if similar levers, issues and structures are found elsewhere, it is possible

for Russia to use them in its foreign policy. Russia's policy toward the FSU indicates that Russia has an inclination to use its lever in ways they are not intended to. For example, price policy is used to affect an election and peacekeepers are used to uphold unsolved conflicts.

Russia's policy toward the FSU has direct bearing on Europe and other actors as third parties. As long as Russia uses border disputes, visa regimes and military bases for leverage, it creates difficulties for NATO and the EU to enlarge. Energy transit from Russia and Central Asia is also dependent on Russia's policy toward the FSU and any coercive policy runs the risk of affecting Europe's energy supplies instantaneously. In addition, Russia continuously expands its energy infrastructure both by constructing new pipelines, and by take-overs. Consequently, Europe is gradually becoming increasingly integrated into structures where Russia enjoys and does not hesitate to use great leverage. Also, some of the strongest Russian levers, such as those related to Georgia, Ukraine and Moldova, would directly affect Europe when EU enlarges. Even today, Russia's policy toward Transnistria reduces Moldova's possibility to integrate with Europe and provides something of a safe haven for criminal activities.

Russian policy toward the FSU is an indication that Russia is willing to put greater pressure on those states that both refuse to give concessions to Russia and have a high degree of dependence. Russia's policies are often perceived as being primitive in character, but Russia's *modus operandi* has become more sophisticated over time. However, the basic goals remain. There is also a risk that of Europe acknowledges coercive actions executed under legitimate pretexts as normal market activities.

Finally, even if Russia's policy towards the EU and the FSU has differed greatly since the fall of the USSR, it would be wrong to conclude that Europe's privileged position will remain. As Russia's economic, military and political recovery progress, Russia's policy line toward FSU and the EU show more and more similarities. NATO and EU membership is clearly not a barrier toward coercive policy measures. It thus remains to be seen whether the Russian sanctions against Estonia in connection with the 'statue crisis' together with the Russian boycott of Polish meat in 2007, both actions directed towards members of both the EU and NATO, represent a new stage in Russia's use of leverage, one where Europe is in focus.

Appendix I: Definitions and Methods

Comments on Tables: Russia's Military Units in the FSU

DEFINITIONS	**LABEL**
Unit number	#
Unit	**Unit**
Autonomous unit	a
Type of unit	**Type**
Combat units	C
Command and Control units	CC
Testing sites, training grounds	T
Landing strips for strategic air force	L
Weapon system	W
Arsenals, ammunition depots	A
Maintenance, supplies and docks	M
Radar units	r
Military bases	B
Institutes, education centres	I
Peacekeeping forces	Pkf
Place (City/base) where unit is located	Location
Country where unit is located	Country
Arm of the Armed Forces	Arm
Air force	AF
Ground forces	GF
Naval forces	NAVY
Space forces	Space
Peacekeeping forces	PKF
Part of the specific arm to which the unit belongs	**Part of**
Transcaucasian Group of Russian Troops	GRVZ
Significant weapon platforms utilised by the unit	**System**
Russian acronym	**RF Acr**
Further comments	
Only selected educations centres, schools included.	
No docks for construction included.	
Concerning space forces, everything included	
Only selected rear units included.	
Only combat units of greater size than autonomous battalions and brigades included.	
Only selected weapons platforms and strategic installations included	
There are great uncertainties in source data.	
Only major command and control posts included.	
Tables divided depending on branch of the Russian Armed Forces	
Note that data are from 2005, and several changes are being undertaken, especially in Georgia.	

Method: The Energy Lever

The data on Russia's coercive use of energy as a foreign policy tool are based on media sources and research reports. The data were collected in a continuous process while covering the energy-political relations between Russia and the states of the FSU. When incidents were found, they were examined and included in the survey. This meant that there was a dynamic process where new cases are added when they were found, while others might be removed or reinterpreted as new information emerged. Thus, the data is incomplete, incoherent, continuously changing and subject to interpretation. All purely commercial relations were omitted as those occur in thousands every day and can be regarded as normal activities. This survey primarily concerns the anomalies found.

That the incidents have actually taken place is undisputed, with only a few exceptions. Therefore, the data on the number of incidents have rather high reliability. The methodological problems related first and foremost to definitions and categorisation. There is always a problem with reliability of sources and possible bias, but incidents that allegedly or possibly lie out of the ordinary were included unless they were extremely vague in nature. General statements such as "Russia is always cutting our supplies" that can occasionally be heard from MPs in the FSU were thus omitted. Given these uncertainties, the categorisation of a few of the incidents could possibly be disputed.

Furthermore, given the uncertainties listed above, there is a risk that the data and statistical analysis might seem to be more scientifically valid and precise than they actually are. The sample is too small for making a full statistical analysis by method of regression or time series analysis, while the quality of the data can also be questioned and interpreted differently. What the diagrams do is to roughly illustrate the magnitude of these phenomena and provide something like a trend indication. However, a prognosis on future development cannot be made solely on these data. The bottom line is that figures should not be taken at face value and should be read with caution.

Definitions: the Energy Lever

Energy: Focus on crude oil and natural gas, but electricity is occasionally included.

Supply cuts: Deliberate supply interruption of energy by Russia/Russian companies (regardless of underpinning) possibly in combination with threats, price increases, take-overs etc. If defined as supply cuts in this report, incidents do not appear in other categories. Sabotage, natural disasters, technical failures were not included unless explicitly stated. There are however many more incidents than these that are purely commercially grounded. Shortages were not included, but some of the legitimate cuts in supplies were included as they occurred on politically important occasions.

Coercive price policy etc.: This refers to incidents that in media sources have been highlighted as forceful "marketisation", dramatic price increases, demands for fast payments (sometimes in violation of existing contracts), take-over of infrastructure, etc. Coercive price policy that may have legitimate claims, but that occurred on politically important occasions are included. No supply cuts were included in this category. Many more cases seem to exist.

Threats: Threats of supply cut unless certain criteria are fulfilled but that never came about (disregarding reasons for this). Only a few confirmed occasions were included, presumably there are many more.

Sabotage: Noteworthy incidents of sabotage, terrorist attacks on energy infrastructure for supplying the FSU with Russian energy. Only a few often mentioned cases are pinpointed here. Many more exist.

Incidents: The aggregated concept for all of that listed above.

Political underpinning: Incidents that seem to have clear political underpinning, i.e. threats in relation to an election, political demands, military demands, political punishment in time of bad bilateral relations etc., which can be combined with economic underpinning.

Economic underpinning: Incidents that seem to have economic underpinning, i.e. ambitions to take over companies and infrastructure, a

wish to get paid for exported energy etc., which can be combined with political underpinning. As energy relations usually take place on ordinary market grounds, "normal market actions" were omitted, and thus it is impossible to analyse a ratio of politically vs. economically grounded incidents.

Only political underpinning: Incidents that solely seem to be about politics. This definition should be used with care.

Only economic underpinning: Incidents that solely seem to be about economics. This definition should be used with care.

Unconfirmed: Incidents that certain politicians or sources claim have happened but that have not been verified. Unconfirmed cases were not included in any of the other categories. Incidents that are not completely reported or that are partially noted as N/A were also not included in the time series.

Targets/objects: These are the victims or targets of the incidents. Included states are Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan. Where others are included, this is noted. (This means that the Baltic states are included and the Central Asian states are excluded, even if the focus of this report is the opposite.)

Agents: These are the Russian companies behind the specific incident. Occasionally there are two, i.e. Lukoil as the supplier and Transneft the transporter. In these cases, the company noted is the transporter. Some data is missing and are thus excluded.

Time series: The time period covered is 1991-2006. Incidents that can be seen as long process are pinpointed to a specific year/occasion when a noteworthy incident took place, i.e. a supply cut or a threat. There are several low-intensity bilateral incidents and negotiations that do not appear in statistics. If an incident is not specified by the source exactly in time, the last year of the process is noted. Some data is missing and are thus excluded.

Sources: The data were found in open media sources and research reports. Most of the incidents have been discussed in previous reports by FOI, where the majority of the footnotes can also be found.[214]

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