

## Consequences of the war with Georgia

Marcin Kaczmarek

Co-operation: Agata Łoskot-Strachota, Marek Menkiszak,  
Jadwiga Rogoża, Andrzej Wilk, Iwona Wiśniewska

Two weeks after military operations in the conflict with Georgia ended (8–12 August), Russian president Dmitry Medvedev officially recognised the independence of Abkhazia and South Ossetia (26 August). This decision was accompanied by a series of gestures suggesting that Moscow was prepared for confrontation with the West, such as the suspension of some WTO accession agreements, a substantial reduction in the scope of Russian co-operation with NATO, and tough rhetoric. The first consequences of these measures are already visible, both in Russia and in the global and regional dimensions. The most important consequences of the war concern the CIS area. Russia has demonstrated its determination and ability to defend its influence in the area, including through the use of military force. It should be expected that Russia will now substantially step up pressure on the CIS countries in order to force them to respect its interests. Another consequence of the conflict is the diminished likelihood that the EU states will be able to find alternative sources of energy supplies within the CIS area. Finally, the global consequences leading to any change in the global balance of power will be spread out over time, and they will depend to the same extent on both reactions in the Western world and the perception of Russia in non-Western countries.

## Consequences for Russia's internal and foreign policy

Through his attitude in the conflict with Georgia, Vladimir Putin has demonstrated that he remains the dominant figure in the Putin-Medvedev duo, and so it should be expected that he will continue to gain power. Putin still holds the leading role, undermining Medvedev's position and preventing him from becoming an independent political figure in the longer term.

The conflict has reinforced the general trends in the Russian stock exchange markets, which have been reporting deep declines since the beginning of this year. Nevertheless, the cost of the war for the Russian economy has been relatively low, involving a minor shrinking of Russia's currency and gold reserves, as well as the outflow of some of its speculative capital. In the longer term, however, the war will reinforce the perception of the Russian economy as an instrument of Russia's foreign policy; it will further strengthen the state's role in the economy and make economic issues even more subordinate to political interests. It should be expected that defence spending will increase; the government will focus its attention on big business; and the risk for

foreign investors will rise, as a result of which the investors will become more cautious. Russian declarations that some of the agreements concerning the country's accession to the World Trade Organisation (WTO) disfavour Russian interests mean that Moscow no longer treats WTO membership as a matter of prestige, and therefore no longer cares about rapid accession.

In foreign policy, the most important consequence will concern the further rise of Russian unilateralism (especially in the CIS area), fuelled by Moscow's newly-boosted self-confidence. The war has demonstrated that the rise of Russia's assertiveness, which has been particularly apparent since 2006, has not been a short-lived tendency connected with the need to safeguard the presidential succession, but has on the contrary been one manifestation of a long-term strategy. Moscow sought to 'peacefully' force the West to recognise its new position, but as the expected revision of the international order did not materialise, Russia decided to adopt a harder policy and resort to the use of military force. Moreover, the conflict has shown that Moscow no longer views its prestige as dependent on its membership of international organisations such as the G8, the WTO or the OECD; currently it is much more important for the Russian elite that Russia should be able to act independently, as the USA does.

**The immediate cost of the war for the Russian economy has been relatively low, involving a minor shrinking of Russia's currency and gold reserves, as well as the outflow of some of its speculative capital.**

The Russian intervention has also confirmed that the modernisation of the Russian army, which has been underway for the last couple of years, and especially the professionalisation of the front-line units, is producing the expected results, in spite of the problems encountered. The Armed Forces of the Russian Federation have been able to achieve the military objectives set for them in Georgia with relatively little effort, and without having to outnumber the adversary in the theatre of operations, which demonstrates the good condition of the Russian army.

## Regional consequences for the CIS

For Russia, the main objective of the war in Georgia has been to establish an unchallengeable position for itself in the CIS, and thus to limit Western presence in the area in the fields of security, politics and the economy (including energy). Moscow wanted to demonstrate to the countries of the region that if they pursue excessively pro-Western policies, especially working towards NATO membership or engaging in energy co-operation with the West, this will lead to strong reactions from Russia, including the use of military force.

So far Russia has partly succeeded in achieving its objectives concerning the CIS. The Kremlin has demonstrated that it has the political will and the instruments (including military instruments) to influence the situation in the countries of the region, and that they cannot count on major support from (and certainly not on the military involvement of) the West. Russia has also shown that it is willing and able to destabilise individual CIS countries if necessary, for example, by escalating local conflicts or paralysing key energy infrastructures (including transit infrastructures). Finally, the Russian military intervention against Georgia has also consolidated and *de facto* sanctioned the Russian military presence in the western part of the Southern Caucasus.

**Russia has demonstrated its determination and ability to defend its influence in the CIS area, including through the use of military force.**

It is too early to assess to what extent the CIS countries will restrain their co-operation with the West, or whether they will be more willing to take Russia's interests into account. So far, the countries of the region have tried to remain as neutral as possible, while at the same time assuring Russia of their positive intentions; for example, the president of Azerbaijan has spoken about friendship with Georgia and Russia; the presidents of Armenia and Belarus have cautiously backed Russia. The absence of any

decisive action on the part of the West will be interpreted as weakness. As a consequence, this may make the Southern Caucasian states (especially Azerbaijan) more inclined to take Russia's interests into account, while the Central Asian states will find themselves forced to balance between Russia and China.

In the energy sphere, the conflict has affected both the Caucasus and the Central Asia. The war has shown that there is a real threat to the stability and security of the transport of energy resources via Georgia in other words, a threat to the existing and planned routes for diversifying energy supplies to the EU. It has also demonstrated that Russia has effective tools to influence the transport of energy resources via the Southern Caucasus. Even if Moscow has chosen not to use these tools at this stage, it is able to block the further growth of this transit corridor's importance. As regards Central Asia, the conflict has most probably diminished the EU's chances of obtaining gas supplies from the region. It may also have the effect of downgrading the importance of the West, and boosting that of China, in the oil and gas sectors of the region's countries for example, China and Turkmenistan have recently signed an agreement for the sale of an additional 10 billion m<sup>3</sup> of gas).

## Global consequences

The global balance of power is gradually evolving, although the war has not brought about any direct change of Russia's position in the international order. The West has not recognised Moscow's superpower ambitions as being justified; on the contrary, the G8 foreign ministers have held consultations without any representative from Russia being present. Most non-Western actors have adopted a wait-and-see attitude.

The conflict has demonstrated that the Western world's unity vis-à-vis Russia is non-existent, at least as long as Moscow does not attack any member of the alliance directly. The differences of interests are too deep; the ties between Moscow on the one hand, and the EU and the United States on the other, too close; and the threat too small for the Western states to become jointly and seriously engaged. This situation will not change after the US presidential election. The West does not intend to grant Russia the exclusive right to decide the fate of the CIS, but neither is it capable of firmly opposing such a policy. It has also turned out that the West's ability to pressure Russia is limited, in a situation where Moscow is prepared, for instance, to sacrifice WTO membership in order to be able to take unilateral political action. At the same time, though, Moscow has decided not to break off its channels of co-operation with the West; even though contacts with the Alliance have been suspended, the transit of supplies for NATO forces in Afghanistan continues, as does Russian support for the EU mission in Chad. For Moscow, this is a way to show the Western states that Russia is able to help them if they take its interests into account.

The conflict has demonstrated that co-operation between Russia and the EU in their 'joint neighbourhood' is out of the question, and that Russia will counter any efforts to build up EU influence in the CIS region. As for Russia-EU relations, it should be expected that the profile of political dialogue will be lowered while economic co-operation will continue at the current levels. The conflict may lead to increased activity by the EU towards the CIS countries (economic or visa facilitations). It may also trigger a stepping-up of actions intended to guarantee energy supplies (especially gas supplies) alternative to Russian sources, and to increase efforts to develop a common energy policy. However, although the recent EU summit has managed to adopt a joint position on Russia, this does not mean that the EU members have agreed to pursue a joint policy.

**The conflict has demonstrated that the Western world's unity vis-à-vis Russia is non-existent.**

The conflict in Georgia has exposed the limitations of the USA's global influence, which is why Russia may now be expected to make further attempts to undermine US dominance. The US presidential election will provide an opportunity for a debate on the future of Washington's policy on Russia, and on whether the USA should opt for confrontation or rather give up its ambitions in the CIS in order to obtain Russia's co-operation in other fields.

The war's consequences for the non-Western world are difficult to predict. Moscow has demonstrated that it is capable of opposing the USA, but this does not mean that other states will consider Russia strong enough to establish closer relations with it or form close alliances.

In the global dimension, another direct consequence of the Russian intervention will be that leading European states will now become openly involved in a new global armaments race (the main burden of which has so far rested on the Asia-Pacific states), in other words, by increasing their defence expenditures and reforming their armed forces. At the same time, the demand for Russian arms in the global markets is expected to increase, leading to higher profits for the Russian armaments industry; this will enable Russia to develop new military technologies (Russia's armaments are now already as modern, and of equally high quality, as those of the leading EU states).

**Centre for Eastern Studies**  
Koszykowa 6A  
00-564 Warsaw  
phone: (+48 22) 525 80 00  
fax: (+48 22) 629 87 99  
e-mail: info@osw.waw.pl

**The Centre for Eastern Studies (CES)** was established in 1990. CES is financed from the budget. The Centre monitors and analyses the political, economic and social situation in Russia, Central and Eastern European countries, the Balkans, the Caucasus and the Central Asia. CES focuses on the key political, economic and security issues, such as internal situations and stability of the mentioned countries, the systems of power, relations between political centres, foreign policies, issues related to NATO and EU enlargement, energy supply security, existing and potential conflicts, among other issues.

© Copyright by OSW

Editors:  
Anna Łabuszewska,  
Katarzyna Kazimierska  
Co-operation: Jim Todd  
DTP: Wojciech Mańkowski