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**RESEARCH DIVISION
REPORT**

RUSSIA AT THE RESUMPTION OF NATO-RUSSIA RELATIONS

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The Russo-Ukrainian gas dispute, like the Russo-Georgia conflict, appears likely to reinforce Moscow's views of the international situation. Moscow will continue to seek to promote Russia as a major international economic, financial, energy and security centre. Alongside this, Moscow will seek to promote a Russian political model (broadly defined in terms of "Sovereign Democracy") as an alternative political model to that of the liberal/Atlantic democratic model, attempting to influence and attract potential partners particularly, but not only, in the former Soviet region.

The public relations campaign of the Russian political leadership during the dispute with Ukraine was more effective than was the case during the summer and autumn of 2008. This should not necessarily be understood as a PR campaign to *persuade* partners in the West, though this may be one result. Instead, it was further clear indication that Russia will stand for what it perceives to be its own interests, regardless of international opinion: press statements by the leading figures have sought to lay out Moscow's position and evidence in a robust manner. President Medvedev has repeatedly stated that Russian interests will be secured by all means available...first by international and legal tools, but, when necessary by using an element of force. In December, the President asserted that he feels "an attempt to 'put Russia in its place'. And, if sometime ago when Russia was in a quite different situation, such attempts could still yield some results, in today's situation ... this is simply inadmissible".

Moscow will continue to advocate its proposals for a redesign of the European architecture, arguing that the current "ossified" framework cannot address or resolve twenty first Century challenges.

- Though overshadowed by the Russo-Ukrainian dispute, senior Russian figures have continued to promote Moscow's proposals since the OSCE's Foreign Ministerial meeting in Helsinki on 4 December 2008. This could be a focus of the Russian presentation at the Munich Security Conference in February¹ and may gather momentum during the spring towards other high profile meetings in April.²

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¹ The Munich security conference would provide another high-profile platform for Russian proposals – particularly following the attention afforded to the presentation of then-President Putin in February 2007. Importantly, while the *tone* of Sergei Ivanov's speech in February 2008 was considered less robust than that of Putin's the year before, the *substance* was very similar.

² The proposals appear to have gained support amongst a number of EU member states, and carry support from OSCE members such as Kazakhstan.

- Reports leaked to the Russian media suggest that a new National Security Strategy 2008-2020 was commissioned by Medvedev in June 2008 and is to be published in February. Conceptually, it therefore seeks to fit alongside the new Foreign Policy Concept, signed into force by Medvedev in July 2008 and also the development plan to 2020. The leak suggests that the Strategy notes that Russia ‘overcame the consequences of the systemic crises of the 20th century’ and restored its capacity to promote national interests as a key subject of the multi-polar international relations. The Strategy appears likely to emphasise the inadequacy of the existing security framework in the Euro-Atlantic region centred on NATO. The authors consider that Russia’s relations with the alliance will be shaped by plans to advance the alliance’s military infrastructure to Russia’s borders and efforts to have it perform global functions – these plans being unacceptable to Russia and conflicting with international law. Importantly, it appears that energy security, particularly in the shape of competition for resources, will also feature in the document.³
- The signals to emerge from the political leadership’s PR campaign during the gas dispute, notably during Prime Minister Putin’s press conference of 8th January, reflected Moscow’s belief that the current architecture, particularly in the shape of the EU, is unable to address and resolve strategic energy problems efficiently.⁴ Moscow again promoted bilateral ties over institutional relations, and invited heads of state affected by gas shortages to Moscow. Indeed the basis of Moscow’s proposals for a new, inclusive European architecture were clearly transmitted in Prime Minister Putin’s interview on German television on 15 January, in which he stated that Europe and Russia should recognise their “natural interdependence, build our relations for the long term on understandable principles and respect each other’s interests. If we do so, all of *Greater Europe* will be prosperous and competitive in today’s world” [emphasis added].
- It may be that Moscow pushes its argument about the failing institutional architecture to a broader level: the crisis in the Middle East may be used to highlight the apparent ineffectiveness of both the UN and the EU.

The Russo-Georgian conflict continues to reverberate, its effects rippling beyond bilateral Russo-Georgian relations. Foreign Minister Sergei Lavrov announced to the media on 19 December 2008 that NATO and Russia must resume their dialogue starting with discussions on the causes of the conflict.

- The conflict will continue to influence Russia’s perspective of the role of NATO. Lavrov has repeatedly noted that in Moscow’s view the Caucasian crisis was another proof of the failure of the current European security architecture, and that the system is patchy and focused on NATO. None of the mechanisms formed within this architecture is operational, he has argued. He has also sought repeatedly to emphasise that Moscow is concerned by political-military developments in the region.
- Moscow emphasises that it both fulfils the implementation agreements, and that the EU has taken on added responsibility for the security of the buffer zones. With the withdrawal of the OSCE,⁵ the EU alone will be exposed to any deterioration in the situation between Russia and Georgia. The EU may find itself under pressure over the next six

³ A number of leaks have emerged regarding the drafting of a new Russian Military Doctrine over the last couple of years. This document appears to have been supplanted by the National Security Strategy, which Secretary of the Security Council Nikolai Patrushev has announced would most likely be adopted in the first quarter of 2009. If so, it may suggest an alteration in the role and authority of the Security Council.

⁴ An addendum to this is that Moscow opposes ratifying the European Energy Charter Treaty (ECT) Transit Protocol. In arguing that Ukraine did not respect the ECT, there is another indication that the ECT, alongside the CFE Treaty, is considered by Moscow to be another “Cold War remnant” in the current architecture.

⁵ Russia blocked the extension of the OSCE’s mandate on 22nd December 2008. Ambassador Azimov noted that the existing mandate included monitoring of Abkhazian and South Ossetian territories and should therefore be revised. Withdrawal will take 2-3 months.

months to address both Ukraine and Georgia and the tensions in their relations with Russia with related pressure on the EU-Russia relationship.

- Russia accuses the EU and OSCE of double standards in their approaches to South Ossetia, illustrated by their inaction regarding Georgia's gas cut-off to South Ossetia. Moscow argues that while these organisations advocate the importance of comprehensive and human dimensions of security in any redesign of the European architecture, they have ignored these very dimensions in South Ossetia. "Regrettably, the OSCE and the EU, which widely publicise their humanitarian activities in this case show their disregard" according to a Russian Ministry of Foreign Affairs statement.
- Moscow is investigating the role of Ukraine in supplying arms (air defence systems) to Georgia during the conflict, and, importantly, personnel to operate them. Gen-Maj M. Krush, Chief of Tactical Air Defence of Ground Troops noted that this is the first time in modern history that Ukraine consciously fought against Russia. The depth and range of existing and potential tensions between Russia and Ukraine (and Georgia) beyond the gas dispute should not be underestimated, particularly given the upcoming elections in Ukraine, and the impact of these tensions on third parties will reflect this.
- Moscow has imposed sanctions on Georgia, banning sales of military hardware and dual purpose equipment. President Medvedev has also ordered the Russian government to draft measures to stop or restrict military-technical cooperation with countries that are supplying Georgia with Soviet or Russian-made equipment. This has important ramifications for a number of east European and former Soviet states, but may also have ramifications for Russia which uses Ukrainian military equipment on a large scale.⁶ Russian experts and media note the possibility of retaliatory Ukrainian sanctions, though the Ukrainian economic situation is difficult and the bulk of Ukrainian military equipment contains Russian spare parts or is Russian built.
- Moscow appears to link the Georgian conflict and Ukrainian gas dispute as reflecting outside interference. Moscow asserts that both crises are the results of provocations, aimed at keeping relations between Russia and its neighbours under strain and impinging on Russian interests.
- Moscow appears unlikely to change its mind about recognition of South Ossetia and Abkhazia, and appears unconcerned that few other states will follow suit. If efforts at the end of 2008 bore only limited fruit, Moscow will continue to seek to play a role in conflict resolution in Transnistria and Nagorno-Karabakh.

Russian Domestic Politics:

Moscow has found itself caught up in the financial crisis, with concomitant rising unemployment and inflation and a sliding devaluation of the rouble. The Russian government is currently recalculating and adjusting its budget: the oil price is below Moscow's budgetary planning expectations and in the near future gas prices, which are tied to oil prices, will also be affected.

- Domestic expenditure has been high, eating into the huge financial reserves Moscow built up during the period of high oil prices – approximately 30% of the reserve has been spent in less than a year. Others note a huge capital outflow from Russia during 2008.⁷ Equally, while noting a slowdown in Russian economic growth from 5.9% in 2008 to 1% in 2009, the European Commission expects Russia to avoid a recession. Moreover, if 30% of the reserve funds have been spent, this of course still leaves 70%.

⁶ In December, Medvedev noted the possibility of imposing sanctions on Ukraine if Ukraine failed to pay approximately \$2 billion of gas debt: "They should pay the money to the last rouble if they do not want their economy ultimately to face sanctions by Russia".

⁷ Some Russian media sources citing Central Bank figures put this at \$130 billion. Half of this was payment of debts to foreign creditors, the other half due to individuals and companies converting their roubles to foreign currency. Scheduled foreign debt payments for the first quarter of 2009 are some \$32 billion, though this may be restructured.

- There is significant speculation in Russia about the political ramifications of the unstable economic situation, particularly regarding the aptitude of the authorities and bureaucracy to deal with the crisis and the potential for a split between President Medvedev and Prime Minister Putin, illustrated by Medvedev's recent remarks that were taken by many commentators as criticism of the government's implementation of the anti-crisis programme.⁸

For the time being, however, the approval ratings of both President and Prime Minister remain very high, and while speculation is rife, there are few public signs of a real split in the leadership team. Nonetheless, it appears that there are a number of points of concern for the leadership.

- The authorities responded to protests in the Far East by deploying OMON special police unit from Moscow. The authors of a Russian parliamentary analytical report on the matter considered that the protests were organised by those (including international elements) seeking to destabilise Russia, and the protest bear the hallmarks of an "orange revolution" scenario.
- There is continuing instability in the north Caucasus, with a number of assassinations and bomb explosions in the region. The fatalities include prominent officials, such as General Valery Lipinsky, Deputy Internal Troops commander in the region. President Medvedev visited Ingushetia in mid January to meet the Ingushetian President Yunus-Bek Yevkurov to discuss ways to address social and economic problems.⁹ The region is clearly a priority.
- Violent deaths have been a prominent feature in Russia of late. The murder of lawyer Sergey Markov and journalist Anastasia Baburova brought this to international attention,¹⁰ but other violent deaths include senior officials and officers related to the Investigations Committee of the Procurator General and Airborne forces.¹¹ These deaths relate to domestic issues. But another death suggests that continuing instability in the north Caucasus may have international ramifications: a Chechen refugee (Umar Israilov, a former bodyguard of Ramzan Kadyrov) was killed in Vienna on 13th January.

Conclusions:

While there is speculation about the political temperature rising in Russia, it remains the case that there is little by way of organised party political opposition to replace the current leadership. Equally, it appears that the Russian government is concerned about domestic stability, concerns that are linked to "foreign intervention" in Russia in the style of the Colour Revolutions. At the same time, and on this basis, Moscow will pursue its increasingly active international agenda, one that has been taking shape over the last three years. The agenda, which at times appears contradictory, is one to which President Medvedev subscribes – indeed, it is one he is signing into being with the new strategies and his proposals for a new architecture, giving him a vested interest in their success.

⁸ This is part of ongoing speculation about the relationship, which see-saws between the idea on one hand that Putin retains control and may seek in the near future to regain the Presidency and on the other increasing independence and assertiveness on the part of Medvedev.

⁹ In October 2008 Yunus-Bek Yevkurov replaced Murat Zyazikov as Ingushetia's President, in part as a result of local instability. Yevkurov led the Russian detachment in its bid to secure Pristina Airport in 1999 and has considerable military counter-terrorist experience in the north Caucasus.

¹⁰ The Czech Presidency expressed the deep regret of the EU about the series of attacks on human rights defenders, journalists and NGO activists, calling on Russian authorities to conduct a prompt and impartial investigation.

¹¹ Dmitri Marininov of the St. Petersburg Department of the Investigations Committee of the Procurator General was shot in mid January; as was Col. Valentin Polyansky a reserve Airborne forces officer, who appears to have committed suicide with two shots to the chest.