

Balancing Acts

Russian–Chinese Relations and Developments
in the SCO and CSTO

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Balancing Acts: Russian–Chinese Relations and Developments in the SCO and CSTO

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Abstract

Under the impact of the global recession and in the aftermath of the Georgia–Russia war in August 2008, the complex structures of Eurasian politics have again risen to the surface. Chinese–Russian relations have become more manifest, while Russia has stepped up its efforts to revive the Collective Security Treaty Organisation (CSTO). While the Chinese–Russian contract on constructing the East Siberian Pipeline has shown the Central Asian states that the Chinese–Russian relationship is a long-term one, this has also increased apprehension amongst them that Russia may hold a too dominant position on the Eurasian landmass. The subsequently reduced room for manoeuvring for the Central Asian states has brought some into a tighter, less comfortable bilateral relationship with Russia, while others have increased their regional counter-balancing efforts by opting out of Russian-dominated fora. While the Shanghai Cooperation Organisation (SCO) has remained as a Chinese–Russian umbrella over the region, the relevance of the organisation in the context of regional security has declined – if indeed it ever was significant. There is no clarity as to future members of the organisation, and attempts to give it a clearer profile in Afghanistan have failed to materialise. China seems to attach growing significance to the BRIC format, and Russia’s linking the Eurasian Economic Community (EAEC) with the CSTO reveals Moscow ambitions to bring security and economic cooperation together. The most unsettling factor in Eurasian politics remains the Georgia–Russian war. Russia’s attempts to convey this scenario into a template for future conflicts in the CSTO ‘zone of responsibility’ has opened a Pandora’s box of uncertainties. Russia is the only state in Eurasia that has recognised South Ossetia and Abkhazia, and will most likely remain so. Even a traditional Moscow loyalist like Belarus has refrained from recognising these territories. Furthermore, Russia’s resolve has challenged the traditional state-centred approach to separatist phenomena in the CIS space, rendering the potential peacekeeping functions of the CSTO even less relevant. In sum, Eurasian politics is a solidly founded realist game, and not a process that reflects particularly high levels of coordination or multilateral integration.

¹ This report is the result of a grant from the Norwegian Ministry of Defence. I am grateful to the ministry for giving me the opportunity to draw on my knowledge of Russian and my interest in finding useful primary sources for this report. Their support should not be mistaken for support to the views and findings expressed here, however. Any views, findings, or mistakes remain my own. I am grateful also to my wife for her continuous support and my lovable kids for their patience with their preoccupied father during the summer of 2009. Finally, I am grateful to Susan Hoivik for effective language editing and to colleagues Kristin M. Haugevik, Einar Wügen and Trine Holo for inputs on the draft report.

Introduction

Since the outbreak of the Russo–Georgian war in August 2008, and under the impact of the global recession, Russia has reinvigorated the integration of economic and security institutions in Eurasia. By a series of coordinated security and energy policy initiatives, Russia has adopted a more instrumental approach to the multilateral institutions that came into being from 2001 and onwards. Seeing the war in Georgia as a template for what might happen in Russia’s vulnerable southern flank, Moscow has wanted members of the Collective Security Treaty Organisation (CSTO) to pledge commitment to a new security configuration and a new set of security values – with Russia at the helm. Russia has also attempted to associate the Eurasian Economic Cooperation (EAEC) and the CSTO with one another, by creating joint summits as well as cross-overs between economic assistance and security integration.

Rather than bolstering multilateralism, Russia’s new drive has reinforced the bilateralisation of the Eurasian security space. The complex security dilemmas of each state in the orbit of Russia proper have come to the fore, rather than receding. Subsequently, the tendency to counter-balance Russian influence has become increasingly evident among the Central Asian states, and also within the CIS area. As for Russia’s long-term rapprochement with China, a stronger drift towards bilateralisation has become evident here as well. The Chinese–Russian dominated Shanghai Cooperation Organisation (SCO) provides only limited inputs in regional security, and China has become more reluctant to address security issues within the organisation. Simultaneously, the Russian–Chinese interstate agreement on developing the Eastern Siberian Oil Pipeline (ESPO) indicates a strong bilateral commitment to China that may serve as a long-term strategic overlay in Eurasian politics.

The report takes as its point of departure the assumption that the core game in Eurasia is based on realist practices of balance and counter-balance. In this analysis, the multilateral institutions of the CSTO, SCO and EAEC constitute a macro-structure of interstate cooperation that serves the purpose of professing a ‘value dimension’ in a context dominated by regional and sub-regional rivalries – existing and potential. This entails that the core components of multilateralism in Eurasia are based upon the pillars of Chinese–Russian rapprochement in energy and trade, and Russian sticks and carrots to regain a security foothold in Eurasia. From this it follows: firstly, that Chinese–Russian rapprochement has effectively enveloped the Central Asian states in a more solidly webbed relationship than would otherwise have been the case if Russian and China were on less amiable terms. Secondly, the declared multilateralist collective security dimension of the CSTO is to be conceived as a framework based on Russian economic and energy dominance in the

CIS space. The CSTO, while situated at the sub-level of the Eurasian regional dynamics, and certainly also struggling to overcome regional differences from Central Asia to the Caucasus and the European front-line, constitutes the primary arena for Moscow's 'twisting tongues and twisting arms' approach to its sphere of interests, while the SCO satisfies Russia's interests in a great-power dialogue on regional stability.

Multilateralism: Conditions and Purpose

From 2000 onwards, Russia has actively sculpted new multilateral organisations to replace the crumbling Commonwealth of Independent States (CIS). These organisations emerged in the period from 2000 to 2002, when Russia's engagement with Western organisations was at its highest, and they harboured both a potential for cooperation and competition. *The Collective Security Organisation (CSTO)* has been gradually built up since 2002, and has increasingly, since 2005, become a driving force in Moscow's security policy in the CIS. It has displaced the CIS military cooperation and gradually taken over CIS peacekeeping functions. Based on bilateral incentives, such as military education and arms trade, the CSTO comprises Uzbekistan, Kazakhstan, Kyrgyzstan, Armenia, Belarus, Tajikistan and Russia in what is tentatively framed as a collective security organisation. Moreover, the economic component of the defunct Commonwealth of Independent States (CIS) has from 2000 onwards been supplanted by the *Eurasian Economic Community (EAEC)*. Comprising the members Belarus, Kazakhstan, Russia, Tajikistan, Uzbekistan and Kyrgyzstan, the EAEC has harboured ambitions to adopt joint policies on migration, currency exchange, customs and even a free trade area. Parallel to this, Russia has also engaged in the *Shanghai Cooperation Organisation (SCO)* with China and the Central Asian states. The SCO currently circumscribes the members Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan in a gradually rapprochement between Russia and China underway since 1996, when the Shanghai process of confidence-building measures along the Russian–Chinese border started.

These new professedly 'multilateral' organisations in the Eurasian space have fed ideas that a new form of multilateralism is rising. To some extent, these new organisations are seen as 'regional cooperation without liberal democracy',² or new forms of former great-power interaction designed to address issues relating to global governance. They are also recognised as the constellations of states preoccupied with issues of sovereignty rather than sovereignty pooling and interdependence. Arguably, this need not tarnish the prospects for multilateral cooperation, some claim. Even a strictly 'Westphalian' state like China has experimented with multilateralism in the Asia-Pacific region and also in the SCO, on

² This term is used about the SCO in Stephen Aris, 'The Shanghai Cooperation Organisation: "Tackling the Three Evils". A Regional Response to Non-Traditional Security Challenges or an Anti-Western Bloc?', *Europe-Asia Studies*, vol. 61, no. 3, 2009.

condition that Taiwan is never made an issue.³ According to some analysts, modern China also cherishes multilateralism to a degree never known before.⁴ Moreover, the ‘multilateralist’ dimension in Moscow’s foreign policy is in itself poorly highlighted, and is often overshadowed by notions of what Russia is doing wrong, rather than what it is doing right. Some even find it illuminating to analyse the multilateral dimension of Russia’s foreign policy to mirror this effect in Eurasian governance, arguing that earlier analyses never have taken into account the ‘value, concept and strategy’ of multilateralism in Russian foreign policy.⁵ Pursuant to these assumptions, the CSTO, the SCO and the EAEC are all then reflections of a new trend in multilateral cooperation, even when global tendencies are assumed to be pointing in a different direction – towards the decline of global multilateral cooperation.⁶

While multilateralism as a principle is definitely challenged by the changing practices in international relations, many analysts thus dispute the notion that it is eroding. Robert Legvold has recently observed that the principle is valid, albeit ‘buffeted by the prevailing polarity within the international system’, and ‘caught between the new norms of “interventionism” and the old Westphalian norm of state sovereignty’.⁷ Thus, although the discrete practices of a ‘new norm’ in international affairs have not embedded themselves in a definite legal order, this does not exclude the possibility that some sort of regional order may arise from the rubble of the old unipolar order. It has, however, given rise to cooperation based on competing norms. As noted by Thomas Ambrosio, the SCO seeks ‘to establish a normative system for interstate relations in Central Asia’ based on non-interference and authoritarian regimes.⁸ While this is suggestive of a certain set of multilateral interaction based on norms, sceptics have warned, formal adherence to the multilateral ‘ideal’ does not always coincide with dedication to cooperative solutions. Robert Kagan, arguing in 2008 that the ‘world has become normal again’ by the prevailing tendencies of multi-polarity,⁹ has also held that ‘international order does not rest on ideas and institutions alone. It is shaped by the

³ See Quansheng Zhao, ‘From Economic to Security Multilateralism: Great Powers and International Order in the Asia Pacific’, in Edward Newman, Ramesh Thakur and John Tirman (eds), *Multilateralism Under Challenge? Power, International Order and Structural Change*, United Nations University Press, 2006, pp. 505–530.

⁴ Susan L. Shirk, *China: The Fragile Superpower*, Oxford University Press, 2007, pp. 118–120.

⁵ Robert Legvold, ‘The Role of Multilateralism in Russian Foreign Policy’, in Elana Wilson Rowe and Stina Torjesen (eds), *The Multilateral Dimension in Russian Foreign Policy*, Routledge CREES Series, London and New York, 2009, pp. 21–45.

⁶ For an assessment of the decline in multilateralism, see Edward Newman, Ramesh Thakur and John Tirman (eds), *Multilateralism Under Challenge? Power, International Order and Structural Change*, United Nations University Press, 2006. True, the editors of that volume also observe that ‘the “crisis” of multilateralism is seen more clearly at the global level, and not necessarily in the regional context, where cooperation in many areas is deepening and thriving’ (p. 15). This would dovetail with the assumption that even regional great powers can engage in regional cooperation, such as the SCO and the CSTO.

⁷ Legvold, ‘Role of Multilateralism in Russian Foreign Policy’, p. 22.

⁸ Thomas Ambrosio, ‘Catching the “Shanghai Spirit”’: How the Shanghai Cooperation Organization Promotes Authoritarian Norms in Central Asia’, *Europe Asia Studies*, vol. 60, no. 8, 2008.

⁹ Robert Kagan, *The Return of History and the End of Dreams*, Atlantic Books, London, 2008.

configurations of power. [...] a multipolar world in which the poles were Russia, China, the United States, India and Europe, would produce its own kind of power.¹⁰ The prevalence of power in the new order has resonated also in recent studies of the multilateral dimensions in Moscow's foreign policy. Andrei Zagorski argues that while Russia remains a 'principled multilateralist' in the UN framework, it has adopted a purely instrumental approach in regional affairs (the CIS area), acting either unilaterally, or using ad-hoc agreements to boost Moscow-inspired policies and actions.¹¹

The return of power-practices in international relations constrains the argument that multilateralism is flourishing. Obviously, this is not linked solely to the practices of interventionism. If multilateral interaction is designed to bring forward competing norms, the question then becomes: which norms? Moreover, it also raises the issue of whether the purpose of multilateralism is to promote common norms and effective sovereignty pooling, or to freeze interstate relations in a great-power dominated status quo.

Clearly, both the conditions and the principles for multilateralism are challenged by current international affairs. New 'templates' of intervention are emerging, giving rise to disputes on the legal foundation for these practices – but they are also presenting forms of action that are attractive to states.¹² Moreover, distinct patterns of counter-power have also been appearing, backed by economic self-confidence. As the template of interventionism has developed, the distribution of economic power has gradually begun sliding from the West to East. In the period from 2003 to 2008, China's investments in countries abroad grew from USD 2 billion to 45 billion, and Russia's energy power has weighed in on the formulation of transatlantic and European policies.¹³ Driven by the desire to open new markets and secure access to energy resources, China is also developing an active Africa policy.¹⁴ In Africa alone, Chinese investments soared from USD 1.5 million in 1991 to 1.2 billion by 2005, and China gets about 30 per cent of its oil from Africa.¹⁵ Also Russia has been finding new markets and new partners, not least in Latin America.¹⁶ For Russia, as for China, this sea-change has long been cultivated as a

¹⁰ Ibid. p. 96. Kagan distinguished also in 2002 between 'principled and instrumental multilateralism', alluding to the emerging rifts in the legal order, and the US resolve for Iraq.

¹¹ Andrei Zagorski, 'Multilateralism in Russian Foreign Policy Approaches', in Elana Wilson Rowe and Stina Torjesen (eds), *The Multilateral Dimension in Russian Foreign Policy*, Routledge CREES Series, London and New York, 2009, p. 46.

¹² This argument is put forward also in Julie Wilhelmssen and Geir Flikke, 'Evidence of Russia's "Bush-Doctrine" in the CIS', *European Security*, vol. 14, no. 3, 2005.

¹³ For a brilliant account of the rise of China and the global security challenges, see David E. Sanger, *The Inheritance. The World Obama Confronts and the Challenges to American Power*, Crown Publishing Group, 2009; see p. 391 for the approximate and uncertain figures of Chinese investments.

¹⁴ Clifton W. Pannell, 'China's Economic and Political Penetration in Africa', *Eurasian Geography and Economics*, vol. 49, no. 6, 2008.

¹⁵ Susan L. Shirk, *China: The Fragile Superpower*, p. 134.

¹⁶ Mark A. Smith, 'Russia and Latin America: Competition on Washington's "Near Abroad"?', UK Defence Academy, 2009.

‘principle’ of the world order, based on the norms of the UN Charter, and these countries’ own perceived unfettered respect for these norms. Additionally, the principle resonates deeply in their self-perceptions.¹⁷ Although Moscow’s foreign policies remain deeply ‘Western-centric’, as evidenced by the partial cooperation between Russia and Western institutions like NATO and even the EU, this does not reduce Russia’s instrumental multilateralism in the CIS space. Indeed, with the OSCE withering, and the UN losing its established post-Cold War foothold in Eurasia, Russian power practices are becoming increasingly evident, and the conditions for multilateralism dire.

In this observable sea-change, perceptions of the normative dimension of politics are also changing. The means to create and shape norms is increasingly through traditional material pressure or rhetorical leverage. This makes it all the more important to strip the multilateral argument of its assumed ‘intentions’ and analyse the conditions for it to arise, and the perceived functions of a multilateral constellation. The tendency to ‘speak the world order into being’ becomes even more relevant as the institutional network that promotes the diffusion of direct and diffuse legal norms is waning, or seen to be under pressure. Hence, rather than assuming that institutions matter, the means by which new ‘institutions’ are shaped should be of interest for anyone studying current international affairs.

For this report I assume that, in theory, multilateralism today is conditioned by acceptance of a minimalist set of norms, and is most likely to be effective among states devoted to democratic ideals of governance. Traditionally, multilateralism and sovereignty pooling are adjacent, as the principle fosters practices and democracies share power in international affairs. Consequently, authoritarian states are more reluctant to pool sovereignty, and thus also more sensitive to the distribution of power in the international system. In fact, both their practices and rhetoric may indicate this.

This is evident in the case of the SCO and the CSTO, for several reasons. First, to paraphrase Robert Kagan, autocratic regimes cannot but confirm the fundamental values that they are built on. Hence, their visions of ‘norms’ will confirm the legitimacy of their own style of governance, while also curtailing the influences of competing models. Second, questions still remain as to whether constellations involving regional great power states like China and Russia will promote cooperation and dampen prevailing practices of balance and counter-balance on the Eurasian landmass. Third, the issue of a legal basis for norms becomes acute, in the sense that ‘regional orders’ are strongly articulated, but only

¹⁷ For a good debate on this, see Iver B. Neumann, ‘Russia as a Great Power’, in Hedenskog et al. (eds), *Russia as a Great Power: Dimensions of Security Under Putin*, BASEES Routledge Series, Taylor and Francis, 2005, pp. 13–28.

vaguely legitimised. In this ‘grey zone’, rhetoric matters. Institutions are not what they ‘seem’ to be: they are what they speak – and they often speak about power.

Coercive Rhetoric: A Short Outline

This report argues that while institutions matter, at least nominally and also as promoters of norms, current neo-liberal assumptions do not take into account two factors: that ‘multilateralism’ can be conceived as a speech act deliberately employed to divert attention from state interests; and second, that the ‘value’ of multilateralism is intrinsically linked to liberal practices and interstate trust. This entails that the analysis of multilateralism should be based on empirically based studies of how the institutions function with regard to reducing competition and apprehensions. Clearly, genuine multilateralism presupposes viable institutions, and is thus converging on state practices that value institutions more than relative gains. At the core of this argument lies the argument of interdependence, the recognition that institutional affiliation and multilateral reciprocity are considered not only as ‘values’, but as deeply embedded in the culture of decision making among and within states.

Empirically, this is a problem for new organisations like the CSTO and the SCO. The assumptions of neo-liberal institutionalism do not yet apply to multilateral constellations that are on the rise, simply because there is not enough empirical material to show whether they work or not. Moreover, if institutions are constructed on the principle that other multilateral institutions are not trusted, and also to deal with an area that inherently operates on the principles of Westphalian balancing and counter-balancing, then the principles and practices of multilateralism will not necessarily be effective in shaping state behaviour. At the bottom line, a ‘multilateral approach’ without internal liberal practices may prove difficult to uphold, and a multilateral approach designed to freeze regional inter-state relations equally so.

The theoretical framework in this report bases itself on two aspects: linguistic analysis, and the political use of material resources in socialisation settings. Assuming that ‘multilateralism’ can also appear as a speech act in an anarchic space, the effect of this speech act will not always enhance reciprocity: it may also impose certain institutional arrangements on weaker states. In this case, states will not stop worrying about relative gains, and they will certainly not stop fearing that others may gain more from cooperation than they themselves. Speech acts in multilateral settings may thus not *de facto* contribute to integration and cooperation, nor to pooling of sovereignty. This entails two assumptions for this report: Firstly, I assume that states interact in a public space, with rhetorical moves being used to ‘frame’ international events and reproduce a specific set of ‘values’ in a clearly recognisable way. This involves also ex-

changes on normative views, but not diffusion of normative practices. Ronald R. Krebs and Patrick Thaddeus Jackson argue, for instance, that while speech acts are often attributed to diplomacy, rhetoric is also instrumental in coercing other actors, by inducing them to accept certain principles. The normative ‘content’ of rhetorical interaction is not available, or, as they put it: ‘we cannot observe what people think, but we can observe what they say and how they respond to counter-claims’. From this it follows that ‘social identity has an effect on social and political outcomes, regardless of whether or not the actor internalises the components constituting this identity’.¹⁸ In other words, it is not whether states ‘do’ something according to the book; it is about writing the book in accordance with which states act. Secondly, in socialising processes there might also be active use of material resources. This aspect could involve institutional power and energy – both of which are widely attributed to Russia’s status in the new world. As observed by Robert Kagan in his analysis of the new resurgent Russia, ‘power is the ability to get others to do what you want and prevent them from doing what you don’t want’.¹⁹ Russia’s position on the UN Security Council and its transport monopoly and subsequent monopoly in setting gas prices in Eurasia are elements in setting the scores. In this context, institutional power is a discrete signal to states, while energy resources serve as a direct means of leverage. In socialising processes, institutional power and economic attraction will be discrete signals and concrete incentives for states to comply, whereas energy cut-offs are direct means of forcing states to comply in other policy areas.

While debates around identities and interests lie at the core of the constructivist debate, it falls beyond the scope of this report to delve into theories. Outlining the major assumptions of constructivism thus serves the practical purpose of grounding the empirical value of ‘speech acts’ in this report. To recapitulate: first, the internal fabric of the organisations treated here are not available for analysis; hence, their ‘value’ will be judged by what they signify and ‘speak’ in summit contexts. Second, sticks and carrots, such as bilateral economic support and selective energy pricing, are also considered to be ‘proposals’ – i.e. advanced as speech acts in bilateral contexts. While it is not possible to know whether or not economic support is a ‘real’ offer, it is a sign of intentions, which facilitates a response in behaviour. As for energy cut-offs, they are relatively concrete speech acts, with manifest consequences. What they signify is not that gas will not be bought in the future, but that certain choices will have to be made that fundamentally affect foreign policy identities and the constant construing of power relations in Eurasia. Finally, interstate agreements, like the Chinese–Russian ESPO, touch upon interests and strategic convergence. In the context of this report, I shall

¹⁸ Ronald R. Krebs and Patrick Thaddeus Jackson, ‘Twisting Tongues and Twisting Arms: The Power of Political Rhetoric’, *European Journal of International Relations*, vol. 13, no. 1, 2007, pp. 35–66, at p. 57.

¹⁹ Robert Kagan, *The Return of History and the End of Dreams*, p. 15.

also assume that it ‘signifies’ a great-power structure with consequences for the distribution of power in Eurasia.

The SCO: An Ambivalent Great-Power Concert

There is an increasing academic debate on the SCO. This debate ranges from realist assertions of great-power constellations reining in small states and barring great powers, to the neo-liberal assumption that new multilateral systems of interaction are emerging. Both perspectives are pinned on new constellations of power in the international system. There is a diffusion of power in the system’s moving away from uni-polarity and towards multi-polarity. The neo-liberal perspective would in this framework be more prone to view SCO ‘multilateralism’ as new form of shared sovereignty among states, and not solely as a balancing act against uni-polarity.²⁰ Neo-realists would, however, question the validity of multilateralism, and also be prone to see the new multilateral organisations as great-power constellations designed to shut out external influences.

While realist theories do not ignore the fact that also the USA would be unhappy with regional constellations like the SCO forming, this would not be the major reason for claiming that the constituent states within the SCO still tend to view the international system as an anarchic one. Neo-realist analyses of the SCO as a structure created by illiberal authoritarian states guarding their sovereignty, and reinforced by the overarching structure of the bilateral Chinese–Russian relationship, do not necessarily mean professing a negatively loaded ‘Western’ reading of the phenomenon, nor considering it as a potential ‘bloc’. It is rather a way of focusing on the inherent limitations of the SCO, while recognising that the organisation’s junior constituent members constantly worry about relative gains. Illustratively, what Stephen Aris holds as a demonstration of the ‘special nature’ of Central Asian regimes – namely, that ‘the survival of the state is inseparable from the survival of their regime, as without this focal point they believe the state will implode’ – is in fact a realist description of why states do not trust multilateral fora.²¹

With Russia and China as constituent members, it also seems clear that the SCO will be used for purposes other than regional security, and that true security cooperation will be hampered by great-power reservations against intrusive mechanisms and the diffusion of power through sovereignty pooling.²² Despite the argument to sustain the SCO as a regional

²⁰ Stephen Aris, ‘The Shanghai Cooperation Organisation: “Tackling the Three Evils”. A Regional Response to Non-Traditional Security Challenges or an Anti-Western Bloc?’, *Europe-Asia Studies*, vol. 61, no. 3, 2009.

²¹ Stephen Aris tends to dismiss these readings of the SCO as overlooking its genuine multilateral nature. I find the genuine multilateralism of the SCO less convincing. Stephen Aris, *op.cit.*

²² This point is made explicitly by Jeffrey Mankoff, who sees the continuous tug of war between Russia and China on the utility of the SCO as a clear indicator of its limited significance in regional security. Jeffrey Mankoff, *Russian Foreign Policy: The Return of Great Power Politics*, Rowman and Littlefield, 2009, pp. 196–197.

organisation that it cannot, due to its member-states' modes of governance and the nature of Central Asian security, be anything than internally focused,²³ this does not explain why the SCO is considering the inclusion of new members, or is brought upon to comment on other regional developments, or the global balance of power. For China and Russia, the SCO has not simply been a regional constellation; it has been a bulwark for containing US dominance, and for facilitating new inroads to the Central Asian states. If the need to contain US influence should somehow disappear, the SCO would either find its place as a regional constellation, or fall apart at the seams.

It is in the response to external challenges that the SCO reveals its sustainability. In 2008 and 2009, major external challenges have been the Georgia–Russian war, the pending issues of SCO membership and observers, and the SCO's possible role in enhancing security in Afghanistan. Topping this is the strategic energy relationship between China and Russia, which the SCO does not address other than superficially, but which shapes the great-power overlay in the regional balance of power. Each of these are in fact challenges to the sustainability of the SCO, as the events reveal security dilemmas for states, and bring to the fore the various levels of interstate relations.

Stephen Aris argues that the SCO is an exercise in sovereignty enhancement, not sovereignty pooling.²⁴ While this is embedded in the SCO's self-perception and statutes, the Georgia–Russian war and the subsequent recognition of South Ossetia and Abkhazia induced a peculiar version of 'sovereignty enhancement'. In the immediate aftermath of the Russo–Georgian war over South Ossetia and Abkhazia, the SCO was noticeably silent, and did not take any stance on the issue of recognising these two quasi-states. The SCO declaration adopted in August 2008 underlined simply the principle of territorial sovereignty as a norm in international relations, thereby refraining from any specific application of this principle in the Georgian case. Russian diplomats interpreted Chinese reluctance as apprehensions that precedents should not be created for Tibetan and Uighur independence, but were clearly disappointed.²⁵ Indeed, Russia had reportedly tried to insert formulas in the final communiqué on 'genocide' and 'Georgian aggression' that were blocked by China.²⁶ Moreover, the Central Asian members of the SCO had been even more reluctant to indicate any sort of support to Russia. Kazakhstan's president Nazarbayev had during the SCO summit cryptically indicated that there were many reasons for this, one evidently being that the Central Asian states too were apprehensive about opening the Pandora's

²³ Stephen Aris, 'The Shanghai Cooperation Organisation: "Tackling the Three Evils"', p. 460.

²⁴ Ibid.

²⁵ 'Smezhniki podveli', *Kommersant*, 29 August 2008.

²⁶ 'ShOS postavit kavkazskii diagnoz Rossii', *NeGa*, 27 August 2008.

Box of sovereignties.²⁷ As for Beijing, its interest was to preserve the SCO as an open umbrella under which bilateral economic relations could thrive, also in the sense that a Chinese competitive presence would have a dampening effect on Russian dominance.

The SCO did support the six principles for conflict regulation promoted by Moscow on 12 August 2008, and Russia employed these as a point of departure for talks with the EU on a new European security system. According to the communiqué, ‘the SCO greets the adoption of the six principles for conflict resolution in South Ossetia, and supports Russia’s active role to promote peace and cooperation in this region’.²⁸ This was important for Moscow, since it gave Russia an opportunity to claim status quo on the recognition of South Ossetia and Abkhazia, while the SCO would also effectively remain neutral when Russia evicted the OSCE (December 2008) and finally also vetoed the prolongation of the UN observer mission in the UNSC (June 2009). While giving *carte blanche* to Russia’s post-OSCE offensive security posture, the SCO did not harbour any normative views that could dampen Russian unilateralism, however. The declaration was a straightforward recognition of Russia’s sphere of interests and its right to intervene on behalf of an unrecognised republic on the territory of a neighbouring state. Moreover, in Moscow’s rhetorical moves towards the West, the SCO’s statement was brought to support the Russian framing of events in the republic. The SCO did not employ coercion, but left to Russia to draw the conclusions from the conflict. Russia turned this around, feeding it into a framing contest with the West, but without effectively multilateralising the process.

The silence of the SCO reflected the organisation’s function as a stronghold of Westphalianism. The SCO was reluctant to recognise the two quasi-states, because it was in favour of status quo and had been designed to boost state sovereignty. On the other hand, this certainly backfired on the SCO’s profile as an organisation designed to enhance sovereignty. Sovereignty was a norm that the SCO had been set up to protect, and regional state-building around and in Central Asia has always been a focus for the organisation. Notably, the SCO has showed reluctance also in projecting this principle in neighbouring countries, such as Afghanistan. Arguing since 2005 that the USA should withdraw from Central Asia, the SCO in March 2009 hosted a conference on Afghanistan, and also invited Afghanistan to take part in preparing a special SCO communiqué.²⁹ Despite concerns in the Russian media that a parallel conference in the Hague, initiated by the USA in April, was designed to ‘depreciate the significance of the SCO forum’, Moscow seemed adamant about underlining its contributions to re-building Afghanistan as a tribute to a

²⁷ ‘Central Asian Leaders Balk At Opening Pandora’s Box Of Separatism’, *RFE/RL Central Asian Report*, 29 August 2008.

²⁸ ‘Smezhniki podveli’, *Kommersant*, 29 August 2008.

²⁹ ‘Novyy kurs Obamy dlya Afganistana’, *NeGa*, 30 March 2009.

more multi-polar world. Russia would ‘put its stake on economic cooperation’, reports held, stressing that Russia had already written off USD 10 billion of the alleged Afghan debt to Russia, and that Russian specialists had contributed to restore hydroelectric power plants in Afghanistan.³⁰ Reports even seemed to indicate that Russia wanted to announce SCO readiness to educate and train Afghan military and police forces, possibly also to raise this as a factor in a renewed rapprochement between Russia and the USA.³¹

Russian ambitions notwithstanding, the Moscow conference was not a donor conference, and seemed to give little impetus to anything but declarations on the need for the SCO to fight terrorism and drug trafficking from Afghanistan. To this end, Russia welcomed an Afghan-SCO action plan for fighting terrorism and the drug trade, while the declaration from the SCO summit supported the ISAF’s work on fighting drug trafficking and stabilising Afghanistan.³² In terms of concrete action, the summit established a Central Asian Regional Information and Coordination Centre on drug trafficking (CARICC), designed to pool resources regionally to fight drug trafficking and enhance border control.³³ But sharing information was a long distance away from pooling resources to combat drug trafficking.

Conditioned on being an alternative to the uni-polar world, the SCO did not carry the day as a defining element in regional security. The net output of the SCO conference was dwarfed by new US efforts to raise Afghanistan to the top of the international security agenda. Moreover, the US initiative on Afghanistan served to heighten ambivalence in Moscow. First, it reactivated the ever-lurking sense of crucial importance for Eurasian security embedded in all Russian international preoccupations. Second, it allowed Russia once more to play on potential differences and link hard regional interests with a ‘multilateral’ approach to regional security, thus evolving out of the problematic role as a former hegemon.

Subsequently, in early 2009, Russia tried to sound both more accommodating, and pose as leading a competing constellation. The Russian representative to NATO, Dmitry Rogozin, stated in February that Afghanistan should be the primary focal point of NATO-Russian collaboration. Apparently, the catch was that if NATO’s General Secretary, Jaap de Hoop Scheffer, accepted the invitation to the SCO summit, ‘NATO would admit that the SCO was a partner in regional security’.³⁴ The US

³⁰ ‘Rossiya rasshiryayet sotrudnichestvo s Afganistanom’, *NeGa*, 17 March 2009.

³¹ ‘Vesennnee obostrenie mirovoy diplomatii’, *NeGa*, 2 March 2009.

³² ‘Concluding Remarks’, Russia’s MFA statement, 27 March 2009, at: http://www.in.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/43a2a2b8c1ffa418c3257589002e1208?OpenDocument accessed 9 July 2009.

³³ ‘Declaration of the SCO’, Russian MFA statement, 27 March 2009, at: http://www.in.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/bdf6d7f5c1f47fe7c3257586005c8cc4?OpenDocument accessed 9 July 2009. The MFA pages also contain an action plan.

³⁴ ‘Genseka NATO priglasi v ShOS’, *Kommersant*, 27 February 2009.

initiative on Afghanistan had, in other words, led Russia into a double position of challenge and denial. While Russia took a posture as a regional US challenger, in Europe it denied that it would ever challenge the USA – as evidenced at the Munich conference in February, when deputy prime minister Sergey Ivanov stated that the transit agreement between Russia and NATO remained in force, and that Russia would assist in stabilising Afghanistan in any other way than sending troops.³⁵

For China, Russia's blatant announcements of making the SCO a platform for Russian-NATO cooperation seemed clearly unwarranted. China did not want to see the SCO back a NATO operation in Afghanistan, let alone multilateralise its own financial aid sources. Subsequent SCO summits confirmed that the Chinese had cooled off in considering the SCO as a priority for regional cooperation. At the June 2009 summit in Yekaterinburg, China lobbied the Central Asian states in a back-to-back meeting to offer a USD 10 billion loan.³⁶ Russian media also indicated that China's dominance in the SCO was more likely to lead to a reconfiguration of the Afghan question within the SCO, and that China increasingly viewed the SCO as a Chinese equivalent to the CIS.³⁷ Although the Chinese and Russian ministers of foreign affairs had confirmed in April that the SCO was to have a 'key role in strengthening regional stability and security in the Central Asian region', the Chinese counterpart was equally interested in boosting Chinese ambitions through the BRIC framework.³⁸ Moreover, although in preparing the SCO summit in June, China and Russia confirmed the holding of a joint SCO exercise 'Peace Mission 2010' in Kazakhstan, Russia definitely wanted to utilise the Georgia–Russian war as a template for the exercise.³⁹ China's interest in this scenario was apparently limited to checking the impact of the conflict on Russian forces. Hence, China's minister of defence, in preparing the SCO summit, had met with the Russian military command in North Caucasus and also the 20th motorised brigade, which had been directly involved in the war.⁴⁰ Moreover, Russia also proposed that the SCO should have a collective rapid-reaction capacity to act to counter events like the 2005 incidents in Andijan in Uzbekistan, a statement tailored to fit Russia's CSTO ambitions more than anything else.⁴¹

³⁵ 'Aviabaza Manas zaderzhivaetsya otpravleniem', *Kommersant*, 11 February 2009.

³⁶ 'The Ural Summits: BRIC and the SCO', *Eurasia Daily Monitor*, 22 June 2009.

³⁷ 'Kabul'skoe vremya – vpered', *NeGa*, 17 April 2009.

³⁸ 'V Moskvu gotovyatsya k vizitu kitayskogo lidera', *Kommersant*, 28 April 2009. The Chinese emphasis on the BRIC was further enhanced by the fact that the ShOS summit in June would take place in Yekaterinburg back to back with a BRIC summit. See 'Medvedev i Khu Tszin'tao obsudyat energosotrudnichestvo', *NeGa*, 28 March 2009.

³⁹ 'Rossiya gotova podelit'sya s ShOS kavkazskim opytom', *Kommersant*, 30 April 2009. The plans to hold the exercise was adopted in 2008. See 'Strany ShOS snova vydyut na voennye ucheniya', *NeGa*, 30 April 2009.

⁴⁰ Ibid.

⁴¹ 'ShOS peredayut drugomu organizatoru', *Kommersant*, 16 May 2009.

While the inclusion of more members would also boost the SCO as an organisation for sovereignty enhancement, ambivalence was developing around the issue of potential new members. Although the SCO had assigned ‘partnership dialogues’ to Iran and Pakistan in 2008, the June SCO summit revealed substantial differences about transforming the SCO into a competitor to the USA’s wider Middle East initiative.⁴² To be sure, the SCO April summit invited the observers Pakistan, Iran, India and also Afghanistan. In the latter case, the SCO summit even made it clear that it would not accept any external interference in the Afghan presidential election, thus extolling the principle of sovereignty, but apparently without reaching any agreement on how the SCO could contribute to stabilising Afghanistan. In June 2009, membership issues revealed discord. China and Russia both opposed a Tajik proposal to admit Iran as a member, while Russia also spoke against Pakistan as a member, partially due to India, but also with an eye to Russia’s quest for opening the way to new NATO transits over its territory.⁴³ China was also converting its neutral stance in the Georgia–Russia conflict into a more proactive policy in other, more distant areas than Central Asia. Moldova, which had been tarnished by the Transnistria conflict, considered SCO membership a more attractive option than CSTO membership. In fact, China had sugared the pill by offering Moldova direct credits of USD 1 billion at 3 per cent interest, to be earmarked for road construction – an offer matched only by an IMF loan given at a lower interest rate.⁴⁴ Clearly, this Chinese offer was a nuisance for Russia, and hampered Russian ambitions for security integration. Moldova’s Communist President Voronin clearly balanced the offers against one another, but was also adamant that CSTO membership would be in direct conflict with the neutrality clause in his country’s Constitution.⁴⁵ On the other hand, Russia was supportive of granting partnership status to Belarus and Sri Lanka, as confirmed during the SCO meeting of ministers of foreign affairs in May 2009.⁴⁶ Finally, Central Asian states in the SCO have spoken up for liaising with the EU to boost SCO’s potential as an economic partner globally. This has not been supported by China or Russia, who both prefer to boost each others’ significance within the G-8 or the BRIC format.⁴⁷

The multiple constellations within the SCO, and the reluctance of the two major powers Russia and China to bring in other dominant powers have hampered SCO involvement in regional security. While indicating

⁴² India, Pakistan and Iran were accorded observer status in 2005. ‘Vesennee obostrenie mirovoy diplomatii’, *NeGa*, 2 March 2009.

⁴³ ‘The Ural Summits: BRIC and the SCO’, *Eurasia Daily Monitor*, June 22, 2009.

⁴⁴ ‘The Republic of Moldova to receive a 1 billion USD credit from China’, *Infotag* 23 July 2009, at: <http://www.azi.md/en/story/4652>, accessed 7 August 2009 and ‘Communists lose in Moldova Vote’, *New York Times*, 31 July 2009.

⁴⁵ ‘Vostochnoe partnerstvo napominaet kol'tso vokrug Rossii’, *Kommersant*, 27 February 2009.

⁴⁶ Statement Russia’s MFA, 15 May 2009, at: http://www.in.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcb3/98d7cc300536531ec32575b70049d7bf?OpenDocument accessed 9 July 2009.

⁴⁷ ‘SCO Fails to Back Russia Over Georgia’, *RFE/RL Central Asia Report*, 28 August 2008.

that the SCO played first fiddle in regional security, the organisation could hardly speak with one voice on security issues, let alone provide any decisive input in stabilising Afghanistan. Thus, compared to earlier statements edited by the SCO on the 'limited mandate of US forces in Afghanistan', the SCO has shown limited relevance for concrete inputs in enhancing regional security. True, the SCO summit in March adopted an action plan on Afghanistan consisting of several identified benchmarks, but these benchmarks did not materialise as anything else than a vague commitment to support the Afghan government in fighting drug trafficking and the decision to create a training centre to combat drugs in Central Asia. The SCO does not pool sovereignty at the level of being able to train Afghan police forces, far less restore Afghan security.

The limited potential for effective security cooperation in the SCO has been evident since 2007, when the Russian proposal to work out a memorandum between the SCO and the CSTO, involving a division of labour, failed. Among the reasons listed was that the CSTO was a military organisation, and the SCO a political one. At the bottom line, the problem was that China did not want to see a CSTO exercise within an SCO exercise, and in 2007, 'Peace Mission – 2007' and 'Rubezh 2007' were held separately.⁴⁸ In 2009, the lack of agreement on this issue was duly reflected in the conflicting 'templates' (*legendy*) for the proposed SCO military exercise. 'Peace Mission – 2010' was framed as a peace-keeping mission, rationalised as an anti-terror exercise, conducted in accordance with a massive collective defence scenario and, according to Russia, based on applying military experiences from Andijan to the Georgian–Russian conflict. This hardly indicated strong coordination of military cooperation, nor did it reveal any significant coordination concerning mandate and the purpose of utilising military force to enhance security.

While regional stability outside Central Asia was addressed rhetorically, that did not result in any coordinated action within the SCO. Again, this may reflect an incremental approach to security issues in the SCO, and the 'time label' put on US and allied presence in the regional security configuration. While the SCO has risen gradually in response to regional issues, Chinese–Russian rapprochement is based on long-term strategic convergence against US dominance. This is certainly also a 'value' for the great powers, in addition to their mutual interests. Evidently, the argument that great-power interests can be constrained by institutional cooperation is a weak one, unless there are stronger incentives for cooperation than multilateral declarations.

Aside from the obvious dividend for China and Russia to govern their relations in a better way than during the period of mutual suspicion and apprehensions, the key area of cooperation between the two would be

⁴⁸ 'Poka ne srastayutsya', *NeGa*, 13 April 2007.

energy. Russia's role as a provider, and China's role as a consumer, would be a key ingredient in reinforced cooperation, but it would also send a dangerous signal to Central Asian states, which use energy resources as an active balancing tool between China and Russia. Energy cooperation would then be both a strategic overlay, magnifying the regional significance of Russian–Chinese rapprochement, and a test case for the level of cooperation between China and Russia.

ESPO: The Chinese–Russian Strategic Overlay

While energy security has been on the SCO agenda since 2005, the SCO has no institutional framework for governing energy relations. In fact, the existence of the energy club within the SCO has veiled the fact that Russia and China have been outbidding each other in the Central Asian states, competing for access to energy fields. Moscow has persistently seen cooperation with China as a 'Faustian bargain' that might reduce Russian leverage on its sphere of interests in Central Asia, and China has sought direct inroads to energy companies in the Central Asian states.⁴⁹ Moreover, Russia's rising self-confidence as an energy power, its monopoly of transit pipelines, and its traditional monopoly on buying gas and oil from Central Asian states, has given it considerable room to link energy issues and political issues in Eurasia. Eurasian gas markets are inflexible, exposed to monopolist leverage and more often than not a reflection of the power relations and dependencies between states more than their pronounced interdependence. Hence, as argued by Richard E. Ericson, there are no purely 'economic' issues in gas bargaining when a transit system is a monopoly.⁵⁰ The essence of energy is politics, and the political dimensions of energy have become evident also in Europe. In Central Asia, as in the lands in-between the EU and Russia, the net product of this has been political leverage, as price regulations have been exercised in concert with attempts at security reintegration.

There is also an internal political dimension in this equation. For Moscow, energy has not only been the core foreign policy strategy, but also the major ingredient of re-building the Russian state. Under the guidance of a small circle of politicians, the Russian state has increased direct control especially over the oil industry since 2003 and onwards. Philip Hanson claims that while the share of state-controlled companies in 2003 was about 24 per cent, by 2007 it was close to 40.⁵¹ Jeffrey Mankoff estimates the total share of state-controlled oil output as having risen from 6 per cent in 2000 to 44 per cent in 2008, with Rosneft alone in charge

⁴⁹ Julie Wilhelmsen and Geir Flikke, 'Central Asia: Testing Ground for New Great Power Relations?', *NUPI Report*, 2008. The 'Faustian bargain' is an expression used by Jeffrey Mankoff, *Russian Foreign Policy: The Return of Great Power Politics*, p. 81.

⁵⁰ Richard E. Ericson, 'Eurasian Natural Gas Pipelines: The Political Economy of Network Interdependence', *Eurasian Geography and Economics*, vol. 50, no. 1, 2009.

⁵¹ Philip Hanson, 'The Resistible Rise of State Control in the Russian Oil Industry', *Eurasian Geography and Economics*, vol. 50, no. 1, 2009.

of 21.5 per cent of total oil production in Russia.⁵² By mixing administrative leverage and rent-seeking, this segment of the Russian elite has made gaining control over the hydrocarbon sector in Russia a matter of economic revival, and a matter of exercising sovereignty over crucial strategic resources. This has further reinforced the realist nature of energy dealings in Eurasia, and also the political interstate nature of energy deals.

While the Kremlin has designated the hydrocarbon sector among the national 'strategic sectors', it is becoming increasingly evident that Chinese–Russian rapprochement has been fuelled by shared interests in the export and import of energy. The tremendous rise in oil consumption in China since 2004 has been one driver. In that year alone, China's consumption rose to 6 million barrels of oil per day, making it the world's second largest oil consumer after the USA.⁵³ Moreover, the involvement of China in Russia's increasingly state-dominated energy sector remained a well-shrouded mystery until the second half of 2008. Two facts at least were visible in the aftermath of the Georgia–Russia war. First, the fact that China had offered considerable loans to Rosneft in taking over the rump of YUKOS in 2003; and second, that the subsequent deal between Rosneft and China on oil deliveries by railway has proven instrumental in securing China cheap oil resources. This explains why China was apprehensive that Russian–Georgian war in Caucasus might have implications for its energy security,⁵⁴ and it also explains why the ESPO project rose to such significance in 2008.

Certainly, China and Russia have both progressed slowly in increasing their interdependence in the energy sector. Having talked about the project since 2004, even in the summer of 2008, the Russian government and adjacent oil companies were reluctant to signal any progress on the ESPO pipeline.⁵⁵ It was a gigantic project, with a pipeline to stretch from Tayshet (Irkutsk oblast) to Skovorodina in Amur oblast. Costs of the ESPO II were estimated by Transneft to USD 11 billion.⁵⁶ At first, the Russian government proposed that the pipeline would split in ESPO I and ESPO II branches at the end-point 70 kilometres from the Chinese–Russian border. Russia would prioritise bringing oil to the Pacific. In the second half of 2008, the first parts of ESPO to Skovorodina were set to be finished by the end of 2009, with an annual capacity of 30 million tons. Additional railway transport to the end-point at Kozmino on the

⁵² Jeffrey Mankoff, 'Eurasian Energy Security', *Council of Foreign Relations Report*, no. 43, 2009.

⁵³ Leonardo Maugieri, *The Age of Oil: What They Don't Want you to Know About the World's Most Controversial Resource*, Lyon Press, 2006, p. 194.

⁵⁴ The Chinese government offered both South Ossetia and Georgia humanitarian aid, and a Chinese delegation asked very probing questions of the Duma in September 2008. 'Kitai izuchaet energeticheskii potentsial voyny s Gruzией', *Kommersant*, 15 September 2008.

⁵⁵ Susan L. Shirk, *China: The Fragile Superpower*, p. 137.

⁵⁶ 'Rosneft i Transneft ne uspukayut svoy shans', *Kommersant*, 28 October 2009.

Pacific was planned, since the last segment to the Pacific Ocean was to be ready only in 2014/15.⁵⁷

The size of the project led Russian state companies to drag their feet, and Moscow was also looking for a better deal with the Chinese. According to Rosneft Head Sergey Bogdanchikov, Rosneft would meet its obligations to deliver crude oil to China until 2010, but stated that the price on oil after this would depend on the costs of building ESPO and the global market.⁵⁸ Yet a future obstacle for an ESPO branch pipeline to China was removed in July 2008, when Russian and China agreed on the remaining and disputed 4,300-km demarcation of the Amur river border.⁵⁹ Adding to this, by September 2008, the impact of the global recession had imposed several new uncertainties on the ESPO project. According to *Kommersant*, the Russian state companies Rosneft and Transneft had, by the autumn of 2008, accumulated a total debt of USD 28.9 billion, of which 50 per cent of the debts were short-term.⁶⁰ In September 2008, Rosneft, Lukoil, Gazprom and TNK-BP allegedly sent a letter to the Russian government, and also pledged Vneshekonombank to offer additional loans to refinance a total of USD 80 billion in debts. Rosneft alone reportedly had USD 3.8 billion in debts to state banks, at interest rates of 10 to 14 per cent.⁶¹ The Russian press increasingly doubted that Russia could at all be called an ‘energy superpower’, as the ESPO project itself seemed to be suffering from the chronic lack of investments in the country’s oil and gas sector.⁶² To serve ESPO, Russian oil production would have to grow by 55 billion tons annually, the daily *Nezavisimaya* reported.⁶³ These estimates were not sustained by the expected impact of the global financial crisis on Russia’s oil economy. *Kommersant* wrote in early 2009 that there was no clarity as to how Russia should meet the delivery obligations promised in the ESPO project.⁶⁴

Despite the doubts expressed in the press, the accumulated debts in the oil and gas sector and the general hype around the impact of the global financial crisis only reinforced calls for new interventions from the Russian state in the oil and gas sector.⁶⁵ These calls coincided with a new

⁵⁷ ‘Bazel provodit yapontsev v Sibir’, *Kommersant*, 2 September 2008 and ‘Rosnefti grozit 15 let’, *Kommersant*, 24 October 2008.

⁵⁸ ‘Bogdanchikov poslal Kitayu preduprezhdenie’, *NeGa*, 3 July 2008.

⁵⁹ ‘Premier Kitaya natselilsya na proryv’, *NeGa*, 24 October 2009, and ‘Russia, China settled demarcation of Amur Islands’, *Kommersant Daily*, 21 July, 2008, at: http://www.kommersant.com/p-12880/r_527/Amur_demarcation/

⁶⁰ ‘Kitai pomozhet Rosneft s dolgami’, *Kommersant*, 29 October 2008. According to *Kommersant*, Rosneft’s share of the debt was USD 21.15 billion, of which 13.4 billion were due before the summer of 2009. ‘Rosneft i Transneft ne uspukayut svoi shans’, *Kommersant*, 28 October, 2008. Other estimates indicate that Rosneft was the second largest debtholder after Gazprom, with a total debt of USD 20.3 billion. ‘Neftedollarovy ekvivalent’, *Kommersant* 4 June 2009.

⁶¹ ‘Neftedollarovy ekvivalent’, *Kommersant* 4 June 2009.

⁶² For a detailed discussion, see Valery Kryukov and Arild Moe, ‘Russia’s Oil Industry: Risk Aversion in a Risk-Prone Environment’, *Eurasian Geography and Economics*, vol. 48, no. 3, 2007, pp. 341–357.

⁶³ ‘Zakat energeticheskoy sverkhderzhavy?’, *NeGa*, 30 October 2008.

⁶⁴ ‘Trube prishel sekvestr’, *Kommersant*, 26 January 2009.

⁶⁵ ‘Platzhi zastryali v trubakh’, *Kommersant*, 29 October 2008.

impetus in the large-scale Chinese–Russian energy contract on the ESPO. In October 2008, the Kremlin embarked on agreements to secure what was increasingly referred to as a ‘diversification of Russia’s foreign economic cooperation, making Russia less dependent on Europe’.⁶⁶ At the 13th Chinese–Russian government-level summit in October 2008, Putin and his Chinese counterpart signed an agreement on the principles for construction and utilisation of the ESPO and a memorandum on co-operation in oil exploration. Both agreements were interstate agreements pending future commercial contracts between companies, and fixed to what the major chieftain of the project, Deputy Prime Minister Igor Sechin, referred to as ‘market prices’. Elaborating on the agreement, Sechin revealed that further progress on the deal was pending on commercial solutions, and a price ‘algorithm’. Finding commercial solutions implied that Chinese and Russian counterparts should fill the agreement with specific contracts by 25 November 2008, but the price mechanism was never revealed.⁶⁷ Apparently, the loose framework was designed to give Russia the option of adding new investment proposals to the ESPO project. The memorandum had a duration of 23 years, anticipating that Russia, on finishing the ESPO, would be in position to refine oil and explore oil fields in China.⁶⁸ The Russian government was in fact planning to invest in a large oil refinery at the end of the ESPO pipeline. The projected refinery would produce 20 million tons oil annually, require an investment of 150 to 200 billion roubles, and export 95 per cent of the production to the Chinese market.⁶⁹

Disagreements in November 2008 between Transneft and Rosneft and Chinese counterparts on interest rates and loan guarantees added suspense to the process, and perhaps intentionally a spate of economic wrangling. The Chinese demanded floating interest rates on a USD 25 billion loan, as opposed to fixed interest rates of 6 to 9 per cent. Moreover, Russian state guarantees, oil deliveries and infrastructure were not sufficient for the Chinese. On the other hand, these disagreements did not overrun the agreement at the government level. Moreover, Rosneft had a *de facto* track record of accepting swap deals with Chinese companies. In fact, in accepting a 6 billion credit from CNPS in 2004 to buy off the rump of YUKOS in the murky Yugansk–Neftegaz auction, Rosneft had agreed to deliver 48.4 million tons of crude oil by train to China in the period from 2005–2010.⁷⁰ The price was fixed to Brent minus USD 3, and the Chinese only agreed to adjust the price to Brent minus USD 2.325 when oil prices boomed in 2007–2008.⁷¹ For China, the agreement to raise USD 6 billion to Rosneft in 2004 in exchange for a fixed-price contract on crude oil deliveries must have been more than simply eco-

⁶⁶ ‘Rossiya glubzhe podsela na kitaiskuyu iglu’, *NeGa*, 29 October 2008.

⁶⁷ ‘Igor Sechin rasskazal kreditnuyu istoriyu’, *Kommersant*, 29 October 2008.

⁶⁸ ‘Rossiya namerena zanyatsya neftepererabotkoy v Kitae’, *NeGa*, 21 April 2009.

⁶⁹ ‘U kriticheskoy otmelki’, *NeGa*, 9 September 2008.

⁷⁰ ‘Kitai nam drug, no nasha nef’ts dorozhe’, *NeGa*, 13 January 2009. Little was known about this deal during the YUKOS takeover and the subsequent auctions.

⁷¹ ‘Rosnefti grozit 15 let’, *Kommersant*, 24 October 2008.

nomically viable. The contract was signed at oil prices of USD 40 per barrel, and in 2007, when the price had risen by 75 per cent, the Chinese counterpart agreed only to raise the price by USD 0.675 per barrel.⁷² Given that Russia in the period from 2005–2008 sent 30 million tons of crude oil to China by train at close to fixed 2004 prices, Russian state companies were instrumental in facilitating Chinese economic growth.

Unsurprisingly, in December 2008, further details on the contract indicated that Rosneft and Transneft had reached an understanding with the CNPS on swapping fresh credits for oil. CNPS would offer Transneft a USD 10 billion loan and Rosneft a USD 15 billion loan in exchange for 15 million tons of crude oil annually from 2010 to 2030, still without any details on the ‘market price’ or interest rates.⁷³ A final decision came in February 2009, when the Chinese Bank for Reconstruction and Development offered Rosneft and Transneft credits of USD 25 billion over 20 years at an annual interest rate of 5 per cent.⁷⁴ This deal included that Russia should build the ESPO II – a 70-km stretch to the Chinese border, while Chinese companies would build the connecting stretch to Datsin (980 kms).

The ESPO pipeline has a central position in Russia’s and China’s strategic objectives. Not only do the circumstances behind the pipeline deal reveal the degree of convergence in the economic sectors, but the ESPO pipeline may satisfy other strategic objectives, like further strengthening state control over resources, fencing out competition from other states in the Eurasian energy equation, and achieving a level of mutual interdependence that can serve both China and Russia in preserving an interest-based balance of power between the two. While the relationship between China and Russia has been asymmetric economically, with China giving large credits to Russia’s state companies, the ESPO involves long-term strategic dividends for Russia in expanding state control in the energy sector, keeping out external competition, and boosting its great power status.

Concerning increased state control, the Chinese credit line not only refuelled the ESPO project: it has also opened new ground for Russian state-dominated oil and transit companies. This process has been conducted with central government officials, such as Igor Sechin, at the helm. In January 2009, the daily *Kommersant* reported that a daughter-company of Urals energy, Dulis’ma, had been put under pressure from the Sberbank and ran the risk of losing its license. The company had a license to extract oil from the Dulisminskii field in Irkutsk oblast, estimated to con-

⁷² ‘Bogdanchikov poslal Kitayu preduprezhdenie’, *NeGa*, 3 July 2008.

⁷³ ‘Indiya prinesla novye zhertvy “vsemoguchshemu”’, *NeGa*, 4 December 2008. The only details about the price scheme were reported in *Kommersant*. China was paying the oil price at end-point ESPO in Kozmino, which included transit costs for some 2000 kilometres. ‘Kitai pomozhet Rosnefti s dolgami’, *Kommersant*, 29 October 2008.

⁷⁴ ‘Neftyanniki dobyli kitayskii kredit’, *Kommersant*, 18 February 2009 and ‘Novaya geometriya neftyanykh interesov’, *NeGa*, 24 April 2009.

tain 15.89 million tons of oil, 11.5 million tons of gas condensates, and 109 billion cubic metres of gas.⁷⁵ In striking a contract with Gazprom in 2007 that gave the Urals a gas monopoly in Irkutsk oblast, the company had set Dulis'ma as a security for a USD 130 million loan in the Sberbank, to be paid back in November 2008. In the upshot, the Urals company started to sell off company property to repay the state. When Transneft in March 2009 secured credits of 12,800 billion roubles from Sberbank to build the ESPO, the company was in position to gain leverage over this regional oil company to secure sufficient supplies of crude oil to China.⁷⁶

Moreover, the Chinese credit line also forged stronger relations between Transneft and Rosneft. According to the deal, Rosneft was to sell oil to Transneft at a fixed but undisclosed price, for Transneft to export to China. The ESPO deal upgraded Transneft to an oil-trading company and involved indirect state sponsorship of the company through the return of VAT from the federal budget. With Rosneft selling off 6 million tons of oil annually to be exported to China by Transneft, the company would receive USD 33 million in return of VAT from the state every month.⁷⁷ A final example came in April 2009, when, acting in his capacity as chairman of the Rosneft board of directors, Sechin decided in a government meeting that oil companies exporting oil from Eastern Siberia should be exempted from state taxes. In the Yakutsk republic there were three major oil fields: Talakansk (Surgutneftegaz), Verkhnechonskii (TNK-BP and Rosneft), and Vankorskii (Rosneft).⁷⁸ These oilfields were potential deliverers to the ESPO pipeline, but when, in February 2009, the government first proposed removing all taxes on export of oil from these fields, the motion was initially not supported by the Ministry of Finances, since it was the product (oil) that was taxed, not the region. These protests were apparently overruled in April 2009, with Sechin simply instructing the Ministry of Finances to come up with an additional scheme for calling oil from Eastern Siberia a 'special oil product'.⁷⁹

Concerning external competition, the ESPO has also reinforced Chinese–Russian collaboration to challenge other companies. In August 2008, the Indian company ONGC had lined up for the Imperial Oil company, only to be challenged by Chinese Sinopec in the final round. Imperial Oil Company was partially owned by the Schroeder Investment Ltd, Deutsche Bank, Fidelity International, Baille Gifford & Co and Peter Levin (on the board of directors). The company held 12 licences in Russia and one in Kazakhstan, with some licences well positioned to extract oil for the future ESPO. Russia did not conceal its interest in hav-

⁷⁵ 'Zalog bez litsensii', *Kommersant*, 19 January 2009.

⁷⁶ 'Sberbank predostavil Transneft kredit na stroitel'stvo VSTO', *NeGa*, 27 March 2009. In addition to this, the Sberbank had also provided a 108 billion rouble credit line in December 2008. 'Transneft ne sderzhala tarifov', *Kommersant*, 9 April, 2009.

⁷⁷ 'Transneft stala nefetraiderom', *Kommersant*, 14 April 2009.

⁷⁸ 'Vostochnaya Sibir' ne vykhodit v nol', *Kommersant*, 10 April 2009.

⁷⁹ 'Reshenie o l'gotakh vostochno-sibirskoy nefi prinyato', *Kommersant*, 16 April 2009.

ing the Chinese as a preferred partner. Sinopec held 49 per cent in the stocks in Udmurtnefti, a share that the company had retrieved from TNK-BP together with Rosneft and in challenging ONGC. In this deal, Sinopec had offered Rosneft an option to buy 51 per cent of the stocks, and Russian banks did more than hint that a similar deal could be made.⁸⁰

Chinese–Russian collaboration has also had an impact on Russo–Japanese relations. Japan has since long joined the queue for oil projects in Siberia. The Japanese geological survey company JOGMEC has experience in doing geological surveys in Eurasia, and entered in 2007 into a new contract with Sakhtransneftegaz, a Yakutsk company belonging part and parcel to the administration of the Republic of Sakha. In April 2008, the company also set up a joint venture with the Irkutsk Oil Company to conduct geological surveys of the Severo-Mogdinsk field; and finally, in September that year, the company also struck a contract with Oleg Deripaska’s United Oil Company. All contracts were designed to line the company up for oil supplies to the ESPO, but with the reservation that the Japanese company would not take part in extracting oil.⁸¹ Russia, on the other hand, clearly dislikes Japanese investments in Siberia, and has wanted Japan to invest in the ESPO pipeline to the Pacific Ocean. During a state summit between Japan and Russia in May 2009, the Chinese–Russian agreement on ESPO was cited as an example that Japan might lose out in competition with China.⁸² The Japanese were clearly keeping any progress on the ESPO conditional on a solution to the border disputes on the Kuril Islands, however, and leaned heavy on Putin on the issue. In June/July, this resulted in the Japanese parliament adopting a resolution referring to the islands as ‘primordial Japanese territory’, which was followed by a sharp rebuke from Putin and the Russian government.⁸³ In sum, while the solution to the Chinese–Russian border dispute in July 2008 set a precedent for solving border disputes before striking huge energy contracts, it also raised the question of why this pattern does not come to apply in similar cases. Again, Chinese–Russian relations seem to be a strategic partnership of preference. Indeed, there would appear to be few reasons for Russia to consider Chinese loans to the Russian state-owned oil industry as being less intrusive than Japanese investments in Siberia.

Finally, for Russia’s part, the ESPO dovetails with a deliberate geopolitical choice, not only to diversify Russia’s energy exports but also to strengthen its balancing power and regional dominance on the European energy market and the Eurasian landmass. By exploring new routes to

⁸⁰ ‘Kitai poboretsya s Indiyey’, *Kommersant*, 4 August 2008.

⁸¹ ‘Yaponskaya goskorporatsiya porabotaet na VSTO’, *Kommersant*, 25 October 2008 and ‘Bazel provodit yaponskuyu v Sibir’, *Kommersant*, 2 September 2008.

⁸² ‘Vladimir Putin oboshel ostrovnye voprosy’, *Kommersant*, 13 May 2009.

⁸³ ‘Yaponskii parlament vnes popravku v peregovory Taro Aso i Dmitriya Medvedeva’, *Kommersant*, 3 July 2009, and ‘Otvet Yaponii dan u finskikh granits’, *Kommersant*, 10 July 2009.

China, Russia not only preserves its transit monopoly, but the ESPO potentially also insulates transit routes from US/European intervention, and secures state control over strategic industrial branches. The almost complete overlap of this strategy with Russia's energy doctrine and emerging foreign and security doctrine is not surprising. Ever since the ESPO was first launched as an idea in 1999, Putinites had seen it not only as a lucrative investment for Russia, but also as a potential platform for reviving the role of the Russian state in global energy politics. The YUKOS takeover coincided with numerous government resolutions on defining strategic state-owned sectors, but was also instrumental in bringing China into the loop in Russia's foreign policy of energy. Moreover, as the ESPO became more manifest, so did the actual involvement of China in Russia's re-nationalisation of energy, starting in 2003. No wonder, then, that Sechin has referred to the ESPO as 'economically viable geopolitics'.⁸⁴ And, as far as Russia is concerned, this reads primarily as geopolitics, and then as economically viable politics.

The effect of Chinese–Russian agreement on the ESPO may be diverse, however. Certainly, it makes the SCO less relevant as an energy forum, and might also undercut the relevance of the SCO. If China and Russia can sort out their strategic relationship bilaterally, that will generally be preferable for both. In such case, the decline in SCO's relevance in global security affairs visible in 2008 and 2009 will continue, also with increasing irrelevance as a co-sponsor of regional security arrangements. This implies that the SCO will persevere as an ambivalent great-power concert based on joint statements, or simply fade into oblivion, with China increasingly channelling its global aspirations through BRIC. The consequences for Russia's security pursuit in Central Asia and the CIS space, and for China's inroads in Central Asia's energy politics, may be more severe for Russia than for China. Evidently, the visible dependence of Russia's state transit and oil companies on Chinese investments sends a danger-signal to Central Asian states. It reduces the balancing potential of Chinese energy investments in their economies, and favours Russian security and energy leverage. This may in turn increase apprehension amongst the Central Asian states, reducing their room for manoeuvre, and playing into Russia's aspirations of linking together security, economic cooperation and energy issues. I turn to this by first analysing Russia's new security drive within the CSTO, and then the use of energy leverage against the CSTO partners.

'Collecting' Security: Russia Reformats the CSTO

Chinese resistance to making the SCO a platform for recognising South Ossetia and Abkhazia shielded other SCO members from making concessions in this direction. It did not, however, dampen Russia's aspirations to gain more concessions within the Collective Security Treaty Or-

⁸⁴ 'Reshenie o l'gotakh vostochno-sibirskoy nefti prinyato', *Kommersant*, 16 April 2009.

organisation (CSTO). Disappointed with the conclusions at the SCO summit, Moscow was prepared to reframe the CSTO's security rationale and wrestle acceptance for this out of the CSTO summit of the ministers of foreign affairs scheduled for Moscow in September 2008 and at the subsequent meeting of the Council of the CSTO and state leaders.⁸⁵ The Georgian conflict could arm Russia with a rhetorical arsenal enabling Moscow to frame regional security issues in accordance with its own post-Georgia interests. Moreover, by supporting the 'independence' of South Ossetia and Abkhazia, Russia could create a precedent that would mean increased rhetorical leverage on neighbouring states not in the CSTO circle, such as Ukraine and Azerbaijan. Notably, the Crimean parliament demanded in September 2008 that the Ukrainian Rada should recognise the independence of the two, thus creating new antagonism in increasingly strained Ukraine–Russia relations.⁸⁶

There are several indications that Moscow invested considerable prestige in getting the CSTO lined up behind Russia's position. First, according to CSTO rules, the country holding the chairmanship should normally host the summit, and that would have been Kyrgyzstan. Russia moved the summit to Moscow, however, with reference to the new security situation prompted by the conflict with Georgia. Kyrgyzstan was in return granted the less important CIS summit later in 2008, a summit whose importance was limited to acceptance of Georgia's departure from the CIS club.⁸⁷ Second, Moscow was by far more demanding in drafting the CSTO resolution. The Kremlin prepared a communiqué that would not only collectively denounce Georgia for initiating the limited Georgia–Russia conflict of August 2008, but also raise a collective voice against the consequences of NATO enlargement and the US Missile Defence in Europe. To this end, Moscow also wanted CSTO acceptance and support of the proposed Agreement on European Security launched by Medvedev in July 2008.⁸⁸ Third, framing the CSTO as a deterrent might enable to Russia introduce a new set of conditionalities compelling the members of and contributors to CSTO missions to increase their level of military and political commitment to the organisation. The statement of the summit that the CSTO 'firmly intends to ensure security in its zone of responsibility' and that 'a serious conflict potential is accumulating in direct proximity to the CSTO zone of responsibility' alluded to the collective defence ambitions infused by Moscow in the organisation.⁸⁹

⁸⁵ 'ODKB razvorachivayut protiv Gruzii', *Kommersant*, 3 September 2008.

⁸⁶ 'Rossiya i Ukraina reshili rasstat'sya druz'yami', *Kommersant*, 23 September 2009.

⁸⁷ 'Gruziyu ostavit pered otkrytym dver'yam', *Kommersant*, 10 October 2008.

⁸⁸ 'ODKB razvorachivayut protiv Gruzii', *Kommersant*, 3 September 2008. This proposal was vague in content, but clear in purpose. Medvedev re-launched old ideas about territorial sovereignty and a common European security organisation including all interested parties, and posited this against a unipolar 'Western' security paradigm. In terms of concrete proposals, the Medvedev idea was more a work in progress throughout 2008 and 2009, enabling Russia to test the effect of the post-Georgia paradigm in internal Eurasian security affairs.

⁸⁹ 'Declaration of the Moscow Summit of the CSTO', press release from the MFA of the Russian Federation, 9 September 2008.

Moscow's new drive was also evident in its continued efforts to transfer the security mandate from CIS to the CSTO. As noted by Nikitin and Loucas, this had been underway since 2002. The major CIS peacekeeping missions after the collapse of the Soviet Union had been two operations in Georgia (South Ossetia and Abkhazia), and one in Tajikistan and in Moldova. The *ad-hoc* nature of these operations was facilitated by the fact that Russian troops were located there, and that attaining a CIS mandate for peace operations was a feasible solution for inviting the UN to give the CIS a collective regional responsibility. The collective CIS peacekeeping operation in Tajikistan ended in 2000, however, and the Russian troops there were reorganised into a rapid reaction force placed under CSTO auspices in 2003.⁹⁰ Continuing this, at the CIS meeting in Bishkek in October 2008, coloured by the events in Georgia, the CIS ministers of foreign affairs decided to halt the CIS mandate for the Russian/CIS peacekeeping operations in South Ossetia, leaving all further operations in the republic to bilateral arrangements between Russia and the unrecognised (with the exception of Russia and Nicaragua) South Ossetian republic.⁹¹ This was further reinforced in December 2008, when Russia threatened to veto the renewal of the OSCE observer mission mandate in South Ossetia. Russia wanted the OSCE to recognise the South Ossetian authorities as independent of those of Georgia, and introduced a notional 'state border' between South Ossetia and Georgia in the OSCE document. Simultaneously, Russian ambassadors presented their credentials to South Ossetian and Abkhaz authorities.⁹² In May 2009, Russia also vetoed a prolongation of the UNSC mandate of the UN observer mission, thus gaining further control over defining the post-Georgia status quo.

Certainly, the conflict with Georgia made the CSTO less relevant for international peacekeeping missions. The reduction of peacekeeping functions within the CIS had occurred earlier, however. Russia's expenditures for international peacekeeping fell radically, to practically zero in the period from 2001 to 2007. While Russia spent a mere 0.23 per cent of the state budget on peacekeeping in 2001, by 2007 this figure was down to 0.0001 per cent.⁹³ Clearly, Russian references to peacekeeping in the UN framework should be seen as strictly window-dressing, or simply a more conditional approach to get the UN to consider a mandate for CSTO-style peacekeeping.

⁹⁰ See Alexander Nikitin and Mark A Loucas, 'Peace Support in the New Independent States: Different From the Rest?', pp. 138–140, in Donald C. Daniel et al. (eds), *Peace Operations: Trends, Progress and Prospects*, Georgetown University Press, 2008.

⁹¹ 'Gruziyu ostavit pered otkrytym dver'yam', *Kommersant*, 10 October 2008.

⁹² Vlad Socor, 'Russia to OSCE: Recognize South Ossetia or Get Out', *Eurasia Daily Monitor*, 19 December 2008.

⁹³ These figures are found in Andrei Zagorski, 'Multilateralism in Russian Foreign Policy Approaches', in Stina Torjesen and Elana Wilson Rowe (eds), *The Multilateral Dimension in Russian Foreign Policy*, Routledge, 2009, p. 52.

For Moscow, it was the CSTO first, and the UN second. In a lengthy interview in November 2008, CSTO General Secretary Nikolai Bordyuzha stated that the CSTO had an obligation to cooperate with the UN, as the UN was an umbrella organisation for initiatives taken within the CSTO. As for the possible spectrum of operations to be conducted by the CSTO, Bordyuzha maintained that the organisation should increase its rapid-reaction conventional capacities in order not only to handle the ‘complex network of extremist groups in Central Asia’, but also to ‘politically deter aggressive actions from states or groups of states in this region’.⁹⁴ Referring to the Georgian conflict, he thus framed CSTO rapid-reaction forces as repellents not merely of small-scale incidents linked to stateless actors, but of interstate warfare. Russia’s ambivalence in singling out South Ossetia and Abkhazia as possible templates for ‘peace-mission’ tasks for the CSTO, and, on the other hand, Bordyuzha’s suggestion that Abkhazia and South Ossetia, if recognised, could become members of the CSTO, did not add to the credibility of this process.⁹⁵ If Moscow were in earnest about attaining a UN mandate, it would have to sort out the difference between conducting a multilateral peacekeeping mission and dismembering a neighbouring state.

While Russia was reducing the significance of collective peacekeeping missions within the CIS, Moscow was publicly stressing the opposite. For one thing, the Kremlin was clearly intent on profiling potential CSTO peacekeeping missions as relevant for the Nagorno-Karabakh conflict between Armenia and Azerbaijan. Medvedev had held initial meetings with the presidents of Azerbaijan and Armenia in September 2008, and in November 2008 a first document was signed between the parties on the principles of peaceful resolution of the conflict. New meetings were held in 2009 to facilitate resolution of the conflict, and Russia also discussed it within the framework of the CSTO. Yet, the creation of a collective CSTO peacekeeping force remained stalled. As noted by Nikolay Bordyuzha, the ratification process had taken three years (since 2006), and so far only Belarus and Kazakhstan had ratified.⁹⁶ While Russia was optimistically indicating that CSTO peacekeeping forces would be in place by 2009, after the ratification of these plans by Belarus and Kazakhstan, similar ratifications were pending in Uzbekistan, Kyrgyzstan, Tajikistan, Armenia and Russia itself.⁹⁷ Indeed, the Russian press cautiously referred to the November 2008 CSTO summit in Yerevan as a ‘return to theory’. Only two documents were signed, as opposed to 15 in the September meeting.⁹⁸ While one of these was a document stipulating progress within the CSTO collective defence and peacekeeping missions, the timeframe did not reflect any deep sense of

⁹⁴ ‘V ODKB sozdayutsya yedinye mirotvorcheskie sily’, *NeGa*, 24 November 2008.

⁹⁵ ‘Ot redaktsii – sem’ plus dva ravno ODKB’, *Nezavisimoe voennoe obozrenie*, 5 September 2008.

⁹⁶ ‘V ODKB sozdayutsya yedinye mirotvorcheskie sily’, *NeGa*, 24 November 2008.

⁹⁷ ‘Soglashenie o mirotvorcheskoy deyatel’nosti v formate ODKB mozhet vstupit’ v silu v 2009 godu’, *NeGa*, 17 November 2008.

⁹⁸ ‘Ot praktiki k teorii’, *NeGa*, 5 December 2008.

urgency. Towards 2010, the CSTO members should strengthen their ability to conduct peacekeeping missions on CSTO territory and collective defence; by 2015 this should have manifested itself in the ability to collectively defend any region of responsibilities and missions abroad, and by 2020 the CSTO should be able to deter, strategically and politically, any aggression against its territory.⁹⁹

It seems clear that in the autumn of 2008, Moscow did not pay attention to securing any international mandate for future CSTO operations, nor to facilitating effective interaction between the CSTO and other organisations. The sole exception remains the CSTO's linkages with the UN in combating drug trafficking in the region. Moreover, the presidential administration indicated that CSTO forces would be relevant in the case of spillovers from Afghanistan.¹⁰⁰ Multilateral peacekeeping missions still seemed a long way off, both in exercise templates and in political practice. One illustration is the joint exercise with Kazakhstan held in September 2008, in conjunction with the CSTO summit. Billed as a bilateral 'peacekeeping' operation, the 'Center 2008' exercise was designed to repel an attack from a 'third country' on Kazakhstan's energy infrastructure.¹⁰¹ Russian officials argued that no modifications had been made to the exercise template after the Russo–Georgian war, but the timing of the exercise clearly put the Kazakh president in an awkward position. First, the bilateral exercise was a bilateral version of a collective defence exercise; second, it was the largest joint exercise held between Russian and Kazakh forces since the fall of the Soviet Union; third, it recognised Kazakhstan's central role as an energy provider. President Nazarbayev was in the September summit henceforth cornered into emphasising the significance of the CSTO as a military organisation, also stressing the 'special relationship' between Kazakhstan and Russia.¹⁰²

Russia was also persistently preoccupied with creating its own mirror-image of NATO. In the wake of the bilateral Kazakh–Russian bilateral exercise, Russia refocused on reformatting the Rapid Reaction Forces (RRF) for Central Asia into a collective rapid-response unit for the whole of the CSTO area. The RRF forces had been launched in 2005, but had materialised slowly. In September 2008, CSTO secretary Nikolay Bordyuzha further beefed up CSTO ambitions, by proposing that the Central Asian force structure should be strengthened.¹⁰³ When Kazakhstan in December 2008 called an extraordinary and 'informal' CSTO summit in Astana, this was apparently done to bring substance to the proposal, but also to iron out potential disagreements within the CSTO, perhaps also

⁹⁹ 'Soglashenie o mirotovorcheskoy deyatel'nosti v formate ODKB mozhet vstupit' v silu v 2009 godu', *NeGa*, 17 November 2008.

¹⁰⁰ 'Voiska ODKB budut borot'sya s ugrosoy s yuga', *Kommersant*, 6 February 2009.

¹⁰¹ 'Russia's Central Asian Exercises With Kazakhstan Focus on Defending Energy Assets', *Eurasia Daily Monitor*, 11 September 2008.

¹⁰² 'South Ossetia Tests Kazakhstan's Foreign Policy Priorities', *Eurasia Daily Monitor*, 19 September 2008.

¹⁰³ 'New CSTO Military Force Planned', *Eurasia Daily Monitor*, 22 September 2008.

lessening the effect of Russia's heavy hand on the organisation. The Kazakh president suggested, modifying the effect of the Georgia–Russian war, that the CSTO should adopt a mechanism for sanctions against states that violated the principle of non-aggression.¹⁰⁴ Moscow was increasingly keen to enhance not only military-technical cooperation within the CSTO, but also military-political cooperation. To raise the potential of the CSTO, Russia maintained, the CSTO states should be effectively armed on the basis of a 'common mobilisation plan for their economies', as stated by the Russian head of the CSTO intergovernmental commission for military cooperation, Ivan Materov.¹⁰⁵

Throughout early 2009 Russia continued to keep pressure up within the organisation. This was evidenced by the February 2009 summit of the CSTO, held back-to-back with an EAEC summit. Contrary to the previous format of the RRF forces, Russia wanted the CSTO states not only to earmark forces for the organisation, but to commit themselves deeply by yielding control over the forces. As Russia succeeded in getting Nikolay Bordyuzha re-elected as CSTO General Secretary for a new five-year period, the secretary continued to stress that the CSTO reaction forces (CORF) were not simply an new version of the old 2001 initiative for Central Asia, but a force capable of reacting to all threats, ranging from incursions to trafficking and extremist/terrorist activities. Moreover, CORF included special forces from the ministry of interior – presumably from all CSTO members, and security forces. According to Bordyuzha, 'we can boldly say that it is not only the military component that is strengthened, but the whole force composition of the CSTO'.¹⁰⁶ What Bordyuzha was referring to was clearly a Russian-based initiative, and by and large also a Russian-based system of incentives. The 15,000 man strong CORF force should be located permanently on Russian territory and equipped with new weapons.¹⁰⁷ Moreover, Moscow was not content to await the development of a common normative framework for collective defence forces: it simply wanted to transfer the mandate of the Central Asian rapid-reaction forces to the RRF of the CSTO. This replicated Moscow's gradual transfer of CIS military functions to the CSTO, but brought the leaning towards Russia-centrism one step further. In fact, Bordyuzha proposed by-passing all ratification processes, and simply 'using the experience of the Central Asian Rapid Reaction forces and the existing, rich normative framework ratified by the CSTO'.¹⁰⁸

Once again, the impression that Russian wanted more out of the CSTO than any of its constituents was confirmed. While in line with Moscow's 'NATO's mirror-image' frame, such ambitions also presupposed a high level of integration among CSTO members. In fact, the February 2009

¹⁰⁴ 'Nursultan Nazarbayev zhazhdet sanktsii', *Kommersant*, 22 December 2008.

¹⁰⁵ 'U stran SNG budet obshchee oruzhie', *NeGa*, 19 December 2008.

¹⁰⁶ 'Ot soyuznikov po ODKB trebuyetsya pomoshch', *NeGa*, 13 February 2009.

¹⁰⁷ 'Intergratsionny dolgostroy', *NeGa*, 16 February 2009.

¹⁰⁸ 'B zamenyat na O', *NeGa*, 20 February 2009.

summit failed to produce any specific commitments from CSTO members, other than a ‘preliminary agreement with examples of national contributions’.¹⁰⁹ Furthermore, the summit had not finished before Minsk announced that Belarus forces would not participate in CORF missions outside its own territory. In other words, the scheme of deploying CORF forces on the territories of all CSTO states did not imply that these forces could be used for any other purpose than national defence – at least in Belarus. In the upshot, while Moscow was beating the drum over CORF in the West, with Medvedev indicating that the potential of these forces should ‘not be any worse than those of NATO’,¹¹⁰ the impression remained that the CSTO members were zealously guarding their own sovereignty. Also the Uzbeks had reservations against CORF forces, arguing that such forces would be needed only if there were a concrete threat, and that Uzbekistan would not designate forces to be ready on a permanent basis, but only from case to case. Neither Belarus nor Uzbekistan would *de facto* or *de jure* commit forces to CORF – Uzbekistan to preserve balancing positions, and Belarus due to internal opposition.¹¹¹

The CORF proposal was repeatedly framed as a necessary response to several international developments, including what Moscow saw as a great power competition in Central Asia. Hence, according to media reports, the CSTO should forestall US policies of ‘selective engagement’ in Central Asia.¹¹² Other suggestions were that CORF forces were designed to fight threats coming from Afghanistan and Pakistan.¹¹³ The ‘united we stand – divided we fall’ frame of Russia was tarnished, however, by the complex bilateral security arrangements within the CSTO, and the outer circle of competing legacies within the CIS. By summer 2009, it had become clear that Russia’s initial ambitions of creating a force pool for the whole of CSTO territory had been moderated. Although Russia, in the new security doctrine signed by Medvedev on 13 May 2009, alluded to the CSTO as the ‘major interstate mechanism for fighting regional military and strategic threats’,¹¹⁴ the reaction force was designated primarily for the Central Asian region. Even though Nikolay Bordyuzha in May 2009 stated that the normative documents for where the forces were going to be located, how military equipment should be sent in transit and the juridical status of foreign forces on CSTO territory had been prepared for presidential approval, he did not elaborate on decision-making processes within the CSTO.¹¹⁵ Moreover, few details were given concerning the total force level, with Bordyuzha speaking of 10,000 to 20,000 men. There was also no clarity regarding the status of Belarus forces, other than the mentioning that Armenia–Russian and Belarus–

¹⁰⁹ ‘Ot soyuznikov po ODKB trebuyetsya pomoshch’, *NeGa*, 13 February 2009.

¹¹⁰ This phrase was repeated in the Russian media prior to the Munich security conference. See ‘V mechtakh o pozitivnoy povestke’, *NeGa*, 6 February 2009.

¹¹¹ ‘Virtual’nye sily kollektivnoy oborony’, *NeGa*, 9 February 2009.

¹¹² ‘Rossiya stavit voennyi blok’, *Kommersant*, 4 February 2009.

¹¹³ ‘Voiska ODKB budut borot’sya s ugrozoy s yuga’, *Kommersant*, 6 February, 2009.

¹¹⁴ ‘Strategiya novaya, podkhody konservativnye’, *NeGa*, 22 May 2009.

¹¹⁵ ‘Polny tekst interv’yu’, *Kommersant*, 29 May 2009.

Russian force structures within the same CSTO were designated for territorial defence only. The fact that General Secretary Bordyuzha also insisted that the ‘normative legal base for CORF was in place’ sounded strange against this backdrop.¹¹⁶ If states within the CSTO could not sort out issues connected with transit of military equipment, or force commitments, the level of normative convergence was indeed low.

It is important to note, however, that CORF was but one aspect of Moscow’s new security drive. Clearly, in setting up CORF, Russia also tried to pull in other elements of collective defence in a tighter CSTO structure. Arms sales were certainly a driver in this. In 2008, sales to CSTO members had tripled in comparison with 2007, with Belarus and Armenia the major customers.¹¹⁷ These two partners were also key elements in Russia’s ambitions to create a common air-defence system within the CSTO. But neither Armenia nor Belarus was enthusiastic about CORF. When the establishment of CORF stalled in June 2009, it was due to increasing reservations from Belarus and Uzbekistan, both of which hold sovereign restrictions on the use of forces abroad. Also Armenia had expressed reluctance, but ended up signing the document during the June session of the CSTO. Hence, the summit, for all its deficiencies, at least confirmed Russia’s determination to link together the Western, Southern and South Eastern security spaces in one collective defence, in spite of resistance.

The reservations amongst CSTO members may be interpreted as standard objections against intrusive security mechanisms in the post-Soviet space, and also an overriding preoccupation with the principles and practices of Westphalianism. But there was also a sense of ‘exceptionalism’ at play – the wish not to jeopardise special relations with Moscow, and adherent privileges, to some ‘collective’ entity. Belarus has since 2003 had close military and security relations with Russia, while also expressing support for the idea of tighter military associations. As for Armenia, it has been a close Moscow ally in the military sector, a fact underscored by media leaks that Armenia had received military equipment worth USD 800 mill during the course of 2008 alone.¹¹⁸ Hence, a competing explanation may be that CSTO states felt that their privileged special relationships might be lost through a tighter association between Central Asian and Western and Caucasian security. Clearly, recognition of South Ossetia and Abkhazia was not an option for Armenia either, due to the sensitivities on the Nagorno-Karabakh issue. Armenia did accept Russia’s renewed attempts at brokering in the conflict with neighbouring Azerbaijan, however, but without giving any concrete policy take on how this was to be formatted within the CSTO framework. Evidently, Russia’s insistence on recognising South Ossetia and Abkhazia did not make Ar-

¹¹⁶ ‘ODKB sobiraet udarny kulak’, *NeGa*, 3 June 2009.

¹¹⁷ ‘Oruzhie dlya ODKB’, *NeGa*, 29 May 2009.

¹¹⁸ ‘Rossiyu zapodozrili v razdache oruzhiya’, *Kommersant*, 14 January 2009.

menia more favourably disposed to address this issue within the CSTO. Adding to this, Russia's extensive plans for a common air defence with Armenia and other CSTO members would also draw negative attention from the non-CSTO member Azerbaijan.¹¹⁹ By 2009, Russia's focus on the CSTO was not sufficient to lead Armenia to reconsider its participation in the NATO PFP exercise in Georgia from 6 May to 1 June that year. Having branded these as 'unfriendly', Russia even had to see Kazakhstan consider participation, despite the fact that the Kazakh contingency made up the bulk of the CORF proposal.¹²⁰

Sovereign reservations have also dampened the potential for cooperation in civic security. True, the CSTO secretariat also harboured ambitions of interstate cooperation against natural disasters. On 7 May 2009, an agreement was reached on having a rapid-reaction capacity against natural disasters in place by 2012.¹²¹ There are apprehensions, however, that Russia after Georgia may be interpreting 'civic security' as security for Russian-speakers or would-be Russian citizens. Russia's post-Georgia focus has evidently been based on the argument that Russia protected the rights of civilians in the conflict. The Kremlin has at any rate set up the Federal Agency for CIS Affairs, a new body dedicated to dealing with Russians abroad. The Agency was to be led by Russia's Ambassador to Uzbekistan, Faret Mukhametshin, and would allegedly be re-profiled to focus on military cooperation.¹²² The Agency was also profiled as a parallel to USAID, but this did apparently not materialise.¹²³

Russia has certainly infused a new dynamics in the CSTO by proposing a collective rapid-reaction force (CORF). The force structure is to be tailored to special operations inside and outside CSTO territory, and will be applied only following a collective decision of the CSTO heads of states, and the CSTO Security Council. Despite reservations against CORF from CSTO members Uzbekistan and Belarus, in August 2009 the Russian president moved to propose a legal draft for the Duma, allowing the use of Russian forces outside Russian territory.¹²⁴ In other words, Russia is prepared to proceed in this, whether the CSTO members join forces or not. As for Russia's efforts to customise the Georgia–Russian war as a possible template for conflicts adjacent to CSTO area, this has been less successful – not least since Russia, even after recognising that it was up to the CSTO states to decide on South Ossetian and Abkhazian independence, also launched the idea that they might become members of the CSTO.

¹¹⁹ 'Uzkie ramki kolektivnoy oborony', *NeGa*, 4 February 2009.

¹²⁰ 'Nedruzhesvennye manevry', *NeGa*, 22 April 2009. While Kazakhstan's MoD announced that it would not participate, the Kazakh MFA said that the question was 'still an open one', indicating that there was nothing permanent about the decision.

¹²¹ 'Chleny ODKB budut sovместno reagirovat' na chrezvychainye situatsii', *NeGa*, 15 May 2009.

¹²² 'Zashchitnik zarubezhniy Rodiny', *Kommersant*, 20 October 2008.

¹²³ 'Sosredotochenie ot uspekhev', *Kommersant*, 19 January 2009.

¹²⁴ *Eurasia Daily Monitor*, 14 August 2009.

Finally, collective security should be based on shared threat perceptions, and this is clearly lacking in the CSTO today. The transfer of CIS functions to the CSTO has not boosted the possibilities for an international mandate for this force. This is partially due to the incremental process initiated by Russia to rebuild military relations in the CIS, and partially to Moscow's resolve on Georgia. UN and OSCE observer missions have both been removed from this area, leaving Russia one-on-one with Georgia.

On the other hand, Russia employs both carrots and sticks to bring the CSTO states together in a more centralised structure. That includes collective trade benefits within the EAEC, collective and bilateral aid, or direct leverage through the energy transit monopoly and the monopoly on buying gas from Central Asia to European markets. Any signal from Moscow to link issues together under the net effect of enhanced security leverage could increase apprehension among the CSTO members, however, and strengthen dissonances among states within the CIS space. In part, this is due to the fact that the multilateral frameworks of the CIS, CSTO and EAEC are not overlapping, but also due to numerous security dilemmas within the CIS. There is a tendency for forward-leaning actions from Russia to increase these dilemmas, not reduce them. In the next section, the combination of carrots and sticks will be discussed in detail, accompanied by an analysis of the increased centrifugal effect on the CSTO.

Energy Leverage: Centrifugal Forces in the CIS

What Russia has wanted in terms of collective security reintegration, it has increasingly underpinned by economic support and energy leverage. True, the framework for this has formally been one of 'multilateralism'. Under the impact of the financial crisis, Russia increasingly started to associate EAEC and CSTO summits with one another. In fact, Nikolay Bordyuzha, head of the CSTO, was in December insisted that the Council of the Head of border guards under the CIS and the Council of Border Questions in the EAEC should formally both belong under the CSTO.¹²⁵ Moreover, Lavrov, in commenting about Russia's foreign policies in time of global recession, insisted that the 'core of the CIS, in the face of the CSTO and the EAEC, had grown stronger'.¹²⁶

This was more an attempt from Russia to 'speak the international order' than an economic and political reality. By explicitly linking together economic assistance, energy deliverances and security, Moscow was trying to create crossovers that, however, could not overwrite the fact that the

¹²⁵ This information is from one of many similar text bites on the CSTO printed in *NeGa* as an interview. See 'Mirotvortsy dopolnyat sily bystrogo razvertyvaniya', *NeGa*, 5 December 2008.

¹²⁶ 'Sosredotochenie ot uspekhev', *Kommersant*, 19 January 2009.

states in the CIS space had long been pulling in different directions. Originally created in 2000 by Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, the EAEC never managed to create a common customs union, let alone a common customs tariff. Moreover, the idea of using the EAEC as a collective unit applying for WTO membership was certainly far removed from what the EAEC could actually deliver on. Its effectiveness has been limited to several post-Soviet countries contributing to the same budget. It has also become a reference point for regional cooperative mechanisms. When the Organisation of Central Asian Cooperation (OCAC) was included in the EAEC in 2005, also Uzbekistan joined. The share of contributions was Russia (40%), Belarus, Kazakhstan and Uzbekistan (15%), and Tajikistan and Kyrgyzstan (7,5%).¹²⁷ Indeed, it was maintained by Russian resources, and served the purpose of some multilateral arrangement, but not one that committed its member countries to join forces in economic policies.

The instrumental value of the EAEC came to the forefront in 2008–2009. Moscow planned the February 2009 EAEC summit to take place back-to-back with the extraordinary CSTO meeting in the Council of Collective Defence – both in Moscow. The summit adopted two decisions: to create a regional credit stabilisation fund of USD 10 billion, of which Russia provided 7.5 billion, and to establish an innovation centre.¹²⁸ As with the CSTO Kazakhstan was second in contributions, but Moscow was adamant that it held the ‘controlling share’ of the stabilisation fund. Russia took up the economic burden in the CIS space to enhance economic security, but this was overshadowed by the fact that Moscow also saw EAEC economic cooperation as a buffer against external influence. Indeed, as the impact of the global recession hit the Eurasian space, Moscow grew increasingly uncomfortable with the EU’s influence through the ENP. Hence, in April 2009, Putin insisted that the EAEC customs union would become a reality already by 2010, while the Russian MFA referred to the desire of the CIS countries to associate with the ENP as an ‘unnatural choice’, and an ‘artificial counter-positioning of the EU and Russia’.¹²⁹

While pledging to channel financial sources through the EAEC, Russia also upheld and fuelled its ‘special relationships’. Notably, the EAEC funds were also used as an incentive to gain a foothold and credibility in other contexts. In early 2009, the Kremlin took up discussions on the Nagorno-Karabakh deadlock in the CSTO Council of Foreign Ministers, underlining that Russia was ‘hosting the peace negotiations’ between the parties. Conditionality came to effect also in this mediation process. The Kremlin promised bilateral aid to Armenia amounting to only USD 500 million of the 2 billion that Yerevan had asked for, but additionally sug-

¹²⁷ ‘Intergratsionny dolgostroy’, *NeGa*, 16 February 2009.

¹²⁸ Russia had initially planned to contribute USD 6 billion to the fund, but this sum was raised during the summit.

¹²⁹ ‘Nenatural’ny vybor stanovitsya predpochtitel’nym’, *NeGa*, 14 April 2009.

gested that Armenia could make use of the USD 10 billion EAEC stabilisation fund. Moreover, although Moscow never admitted to having sent Armenia military materiel worth USD 800 million, Moscow was also willing to reconsider its embargo on selling military equipment to Azerbaijan, to facilitate ‘harmonisation’ of a highly sensitive issue in Baku.¹³⁰ Similarly, in February 2009, Belarus utilised the Union-arrangement with Russia to obtain a USD 1 billion credit from Moscow, in addition to a USD 88.6 million Union budget and bilateral ‘rouble credits’ of USD 2.8 billion.¹³¹

In other words, Russia’s ‘multilateralism’ within the EAEC and the CSTO in mid-2009 was based on a series of discrete and non-discrete bilateral initiatives. Although Russia, through direct aid and economic promises, provided many carrots for closer integration, the crossovers between economic trade and security served to augment the centrifugal forces within the CSTO. Indeed, in December 2008, *Nezavisimaya* observed: ‘first, the influence of Russia on the post-Soviet space is not as strong as Russia itself believes; second, none of the states on this territory have any haste in acting favourably to Moscow, and against their own interests; third, considering the position of the CSTO on this issue, the problem seems obvious: the CIS states prefer bilateral relations’.¹³² Thus, while financial issues were also central to Moscow’s security ambitions, it was not certain that these security ambitions would have any positive effect on economic integration. A direct result of increasing Russian-driven crossovers between the EAEC and the CSTO was that Uzbekistan left the EAEC in November 2008, and the presidents of both Tajikistan and Belarus threatened to stay away from the Moscow summits in February, at the shortest possible notice. Clearly, these states did not want security arrangements that would impinge on or reduce their sovereign control over the armed forces (Uzbekistan and Belarus); were becoming increasingly uncomfortable with the changed security dynamics in Central Asia (Tajikistan and Uzbekistan); or were apprehensive that they might lose their ‘special relationship’ with Moscow (Belarus).

The implicit conditionality involved in analysing Russia’s ‘twisting tongues, twisting arms’ approach to security integration makes for a piecemeal walk-through of the effect of bilateral energy leverage on the loosely-linked CSTO area. In addition to economic promises, Russia’s powerful oil and gas state sector and the close ties between political leadership and state company boards and Russia’s transit monopoly, Russia would also tend to use energy leverage to exert influence on security choices among the CIS states. Moreover, helped by the absence of any multilateral price-regulation mechanism in the CIS space, the energy tool

¹³⁰ ‘Karabakhscoe uregulirovanie dozhдалos’ podkrepleniya’, *Kommersant*, 17 April 2009.

¹³¹ ‘Tri dnya vneshney politiki v denezhnom ekvivalente’, *Kommersant*, 4 February 2009.

¹³² ‘Suverenitet na dotatsii’, *NeGa*, 30 December 2008.

was employed selectively and bilaterally. This is what Moscow increasingly has done in conjunction with its reintegration efforts. It has affected the Central Asian states, as well as the only state directly supporting Russia's intervention in South Ossetia and Abkhazia (Belarus), and it has been used as both reward, and punishment.

In comparison with other CSTO states, the matrix of political relations between Russia and *Belarus* is complex, but does not necessarily favour deeper integration between the two. For Russia, Belarus was evidently useful as the CSTO outpost towards the West, and Moscow launched rhetorical warnings against NATO enlargement, among other things by proposing that Belarus should host CSTO bases if NATO changed its basing policies in the Baltic States.¹³³ Moreover, Belarus could certainly enjoy its privileged status as a Union partner with Russia, and also utilise this position to gain dividends from Moscow. This implied that Belarus could become a more demanding partner in terms of political rights within the Belarus-Russia Union, and also as regards retaining certain energy privileges as an important transit country for oil. Hence, for Moscow, a conundrum was becoming increasingly evident. Its military cooperation with Belarus could be advanced only by giving more political substance to the tandem Union. On the other hand, any indications of a special relationship with Minsk on more favourable terms could endanger the 'multilateral' CSTO process.¹³⁴

Russia reactivated its special relationship with Belarus immediately after August 2008. Aleksandr Lukashenko had then stated in a letter to the Russian president that Russia had no other 'moral choice than to support the calls from the population of South Ossetia and Abkhazia to recognise their right to seek sovereignty'.¹³⁵ At the adjacent Russia-Belarus Union meeting in August, Russia matched Belarusian support by announcing that it would lower prices on Russian gas and provide USD 2 billion in long-term credits to Minsk. Minsk officials stated then that Belarus would give its support to South Ossetian and Abkhazian independence. However, this fell at the September 2008 summit of the CSTO, when Russia reluctantly agreed to leave it to each member-state to decide whether to recognise the quasi-states or not.¹³⁶ But Russia continued to employ the energy tool selectively to gain concessions. Attempting in October 2008 to link together the long-stagnant issue of a common anti-air defence and recognition of South Ossetian and Abkhazian independence,¹³⁷ Moscow tried to make the 'special relationship' into a potential driver for CSTO integration. But even this strategy failed, when Lukashenko in February 2009 announced reservations against participation in the CORF forces proposed by Russia. Moscow reciprocated by an-

¹³³ 'Baltiiskii front NATO', *NeGa*, 8 October, 2008.

¹³⁴ 'Abkhaziya, Osetiya i PVO v odnom pakete', *NeGa*, 10 October 2008.

¹³⁵ 'Rossii vyberut mery otsecheniya', *Kommersant*, 29 August 2008.

¹³⁶ 'ODKB razvorachivayut protiv Gruzii', *Kommersant*, 3 September 2008.

¹³⁷ 'Abkhaziya, Osetiya i PVO v odnom pakete', *NeGa*, 10 October 2008.

nouncing that Russia would not start the reconstruction of the Yamal–Europe 2 pipeline through Belarus before finishing the South Stream and North Stream projects.¹³⁸ Belarus staunchly withstood the pressure, however. In February 2009, a Belarus youth organisation filed against signing the CORF documents, with reference to the Belarus Constitution’s paragraph on neutrality. When Russia’s ambassador to Belarus added to this by indicating that international law [meaning CSTO RRF forces] held precedence over national laws’, Minsk promptly responded by rebuking the idea that CSTO documents had status as international law.¹³⁹

Apparently, Russia’s leverage only increased Lukashenko’s boldness. The EU had lifted its travel sanctions against Lukashenko in October 2008, and the Belarus president found that the stage was set for extensive balancing. The EU carefully calibrated a message to Lukashenko in February 2009, that recognition of South Ossetia and Abkhazia was incompatible with Belarus qualifying for the ENP. Having ratified the common air defence agreement and reserved Belarus against CORF commitments, Lukashenko could, in the words of *Nezavisimaya*, ‘sell the same product twice’.¹⁴⁰ In the spring of 2009, Lukashenko made overtures to the EU and the ENP, in addition to having received USD 2 billion in credits from Moscow, as well as an IMF stabilisation loan of USD 2.5 billion.¹⁴¹ Additionally, Minsk was adamant that Moscow, by imposing a tax on oil transit, was extracting USD 10 billion from the Belarus economy annually, returning only 2 billion at high interest rates.¹⁴² Moreover, Moscow was firing up the energy weapon again, planning to raise the issue of Belarus gas payments. According to the December 2008 agreement between Lukashenko and Medvedev, Belarus should pay average European prices reduced by a coefficient of 0.8 for transit. In the first part of 2009, Belarus had paid an average of USD 128 per thousand m³, and not USD 210, thereby accumulating a 70-million debt in Gazprom.¹⁴³

A new twist in Belarus–Russian relations emerged in May 2009, when Russia’s Rospotrebnadzor (food security) imposed an embargo on the import of Belarus dairy products, starting what became known as the ‘milk war’. Attempts were made at solving the problem in the Belarus–Russia Union Council and in subsequent meetings at the level of ministers of foreign affairs, but to no avail. Apparently, Moscow had once more underestimated what it had become accustomed to consider a complete loyalist. Russia’s Minister of Foreign Affairs, Sergey Lavrov, even found it necessary to remark that ‘we have never asked and we will never ask anyone about recognising South Ossetia and Abkhazia’, but

¹³⁸ ‘Kollektivnye sily razvernulis’ ne v tu storonu’, *Kommersant*, 10 February 2009.

¹³⁹ Ibid.

¹⁴⁰ ‘S Minskom zagovorili na yazyke ul’timatuma’, *NeGa*, 25 February 2009.

¹⁴¹ ‘Aleksandru Lukashenko prodlili evropeiskuyu vizu’, *Kommersant*, 17 March 2009.

¹⁴² ‘Aleksandr Lukashenko smeshal Moskvu s betonom’, *Kommersant*, 13 April 2009.

¹⁴³ ‘Vrednost’ za moloko’, *Kommersant*, 15 June 2009.

even that did not dampen Belarus' antagonism.¹⁴⁴ Although Belarus, by alphabetical order, was due to take on the obligations of chairman of the CSTO, Lukashenko further irritated Moscow by boycotting the CSTO summit in Moscow in June 2009, thereby stalling any progress in the CORF. Hence, the planned transformation of the CSTO towards a deepened security alliance was aborted by a trade issue. As stated in the note from the Belarus MFA, Belarus was categorically against 'making decisions designed to strengthen military-political cooperation while the economic security of one member is being undermined'.¹⁴⁵ Russia's President Medvedev insisted that the CORF documents still could be signed and that the technical chairmanship of the CSTO should be transferred from Armenia to Russia, since Lukashenko was not present. Moreover, Medvedev held that it was 'improper to make bilateral problems dominate over multilateral affairs'.¹⁴⁶ Moreover, versions started to circulate that the ENP was in fact 'designed to disintegrate the post-Soviet space'.¹⁴⁷ Yet, it was evidently Russia that had tried to curtail and rein in Minsk by employing bilateral economic leverage. Moscow had clearly also underestimated the effect of the Minsk-Moscow Union, which had induced in Belarus as sense of a 'special relationship' that was not easily dissolved, and that could easily backfire on Russia.

Russia also tried to find new inroads to *Uzbekistan*, the most reluctant CSTO partner of all. Clearing the ground for Uzbek support of a strong CSTO declaration on Georgia, Prime Minister Putin travelled to Tashkent in August 2008 to offer President Karimov USD 300 per thousand cubic metres for Uzbek gas, double the price of what Moscow had given earlier. The Russian leader also suggested establishing a joint Uzbek-Russian venture on building new transit gas pipelines along the Central Asia-Centre (SAT) route.¹⁴⁸ Although Putin attempted to include recognition of South Ossetia and Abkhazia in this package, Karimov resisted this.¹⁴⁹ There ensued a period of chill between Uzbekistan and Russia. After the Russian-Chinese ESPO summit in October, Karimov tried to balance Russian influence escape in November by withdrawing from the Eurasian Economic Community (EAEC), an act interpreted as a manifestation of greater foreign policy independence and the emergence of an 'Uzbek path'.¹⁵⁰

Uzbekistan's withdrawal reflected frustration in Tashkent at having lagged behind the regional leader, Kazakhstan. Karimov was allegedly also frustrated at the lack of coordination in sorting out the Central Asian water problem, vividly demonstrated by Russia's bilateral invest-

¹⁴⁴ 'Druz'ya ne razley moloko', *Kommersant*, 10 June 2009.

¹⁴⁵ 'Vrednost' za moloko', *Kommersant*, 15 June 2009.

¹⁴⁶ Ibid.

¹⁴⁷ 'SNG pod natiskom Vostochnogo partnerstva', *NeGa*, 30 April 2009.

¹⁴⁸ 'ODKB razvorachivayut protiv Gruzii', *Kommersant*, 3 September 2008.

¹⁴⁹ 'Islam Karimov proyavil poluzavisimost', *Kommersant*, 3 September, 2008.

¹⁵⁰ *Eurasia Daily Monitor*, 21 November 2008.

ment schemes in Kyrgyzstan and Tajikistan.¹⁵¹ As Russia increased its influence in the neighbouring countries, Karimov resorted to distinct counter-balancing of Moscow's policy, also affecting neighbourly relations. Officially, Tashkent proposed to fuse the CSTO and EAEC into one organisation, but this was hardly in line with any other priority than the desire to play first fiddle regionally, or simply to confuse. Interestingly, immediately after Tashkent's alleged proposal to link the EAEC and the CSTO together, as reported in the Russian press, a series of articles began speculating that Uzbekistan was in fact leaving both organisations.¹⁵² In December 2008, Karimov fuelled these impressions by announcing that he would not be present at an informal meeting between heads of states within the CIS/CSTO, namely Russia, Belarus and the Central Asian states.¹⁵³ New allegations of solo play surfaced. CSTO head, Nikolai Bordyuzha, hinted that if Uzbekistan was holding negotiations on NATO bases on its territory, CSTO allies should be notified. Finally, Russian press sources started to discuss Karimov's absence from the 'informal meeting' as a demarche.¹⁵⁴

In 2009, the Uzbeks continued to demarche against stronger CSTO integration. At the bilateral summit between Medvedev and Karimov in January 2009, Tashkent was not willing to sign a bilateral military agreement that would give Moscow transit rights through Uzbekistan to the military base in Tajikistan.¹⁵⁵ Subsequently, Moscow newspapers started in April 2009 to talk about the 'resolute non-alignment' (*printsipial'noe neprisoedinenie*) of Uzbekistan. Uzbekistan was not represented at the SCO counter-terrorist exercise in Tajikistan, or at the meeting of CSTO ministers of foreign affairs in Armenia. The core issue was again that Uzbekistan was dragging its feet on Moscow's CORF initiative – signing the agreement with a footnote, as the news media argued, adding to this a story about the Uzbeks being at the forefront of sabotaging CSTO/CIS integration backed by the USA and the 'West'.¹⁵⁶ While these facts at least revealed that the Uzbeks had reservations against committing security personnel to the CSTO, it also challenged the professed quality of CSTO cooperation.

Also *Tajikistan* was lobbied intensively after the Georgia war, and Medvedev travelled to Dushanbe prior to the SCO summit to gain support from the traditional Central Asian loyalist. Focusing on Russian–Tajik cooperation in hydropower, Medvedev announced that Russia was still interested in modernising the Rogunskii hydropower station, a long-

¹⁵¹ 'Razvod s pritsepom na Vashington', *NeGa*, 12 November 2008.

¹⁵² 'V ODKB sozdayutsya edinye mirotvorcheskie sily', *NeGa*, 24 November 2008 and 'Tsentral'noaziatskii platsdarm dlya Pentagona', *NeGa*, 2 December 2008.

¹⁵³ This summit was not scheduled, and Russian press sources referred to it as a strange mixture of CSTO and CIS states meeting without any clear agenda. See 'Nebol'shaya vos'merka', *Kommersant*, 19 December 2008.

¹⁵⁴ 'Kulbity Karimova', *NeGa*, 30 December 2008.

¹⁵⁵ 'Dan' ublazheniya', *Kommersant*, 22 January 2009.

¹⁵⁶ 'Printsipial'nye demarshi Uzbekistana', *NeGa*, 24 April 2009.

promised engagement from Moscow. Moscow was playing hard-ball with the republic, however. As with the Sangtudinskii station, Russia wanted 75 per cent of the stocks. Fearing Russian dominance, Tajikistan had long resisted, trying to get China interested in a deal to hedge between the two regional powers.¹⁵⁷ As early as in 2007, Dushanbe had abandoned all earlier obligations on the Rogunskii station and broke off relations with the Russian contractor 'Rusal', as the contractor had failed to meet contract obligations. Adding to this, Medvedev also flagged Russian interest in the Ayny airfield in Tajikistan.

The Ayny base was an important piece of bargaining for the Tajiks.¹⁵⁸ The airfield, in the focus of French and US forces in the starting phase of the war in Afghanistan, had been partially reconstructed in the post-Soviet period by India. Moscow was increasingly wary that the US would gain a foothold on the base as a part of its 'Wider Central Asia' strategy, and news reports in November 2008 indicated that Russia might want to prevent this. Under mounting Russian leverage, Tajik authorities had decided in August 2008 to remove all military aircraft from the civilian airport in Dushanbe, and had signed a bilateral agreement with Russia on joint utilisation of the Ayny airfield. However, Russia seized the opportunity to raise the base issue by promoting it as a CSTO base in addition to being the base of the 201st division. In October/November 2008, the Russian president pledged a USD 5 million investment from Russia in the Ayny field, on condition that the base should be used by Russia only. That involved a clear departure from earlier practices of a 'collective' CIS peacekeeping mandate, and would further strengthen Russia's military presence in Central Asia with yet another base.¹⁵⁹ Tajik officials saw the Ayny as an object of national strategic importance and were not willing to cede control over the airfield to Russia, however.¹⁶⁰

Russia stepped up leverage further in early 2009, when Medvedev made an official statement in Uzbekistan about the joint exploitation of water resources in the region. Dushanbe interpreted the statement that Russia wanted all parties involved in drawing energy from the water systems as an overture to the regional rival Uzbekistan, and sent a note of protest to Moscow.¹⁶¹ The statement was indeed a warning that Russia should not engage in energy projects that did not receive the support of all regional states. While hardly sufficient in itself to draw a protest note, the backdrop of Moscow's statement was the fact that Uzbekistan had stopped transferring electricity from Turkmenistan over its territory, arguing that it should have a larger share in exploiting hydropower. Losing some 800 million MWh per day, Tashkent had to limit electricity use to two hours

¹⁵⁷ 'Dmitriy Medvedev izuchal energetiki', *Kommersant*, 30 August 2008.

¹⁵⁸ 'Vashington korrektiruet aziatskii vektor', *NeGa*, 24 November, 2008.

¹⁵⁹ *Eurasia Daily Monitor*, 18 November 2008.

¹⁶⁰ 'Tadzhikistan vystavil Rossii v schet', *NeGa*, 28 October 2008.

¹⁶¹ 'Dushanbe obidelsya na Moskvu', *NeGa*, 28 January 2009.

every 24 hours.¹⁶² Adding to this, the economic crisis had sent Tajik workers in Russia back to the republic, resulting in an estimated drop in incomes to the Tajik population of about USD 2 billion. Finally, the Tajiks were clearly also becoming uncomfortable with Moscow's heavy insistence on the Ainy base, which was conditional on Russia having exclusive basing rights. The note included assertions that Russia had not met its initial promises to invest USD 5 million in the Ainy airfield.¹⁶³ Tajikistan had allegedly also tried to barter basing rights for electricity, an offer that Russia had turned down.¹⁶⁴ Russia, on its side, referred to the bilateral agreement in August 2008, and noted that Putin already in 2004 had made an agreement with the Tajiks to move Russian air force equipment from Tashkent's civilian airfield to the Gissar airfield outside Tashkent, but this had not happened.

Playing on differences between Uzbekistan and Tajikistan, Russia could gain dividends from the Tajiks. Being apprehensive of the Uzbeks getting too close to Moscow, the Tajiks were certainly not willing to pool military resources with the Uzbeks, thus relying on a good bilateral relationship to Russia within the CSTO. Moreover, Russia also had leverage through the Sangtudinskii hydropower station. As the energy crisis in Tajikistan mounted, so did Tajik debt to Russia. In April, Deputy Prime Minister Igor Sechin, this time in his capacity as chairman of the board of the 'Inter RAO', made a deal with the Tajik state company 'Barki Tochik' concerning payment of a USD 10 million debt in exchange for the final machinery for the station. The mix between commercial functions and government functions in the face of Sechin was instructive for the operational mode of Russian state businesses. The Russian state held 66.4 per cent in the hydropower station, and 'Inter RAO' only 2.24 per cent,¹⁶⁵ but in the ensuing scheme, security and electricity were lumped together. Initially, the Tajiks had tried to barter electricity for basing rights. Russia, on its side, had made new offers through the 'Inter RAO' company on the modernisation of Rogunskii.¹⁶⁶ Feeling the pressure, the Tajik president, Rakhmonov, warned that he would not attend the February 2009 joint EAEC and CSTO summit in Moscow due to the acute energy crisis in Tajikistan¹⁶⁷ – a crisis provoked partially by Uzbekistan, partially by Russia's upper hand in energy issues. As relations between Dushanbe and Moscow became further strained, also by Russia's leaning on Kyrgyzstan, Tajikistan approached the USA and NATO with an offer to provide airspace for humanitarian transit flights to Afghanistan. The fact that Kyrgyzstan's President Bakiev had yielded to Russia's insistence on evicting the US from Manas had opened the way for this option, and President Rakhmonov was also considering land routes across the border

¹⁶² 'Predvaritel'ny nedogovorennost', *Kommersant*, 25 February 2009.

¹⁶³ 'Dushanbe predyavit Moskvě schet', *NeGa*, 20 February 2009.

¹⁶⁴ 'Predvaritel'ny nedogovorennost', *Kommersant*, 25 February 2009.

¹⁶⁵ 'Igor Sechin vyzyskal dolg s Tadjhikistana', *Kommersant*, 27 April 2009.

¹⁶⁶ 'Predvaritel'ny nedogovorennost', *Kommersant*, 25 February 2009.

¹⁶⁷ 'Dushanbe intriguet', *NeGa*, 2 February 2009.

river Pyandzh. Dushanbe was also willing to consider bases for the USA and allies – something that Moscow strongly disapproved of. Symptomatically, while leaning heavily on Tajikistan in bilateral relations, Moscow evoked the ‘multilateral’ dimension of the CSTO to counter this. According to *Nezavisimaya*, it was simply not possible for one CSTO member to allow a foreign base on its territory without the other CSTO members agreeing to it.¹⁶⁸ Again, the CSTO was used as an instrument to defend Russia’s energy interests, and the ‘multilateral’ dimension of this policy was a thin veil over direct leverage.

Russia also traded economic concessions for basing rights in *Kyrgyzstan*. Like the other CSTO members, Kyrgyzstan was hit by the effects of the global recession, and also experienced energy shortages. When the World Bank offered Kyrgyzstan USD 100 million in credits in December 2008, Putin was quick to announce that Kyrgyzstan would receive USD 2 billion from Russia, 1.7 billion of which would be investments in infrastructure at the Kambartinskii hydroelectric plant, and the Kant air base. This was empowered by the mounting energy crisis. *Nezavisimaya* started bluntly that, if Kyrgyzstan did not solve its energy deficiencies, Bakiev would not be re-elected, and that Moscow, by offering credits, could ‘ensure that Kyrgyzstan’s leadership was more agreeable in negotiations with Russia’.¹⁶⁹ In January 2009, positions hardened as Russia was increasingly attaching direct aid to the US presence at the Manas base. Russian media stated again bluntly that Kyrgyzstan had to ‘choose between USD 2 billion in aid from Russia or 63 million plus some unspecified benefits from the USA’.¹⁷⁰ The stand-off was made even more explicit by during Gen. Petreus’ visit to Bishkek in January 2009, when the general stated that the USA was aiding Kyrgyzstan with USD 150 million annually, and that a new contingency for Afghanistan would entail more activities at Manas.¹⁷¹

The financial package was offered to Kyrgyzstan on the eve of the EAEC and CSTO summit in Moscow in February, to promote the impression that Russia was taking on regional responsibilities. The Russian offer did not come free of charge, however. Originally brokered by Igor Sechin, USD 150 million was direct financial aid, whereas 300 million was a credit over 40 years. Both were given on condition that Kyrgyzstan would close down the US base at Manas. Moreover, the debt of USD 180 million Moscow wanted covered first by 51 per cent and then by 48 per cent of the stocks in the Kyrgyz Dastan factory, which produced torpedoes for Russia, India and Ukraine.¹⁷² In February 2009 backed by Russian offers to write off USD 180 million of Kyrgyzstan’s debt to Russia and an additional 450 million in ‘financial assistance’, the Kyrgyz

¹⁶⁸ ‘Dushanbe pomozhet Vashingtonu’, *NeGa*, 9 February 2009.

¹⁶⁹ ‘S miru po nitke’, *NeGa*, 16 December 2008.

¹⁷⁰ ‘Manas oka ostaetsya za SshA’, *NeGa*, 20 January 2009.

¹⁷¹ ‘Amerika derzhit mesto v Kirgizii’, *Kommersant*, 20 January 2009.

¹⁷² *Ibid.*

parliament voted not to prolong the US lease at Manas.¹⁷³ This coincided with the Moscow EAEC/CSTO summit, which set the stage for the announcement of Kyrgyz president Bakiev that time had run out for the US Manas base.¹⁷⁴ There was also an energy component involved. According to Russian media reports, the Kyrgyz energy crisis was driven by the fact that Uzbekistan had raised gas prices from USD 140/m³ to USD 240, thereby causing energy companies to hold back tax payments to the state. This amounted to USD 62 million, *Kommersant* reported, and had prompted Kyrgyzstan to seek solutions with Russia.¹⁷⁵

The linkages between energy issues and military bases were powerful leverage, but the Kyrgyz president still tried to balance between the USA and Russia. By March 2009, Bakiev fell back on a more conciliatory note, by suggesting that all CSTO states, including Kyrgyzstan, should facilitate a solution to the Afghan problem, and that he would compensate the loss of the Manas base by opening up Kyrgyzstan for transit of humanitarian goods.¹⁷⁶ On the other hand, Kyrgyzstan seemed increasingly prepared to take part in CSTO exercises, also in common air defence. The ‘Security 2009’ exercise was held in Batken province in April 2009, and Kyrgyzstan would also, for the first time, send air defence personnel to the ‘Military Commonwealth-2009’ exercise to train tactical anti-air defence under the CSTO umbrella.¹⁷⁷ Moscow clearly utilised the willingness of Kyrgyzstan to commit forces. In April 2009, a preparatory meeting for the CSTO summer summit was held in Bishkek, where Bordyuzha announced that Russia would further step up its military presence on the Kant airbase.¹⁷⁸ While Kyrgyzstan has retracted the conditions attached to Russian financial support, and has renewed the agreement with the USA, Moscow has gained a new foothold in Kyrgyzstan by getting Bakiev to agree to open a new Russian base in Osht.

Energy leverage, economic incentives and security concessions have not worked with all Central Asian states. *Turkmenistan* had never joined the CSTO, and was thus not within Moscow’s new security orbit. Despite its pledged neutrality, however, Turkmenistan has become inscribed in the interstate energy equation in Central Asia, and also dependent, although to a lesser degree, on Russia’s transport monopoly. Moreover, Moscow has been playing on regional rivalries among the states of Central Asia. By inviting Turkmenistan to the informal CSTO meeting in Moscow in December 2008, Moscow wanted to associate Turkmenistan with CSTO developments.¹⁷⁹ Moreover, by including Turkmenistan in CSTO delib-

¹⁷³ ‘Prezident Kirgizii zalozhil pod vizit v Rossiyu amerikanskuyu bazu’, *Kommersant*, 3 February, 2009.

¹⁷⁴ ‘Bishkek otvel Vashingtonu polgota na vyvod bazy’, *NeGa*, 5 February 2009.

¹⁷⁵ *Ibid.*

¹⁷⁶ ‘Kirgiziya zakryvaet bazu na transit’, *Kommersant*, 6 March 2009.

¹⁷⁷ ‘Manevry na opasnykh napravleniyakh’, *NeGa*, 10 April 2009.

¹⁷⁸ ‘Rossiya uvelichit chislo boevykh samoletov na aviabaze v Kante’, *NeGa*, 21 April 2009.

¹⁷⁹ ‘Turkmenia prisma trivaetsya k ODKB’, *NeGa*, 19 December 2008.

erations, Moscow could counter the effect of Uzbekistan's decision to leave the EAEC.

The game between Uzbekistan and Turkmenistan was all about transport routes and energy. By leaving the EAEC, the Uzbeks rid themselves of obligations to accept lower gas prices, and also of Russia's monopoly as a gas buyer with a monopoly on gas pipelines. Immediately after the announcement, Uzbekneftegaz entered into an agreement with the Malaysian Petronas company on exploring three gas fields earlier promised to Gazprom. The agreement of intention to let Gazprom in on exploring the Urga, Kuanysh and Akchalaskii fields in the Ustyurskii region was signed in 2006, but had been partially derailed by Malaysian interests in 2007. Karimov was adamant that the Malaysian company would invest USD 750 million in exploration, with an additional 2 billion in direct investment in a factory producing synthetic liquid fuel towards 2012.¹⁸⁰ This reinforced Russia's initiatives in Uzbekistan. In January 2009, the Uzbek president and Russia's Medvedev entered an agreement that Uzbekistan would sell all its gas to Russia, and that the SAT's pipeline should be reconstructed in the period from 2009 to 2011. The capacity of this pipeline had fallen from 56 billion m³ to 43 billion m³ annually due to leaks, and it needed reconstruction.¹⁸¹

This joint venture on gas pipeline construction effectively involved Uzbekistan as more than simply a transit country for gas coming out of Turkmenistan. Uzbekistan would also be a constructor and a country for investments. Moreover, while Putin in January 2009 stated that the Uzbeks and the Turkmen received the same price for 1,000 m³ (USD 340), that price was not official, and Moscow wanted to push the price down.¹⁸² The Uzbek–Russian rapprochement on the SAT's pipeline gave rise to apprehension in Turkmenistan. During the presidential summit between Turkmen president Berdimuhamedov and Medvedev in March 2009, Turkmenistan backed out of prior agreements to give Gazprom a contract on constructing the East–West pipeline carrying gas from the enormous Turkmen fields to the Caspian Basin. Originally an agreement of intent among Kazakhstan, Turkmenistan and Russia given to Gazprom, the project was to be based on the old Soviet SAT's 3 pipeline.¹⁸³ In March, however, the Turkmen president stated that his country would not accept the condition set by Russia – that the pipeline should not be used to diversify gas deliveries to Europe. In April 2009, Gazprom responded by sending a 24-hour notification to Ashkhabad that it would not purchase Turkmen gas. The immediate result was a pipeline collapse on the SAT's-4 pipeline as pressure sunk radically.¹⁸⁴ Ashkhabad reacted

¹⁸⁰ 'Islam Karimov izkhodit iz-pod vliyaniya Moskvyy', *NeGa*, 19 November 2008.

¹⁸¹ 'Gazprom tyanet tuby k Uzbekistanu', *Kommersant* 26 January 2009.

¹⁸² *Ibid.*

¹⁸³ 'Turkmenia nastaiavaet na torgakh s Rossiei', *Kommersant*, 1 June 2009.

¹⁸⁴ 'Vzryv bytovogo gaza', *Kommersant* 10 April 2009 and 'Gazoprovod Srednyaya Azia – Tsentr', *Kommersant*, 13 April 2009.

promptly, accusing Gazprom of employing gas as a weapon against Turkmenistan by deliberately engineering a pipeline collapse as the Turkmen MFA issued a statement against Gazprom for ‘unilateral and grave violation of the contract on purchase and sale of gas’.¹⁸⁵

The transit monopoly and the Russian–Uzbek contract on gas deliveries evidently encouraged Moscow into believing that a collapse of the SATs-4 might serve to validate the construction of a new pipeline, while also barring EU competition in accessing Turkmen gas through Nabucco. Turkmen accusations that Moscow had deliberately used gas contracts to forcefully bring about a collapse were further reinforced by the fact that, despite Russian allegations that earlier notifications had been given, Turkmenistan did not hold any underground gas storages, and could thus not handle a 90 per cent fall in gas exports. Moreover, in direct negotiations between Russia’s MFA and Turkmenistan, the focal point of ‘technical collapse’ was paralleled by Russian insistence that Gazprom would not construct the East–West pipeline without guarantees that it would not be supplying the Trans-Caspian pipeline.¹⁸⁶ Gazprom’s argument that the gas was designated for Ukraine, and that Ukraine had cut its gas consumption by 50 per cent, stood in stark contrast to Moscow’s ensuing pressure on Ukraine to pay its gas debts for the first part of 2009, and parallel threats that gas supplies would be stopped.

The April 2009 gas crisis clearly pushed Turkmenistan further towards considering alternative outlets for gas. At an April conference in Ashkhabad, Igor Sechin had little success in gaining Turkmen support for Russia’s energy security concept, allegedly promoted by Medvedev in Finland the week before. Berdimuhamedov appealed further to the EU and revealed an interest in the Nabucco pipeline.¹⁸⁷ Moreover, Berdimuhamedov stayed away from the St. Petersburg Economic Forum in early June 2009, and Turkmenistan was intent on closing the tender according to the planned scheme on 29 June 2009. At the forum, the Turkmen delegation announced that it would proceed on an Uzbek-Kazakh-Turkmen project to channel gas to China through a new pipeline. By appealing to the Chinese, Turkmenistan was obviously trying to balance against the Russian monopsony.¹⁸⁸

Russia’s resurgent drive in CSTO integration and active energy policy in Eurasia thus created a new dynamic in Eurasian politics. Centrifugal forces, ever-present as always in the interstate relations of Eurasia, were augmented by these policies, leaving the ‘multilateral’ dimension of Russia’s policy in Eurasia tarnished by strident bilateralisation and subsequent apprehensions. As there are no multilateral pricing mechanisms in Eurasia, Russia’s transport monopoly is a powerful asset in setting the

¹⁸⁵ ‘Gazorazvod Srednyaya Azia – Tsentr’, *Kommersant*, 13 April 2009.

¹⁸⁶ *Ibid.*

¹⁸⁷ ‘Turkmenia dreyfuyet k Nabucco’, *Kommersant*, 24 April 2009.

¹⁸⁸ ‘Turkmenia nastaiavaet na torgakh s Rossiei’, *Kommersant*, 1 June 2009.

scores in Eurasia. The balancing of the Central Asian states against Russian predominance in the CSTO became even more evident in early 2009. Trade disagreements between Belarus and Russia and Uzbekistan's departure from the EAEC, and the reluctance of these states to commit deeply to the CORF all stand out as evidence of this. Moreover, interstate animosities appear to have increased as well, especially due to energy shortfalls and the global economic crisis.

This said, Russia still holds considerable control in the CIS space through the transport network system, and can scale incentives and leverage to play on differences among the states of Central Asia, also increasingly in the Caucasus. When both the Tajik and the Uzbek presidents pledged to shun the February CSTO/EAEC summit in Moscow, they did so partially in order to avoid excessive demands from Russia, and partially because of the feud between the two on the distribution of water resources. Moscow's integrationist efforts were not enough to overrule Tajik apprehensions that Russia might very well have provided the engineering equipment for mining the Uzbek border with Tajikistan, nor Uzbek apprehensions that Russia was delivering military equipment to the 201st brigade in Tajikistan.¹⁸⁹ But long-term Russian ambitions would indicate that the CSTO remains an instrument for regaining control on the CIS space, and that Russia's ambitions have not abated.

Conclusion

This report has analysed the performance of the SCO and the CSTO in the period after August 2008. Contrary to the assumption that 'multilateralism' is based on certain conditions and has the purpose of reducing apprehensions among states, the report argues that there is a drive towards bilateralisation in Eurasian politics. Russia's eagerness to promote security integration in the CSTO and the attempts to associate the EAEC summit with an extraordinary CSTO meeting in the Council of collective defence, both in Moscow, have shown that Moscow wants economic and security integration to go hand in hand. The tools for getting this strategy to materialise are strictly bilateral, however, and the effect of multilateralisation has been reduced by Russia's strong position in energy transit, selective use of energy pricing to gain concessions, and the traditional clientelist approach of states to Moscow. Indeed, Moscow has induced a sense of 'special relationships' to states, thereby making functional multilateralism hard to achieve, and leaving apprehensions among CSTO members to flourish. Russia's induction of a post-Georgia template for security integration has not been successful, but has instead reactivated numerous security dilemmas in the region. Even if Moscow has tried to impose a new security template on the CSTO constituents after the Georgia–Russian war, the effect of recognising South Ossetia and Abkhazia has put sand into the integration machinery. The warning

¹⁸⁹ 'Uzkie ramki kolektivnoy oborony', *NeGa*, 4 February 2009.

signal of these two republics was not that of the CSTO being able to respond to such events – but the fact that principles had been introduced, undermining the process of gradually sharing sovereignty within a multi-lateral framework.

Chinese–Russian rapprochement has continued, with the solving of border disputes and the interstate deal on the ESPO pipeline. This has made the Chinese–Russian overlay in the SCO more visible, but it does not necessarily boost SCO multilateralism. The SCO is still a typical Westphalian guardian of interstate relations in and around Central Asia. Russia’s ambivalence on Afghanistan, and the SCO member-states’ reluctance to pool resources, have not helped the SCO to develop a security profile. Internal disagreements on future members also reveal that the SCO is looking for a purpose, wavering between being regional or becoming global. Traditional great-power reservations are hence at work. Both China and Russia are reluctant to commit to common norms and values other than those inherent in the ‘multi-polar’ purpose of the SCO. Moreover, their interests in Central Asia are diverse. Russia has continued to stress the SCO as an effective tool for the new world order, and sees the BRIC framework as less relevant.

In Lavrov’s recent speech at the Moscow State University, the dedication to a new-style multi-polar diplomacy was repeated. Moreover, Lavrov maintained: ‘the ties of SCO with other regional entities, particularly CSTO, CIS, Eurasian Economic Community and ASEAN, are strengthening. With regard to BRIC, it is so far only a dialogue format.’¹⁹⁰ That statement runs contrary to the findings in this report. This report does not necessarily denounce the value of multilateralism: but it does challenge the notion that multilateral forms of interaction are effectively at work in Eurasian politics. Russia has engaged in an instrumental version of multilateralism that would appear not to enhance multilateral interaction, but to cement power relations in Eurasia. This means that Eurasian politics is a realist game of balancing and counter-balancing, increasingly based on state interests and competition. Russia has the power to set the scores in energy, and also to promote visions for integration, but that may serve to reinforce the already visible centrifugal forces within the CIS.

¹⁹⁰ Russian MFA press release, 1 September 2009.

List of abbreviations

BRIC	Brazil, Russia, India and China
CIS	Commonwealth of Independent States
CNPC	China National Petroleum Corporation
CORF	Collective Security Treaty Organisation Reaction Forces
CSTO	Collective Security Treaty Organisation
EAEC	Eurasian Economic Community
ESPO	Eastern Siberia Oil Pipeline
MFA	Ministry of Foreign Affairs (Russian abbreviation MID)
MoD	Ministry of Defence (Russian abbreviation MO)
NATO	North Atlantic Treaty Organisation
NeGa	<i>Nezavisimaya gazeta</i> ("The Independent")
SAT	Central Asia – Center Pipeline
SCO	Shanghai Cooperation Organisation
Sinopec	China Petroleum and Chemical Corporation
WTO	World Trade Organisation