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The Kremlin's foreign policy (succession struggle with a twist)
A cool wind has been blowing this summer, down from the Urals Mountains and across Europe and the North Atlantic. It seems clear that the Kremlin couldn't have ordered the breeze, but the timing of the fresh sweep of air seems auspicious for the Putin regime.

One of the strange hallmarks of the early run on Putin successor candidates and possible succession/succession-avoidance strategies have been the attempt by disparate Kremlin denizens to float ideological, geographical and simply opportunistic policies in order to further their (or their group's) claim to rightful (or plausible) succession. Western-oriented, so-called liberal advisers seek to attract western business and investment, which enhances either the personal, or often campaign, funds of their chosen succession candidates, while the siloviki push Chinese energy deals and armaments sales to bolster their campaign war chests. With a faint echo of the Yeltsin years, this second Putin term has seemed more consumed with resolving succession than initiating policy. Ideological trial balloons, such as Surkov's recently withdrawn "sovereign democracy," have floated off aimlessly and fruitlessly beyond the horizon.

After more than a decade of searching for an actual doctrinal compass, foreign policy and, perhaps more importantly, perceived foreign policy successes, finally have gripped Russian policy makers. The causes of the change in the wind are myriad and murky: perhaps it is petrodollars and the confidence of a strong economy; strict opportunism in leveraging a wedge between European allies and the US; or possibly his years of labor have once again borne fruit for perennial
mid-east policy guru, Yevgeni Primakov. Whatever the cause, an outline of a comprehensive plan comes into focus.

Putin's Russia seemed, at first, unsure whether to pluck the nationalist string or to continue Yeltsin's quasi-cooperation with the west. The aftermath of the terrorist attack in the US on September 11, 2001, appeared to settle the dispute: Putin reached out to President Bush after the attack, and Russia seemed poised both to cooperate with the United States across a wide array of policies, from staging US troops out of Central Asia to providing support in the war in Afghanistan, and to justify its Chechen wars through the lens of a wider Islamic fundamentalist threat. (1)

Russia either decided that cooperation with the west did not reap worthwhile benefits, or found opposition to the west more suited to its purposes. In either event, Russia clearly now has developed an independent, provocative foreign policy that seeks friends in similar places where the Soviets found them (in direct confrontation with allies and friends of the US, and sometimes the west more generally).

The growing disconnect in Russian-US relations became inescapable in October 2005, when Secretary of State Condoleezza Rice interrupted a planned short hop from Paris to London, to fly instead to Moscow and meet with President Putin at Novo Ogaryovo. (2) The topic of the talks could not have been more relevant or prescient: The prevention of the spread of WMD with regard to Iran and the disarming of illegal formations in southern Lebanon. According to Foreign Minister Sergei Lavrov's account of the meeting, "Special attention was riveted to Iran and the situation in the Middle East due to the events in Lebanon and Syria." (3)
The questions that remain for policy formulation in the Kremlin are clear enough: Who is making the decisions and how to address the Chechen situation in order to resolve Russia's confrontation with Islamic terrorism?

The answer to the first question may well be that Yevgeni Primakov is once again masterminding mid-east policy in the Kremlin—at least he can propose policy without being thought a reasonable successor, i.e. threat, to Putin. The answer to the second question was unclear until Russia's security services were dealt a lucky wild card: Shamil Basayev's death by accidental explosion.

With the death of Basayev, Russia has but one task left in Chechnya: To leave it. Not even bothering to declare victory, Russian troops and security forces are withdrawing from the region—the Chechen issue, while not actually resolved, no longer seems to require active intervention. (4) While the decision to walk away from Chechnya likely will have serious repercussions yet (certainly for Ramzan Kadyrov), it seems to have freed Russian policy making on two distinct, yet connected, fronts.

First, the issue of control of energy resources is paramount to Kremlin thinking. Pipeline issues that have sputtered for more than a decade now quietly have resolved, and thus spawned more debates about increasing the number and variety of transit routes. Putin's Russia clearly is poised to exert maximal authority on the choice of routes and control of the territories they would traverse. (Clearly, Russia's monopoly of energy resources has weighed heavily on the decisions of area politicians, such as Ukraine's President Yushchenko).

It is perhaps with this issue in mind that events in Georgia seem to be moving inexorably closer to conflict. The opening of the Baku-Tbilisi-Ceyhan (BTC) pipeline was attended less, perhaps, by fanfare in Russia, than with careful planning and weighing of options. The recent dustup in the Kodori Gorge (Please see Caucasus section below) suggests that the Georgian leadership is
aware that Russian sights are fixed squarely on it, and perhaps are anxious themselves to demonstrate a preparedness, if not an inclination, to reduce the tension by military means.

In addition to the regional and energy-related dominance issues, Russia seems to be front and center as an old-style debate about the wealth and status of states re-emerges. In the current conception, the US stands in for the colonial/imperial aggressor state, and Russia casts itself as the defender of the downtrodden: The image is reinforced in such disparate events as the recent visit of President Chavez of Venezuela with Putin in Moscow to the debate over the health status of Castro ("recent" pictures of whom are very reminiscent of photographs released of Yeltsin in between rounds of the 1996 elections), even to the Iranian President, who characterizes the US now as the "great oppressor," and who claimed recently: "We are opposed to oppression....We support whoever is victimized and oppressed even the oppressed people of the U.S." (5) Even the language of discussion hearkens back to the days of Cold War confrontation, to the anti-colonial and non-aligned movements, and to the attempts to organize states in an "us versus them" schematic.

During an earlier iteration of this debate, the Soviet Union professed solidarity with Third World states and their struggles with colonial bonds. It will be interesting to assess, should the current level of discourse continue, just how a Russian state justifies military engagement with or even economic strong arming of former Soviet satellite states that can never quite break free of Russian imperial interference in their sovereign domestic affairs. Or how the Kremlin reconciles condemnation of the west with appeals to foreign investment. (6)

The inherent contradictions in Russia's current foreign policy approach, coupled with the volatility of an intra-Kremlin skirmish over succession (masquerading, of course, as policy debate), make Russia a difficult partner in international affairs,
and already may have weakened its long term prospects to fulfill short term agendas. Wind directions can shift at a moment's notice.

Source Notes:
(2) Agence France Presse, 13 Oct 06 via Lexis-Nexis Academic Search.
(3) Itar-Tass (Novo Ogaryovo), 15 Oct 05 via Lexis-Nexis Academic Search.
(6) According to President Putin's press service, Putin opened a meeting with Boeing management at Novo Ogaryovo on 11 August 06 by saying, “We will be happy to support the development of your business and your activities in Russia.” www.kremlin.ru/eng/sdocs/speeches.shtml.

Russian Federation: Domestic Issues and Legislative Branch
By Robyn Angley

Regional Review: The Urals –A Military Fracas, Elections, Population Initiatives and Security Issues
Military Fracas
Chelyabinsk is the home of the Chelyabinsk Tank School, the site of a particularly gruesome military hazing incident that has incited public outrage. In January 2006, RF Armed Forces Private Andrei Sychev was beaten and tortured by fellow servicemen, then left without medical care for three days. By the time he did receive medical attention, his legs and genitals had to be amputated.

The Sychev case is being tried in the Chelyabinsk military court in an open trial. Early in the proceedings, two of the three defendants, Pavel Kuzmenko and Gennadi Bilimovich, pleaded guilty to the charge that they violated the code of army discipline, but denied that their involvement had been premeditated. Kuzmenko and Bilimovich face up to five years in prison. The third defendant, Junior Sergeant Aleksandr Sivyakov, has pleaded not guilty to the charge of abuse of office and use of physical violence. (1) Sivyakov's charges carry a ten-year prison sentence if he is convicted.

The Russian media have reported that the office of the Prosecutor General had pressured the witnesses in the Sychev case. Prosecutor General Yuri Chaika (who replaced Vladimir Ustinov in June) charged his new Chief Military Prosecutor Sergei Fridinsky with investigating the substance of these reports. (2) Several weeks after receiving his charge, the new appointee indicated that he had not even read the preliminary investigation report, choosing instead to leave the outcome to the courts. (3) Unsurprisingly then, Fridinsky's "investigation" into witness tampering doesn't seem to be curbing the problem— one of the witnesses in the case, Ivan Dodzhiyev, suddenly refused to testify after being detained at the prosecutor's office for 24 hours. (4)

Witness tampering by the Defense Ministry might also be a concern. Two witnesses in the case, Oleg Makarin and Sergei Gorlov, said that before the trial they had been spoken to by two men who claimed to be generals from Moscow. The men threatened Makarin and Gorlov with criminal prosecution if they testified in the Sychev case. (5) Also, Makarin, one of the chief witnesses on whose
testimony the prosecution's case hinged, also mysteriously disappeared for almost a week in July. (6)

The Sychev case has brought to the surface the ongoing tension between the Defense Ministry under Sergei Ivanov and the office of the Military Prosecutor under former Chief Military Prosecutor Aleksandr Savenkov. (7) However, Sergei Fridinsky's appointment appears to represent a cessation of hostilities between the two organs. Fridinsky has stated that tension should not exist between the two offices (although one is technically investigating the other!). (8)

Elections
There are several regions in Russia scheduled to hold new parliamentary elections on 8 October of this year. Among them is the Sverdlovsk region. United Russia is gearing up to win those elections by its usual tactics—lining up prominent and popular regional leaders to hold the top places on its party lists. Generally, these well-known individuals run for office and then give up their positions to other members of the United Russia party. Among the political figures playing that game in Sverdlovsk this time around are Eduard Rossel, Sverdlovsk’s governor, and the popular biathlon athlete Sergei Chepikov, who will run third on the lists. (9) Rossel recently met with State Duma Speaker and head of United Russia Boris Gryzlov to discuss the upcoming elections. (10)

Population Initiatives
Population decline is a serious issue in several regions of the Urals Federal District, as in many Russian regions. Some areas have taken measures to counteract this phenomenon and lure new settlers into the region. Among these initiatives is a new program with China. The Sverdlovsk and Tyumen regions are seeking an agreement with the Heilongjiang province of China whereby Chinese farmers would work Russian farms in order to ameliorate a Russian labor shortage. Sverdlovsk has 247,000 acres of abandoned land that needs to be farmed because of a declining population. The authorities have already tried to
tempt Russians to the task by offering a 1,200 ruble bonus per hectare cultivated. The agreement between the Russian regions and Heilongjiang would include the provision that Chinese farmers must sell their produce locally. (11)

In addition to seeking Chinese recruits for agricultural labor, the Tyumen region also is taking another tack. The region recently put forth an initiative to recruit ethnic Russians from other countries to work in what it hopes will become a flourishing tourist trade. According to the region’s deputy governor Sergei Degtyar, Tyumen is primarily looking to employ "tourist operators and entertainment services specialists." (12)

**Security Issues**

On 28 July, President Vladimir Putin fired the chief of the Ministry of Internal Affairs Main Directorate for the Urals Federal District Aleksei Krasnikov without explanation. (13) Director of the Federal Security Services (FSB) Nikolai Patrushev recently identified the Urals Federal District as the location of activity by some terrorist organizations. (14) A major security issue for the Urals Federal District is the drug trade. The trafficking of heroin, for example, has shown a major increase over the last year. Authorities have confiscated over 1300 kg of heroin in the first six months of this year compared to a total of 1674 kg of heroin for all of 2005. (15)

Source Notes:

(1) Two defendants in Sychev hazing case partially admit guilt, 6 Jul 06, Ria Novosti via Lexis-Nexis.

(2) Prosecutor orders inquiry into media coverage of army incident, 7 Jul 06, TASS via Lexis-Nexis.

(4) Prosecution witnesses in Sychev case contradict each other, 9 Aug 06, Current Digest of the Post-Soviet Press via Lexis-Nexis.
(5) Prosecution witnesses in Sychev case contradict each other, 9 Aug 06, Current Digest of the Post-Soviet Press via Lexis-Nexis.
(10) One Russia leader meets Urals governor to discuss forthcoming party congress, 8 Aug 06, BBC Monitoring via Lexis-Nexis.
(11) Russian region seeks Chinese farmers to fill workforce gap, 2 Aug 06, Agence France-Presse via Lexis-Nexis.
(12) Tyumen region invites ethnic Russians to step up tourist industry, 3 Jul 06, TASS via Lexis-Nexis.
(13) Russian President dismisses Urals region interior chief, 28 Jul 06, BBC Monitoring via Lexis-Nexis.
(14) Struggle against Al Qaeda became one of the main tasks of the Federal Security Service after elimination of Basayev, 26 Jul 06, Izvestia via Lexis-Nexis.
(15) Large consignment of heroin seized in Russian Urals, 20 Jul 06, Interfax via Lexis-Nexis.

Russian Federation: Security Services
By Fabian Adami

Update: Iraq murders--A Chechen connection?
Early in June, four Russian diplomats working in Baghdad were kidnapped by insurgents. Several days later, a group calling itself “The Mujaheddin Shura Council” took responsibility for the abductions, and demanded a full Russian exit from Chechnya in exchange for the diplomats’ safe return. (1) Three weeks after their abduction, the kidnappers released a video that apparently showed the execution of some of the hostages.

President Vladimir Putin’s response to the murders was to order Russia’s Secret Services to “find and destroy” the killers—an assignment FSB Director Nikolai Patrushev enthusiastically took up, claiming his agency would “ensure that the terrorists…would answer for their actions.” (2) Sources close to Russia’s other security agencies indicated that the hunt for the killers might be the vehicle for an internecine territorial war (3), but it now seems that the investigation is being shared by all of Russia’s intelligence agencies and coordinated by the National Anti-Terrorist Committee. (4)

On 27 July, Rossiyskaya Gazeta published an interview with Major General Yuri Sapunov, head of the FSB’s anti-terrorism directorate. Sapunov claimed that “Chechen terrorist leaders Shamil Basayev, separatist President Dokka Umarov, and Akhmed Zakayev may have been involved” in the kidnapping and murders. (5) Sapunov alleged that Zakayev had connections to Al-Qaeda, and that Chechenpress, the separatist news agency, had carried congratulatory statements to the Iraqi guerrillas in its dispatches. Sapunov further claimed that the FSB possessed documentary evidence to this effect and had passed this evidence on to the Prosecutor-General’s office. (6) Sapunov’s statements would seem to be supported by Patrushev, who claimed that there would be satisfactory “final results” in the case in the near future.

The documents cited by Sapunov have not been made public yet, so the FSB’s conclusion must be viewed with some skepticism. While there may be ties between Iraqi insurgents and Chechen rebel groups, such links, and a
“congratulatory” note in the press by no means constitute proof of Chechen instigation or even direct involvement in the murder of the diplomats. At this juncture, it is more likely that the Russian National Anti-Terrorist Committee needs a quick result from the investigation, and that the FSB is therefore blaming its most convenient target—the Chechen separatists.

FSB colonel sentenced in espionage case
In December 2004, Colonel Sergei Skripal, a former intelligence officer, was arrested on charges of treason. The investigation into his case, which took 18 months, apparently revealed that he had worked for Britain’s Secret Intelligence Service (MI6) for almost nine years between 1995 and 2004. (7) Skripal apparently was recruited while on assignment abroad during the early 1990s, and continued to pass information to his controllers even after his retirement in 1999. (8)

During his trial, which ended on 10 August, prosecutors detailed Skripal’s career as a double-agent, noting that he had been paid more than $100,000 and that he had blown the identities of “several dozen” Russian agents working in European countries, causing “significant damage” to the defense and security of the Russian state. (9) Skripal was sentenced to thirteen years in a high security penal camp. Apparently, the court declined the twenty year maximum possible sentence, due to Skripal’s admission of guilt and “active cooperation” with investigators. (10)

Overall, Skripal’s case is unremarkable: Russian courts have convicted a number of individuals, including Igor Sutyagin and Valentin Danilov, on espionage charges in the last few years. Yet there is one issue in Skripal’s case that raises questions—namely, that of his status. Specifically, it is unclear which agency he worked for. He has been described by various newspapers as a GRU officer, an FSB officer, and simply as an intelligence officer. The FSB’s public relations office has declined to specify which agency employed him. (11) It seems fair to
conclude that the FSB’s silence speaks volumes: If Skripal were a former GRU officer, the FSB likely would be trumpeting his activities as evidence of said agency’s unreliability, as well as using his case to attempt to usurp the GRU’s territory.

**Update: A return to Soviet-style borders**

In the spring of 2005, signs emerged indicating that Russia was about to embark on a long-term project to improve its border security. First, in May, General Vladimir Pronichev, commander of the Border Guards Service, announced a R15 billion program designed to upgrade border fortifications in Southern Russia using satellite, radar and television technology. (12) Pronichev’s announcement was followed in September 2005 by Lieutenant General Viktor Trufanov’s (Pronichev’s deputy) announcement that the Border Guards budget for 2006 contained R6.2 billion for the construction of new border installations, as well as R1.6 billion to smooth the transition (by 2008) to a fully professional service. (13) In the last few weeks, it has become clear that there is a further aspect to Russia’s border reforms—namely the re-creation of Soviet-style border zones.

An article in Kommersant, on 2 August, described a number of legislative packages (signed earlier this year), which reorganized Russia's border zones on a significant scale. In March-June, FSB Director Patrushev signed into law directives expanding the border zones in each of Russia’s regions. In most regions, the border zones have been expanded from 5 to 30 kilometers, closing off vast swaths of territory to public access. (14) The new border regime will place a total of about 550,000 square kilometers of land under strict FSB control. (15)

Some of the expanded border zones, most notably the "maritime" area around Vladivostok (bordering China and North Korea), are to be declared “closed areas,” which means that people inhabiting those areas will be able to travel only with explicit FSB authorization. (16)
The new regime will introduce strict access controls reminiscent of the Soviet period, whereby those wishing to enter or traverse the zones will be required to supply authorities with identification documents, proof of Russian citizenship, and documents providing a detailed explanation for the purpose of their visit. Moreover, the FSB will have the right to monitor all activities, including businesses operating within the zones. (17)

The FSB has insisted that the new rules are “designed to create the best possible conditions…for guarding the border and ensuring state security” (18) and claims that local approval is required in each region, before zones are expanded. (19) If this is the case, the complaint made by Maritime Territory Governor Sergei Darkin will not go unheeded. Darkin has criticized border zone expansion in the Vladivostok region, claiming that it “infringes on the rights of citizens.”(20) Darkin’s comments likely will fall on deaf ears: it seems evident that the FSB’s “reassurances” are designed purely for public consumption.

Source Notes:

(1) The ISCIP Analyst, Volume XII, Number 7 (20 Jul 06).
(2) Ibid.
(3) Behind The Breaking News, Volume IV, Number 3 (27 Jul 06).
(4) “FSB Director Says Case of Russian Diplomats’ Murder in Iraq Will Be Solved”, ITAR-TASS, 2 Aug 06; OSC Transcribed Text via World News Connection.
(6) Ibid.
(8) “Russia Jails MI6 Double Agent In Echo Of Cold War,” The Independent, 10 Aug 06 via www.independent.co.uk.
(10) “Colonel Convicted Of Spying For MI6,” Moscow Times, 10 Aug 06 via Lexis-Nexis.
(11) Ibid.
(12) The ISCIP Analyst, Volume XII, Number 4 (15 Jun 06).
(13) Ibid.
(15) Ibid.
(17) “New Rules Double Size of Restricted Border Zone in Parts of Northwest Russia,” Agentsvo Voyennykh Novostey WWW Text, 8 Aug 06; OSC Translated Text via World News Connection.
(18) Ibid.
(19) “FSB Chief Says Widening Border Zones Requires Local Approval,” Interfax, 2 Aug 06; OSC Transcribed Text via World News Connection.
(20) “Russian Governor Criticizes Expansion of Restricted Border Zone,” Interfax, 8 Aug 06; OSC Translated Text via World News Connection.

Russian Federation: Foreign Relations
By Marisa Payne

From G8 to little 8
Perhaps taking a cue from the rather unproductive G8 summit, Russia hosted another meeting that accomplished little – an informal CIS summit. The G8 deserves a little credit—at least all of its members showed up. The CIS summit
did not even accomplish that—only eight out of the 12 CIS presidents made an appearance, prompting Russian journalists to christen the meeting the “Little 8.” (1)

President of Turkmenistan “Turkmenbashi” Saparmurat Niyazov became the first to decline Putin’s invitation to the informal summit in Moscow. Turkmenbashi, who is known for his eccentricities (he renamed the month of January after himself in 2002) (2), surprised no one with his absence since he has a reputation of skipping CIS summits. His official excuse? He was on vacation. (3)

However, the absence of the other three presidents who opted out, Armenia's Aleksandr Kocharian, Ukraine's Viktor Yushchenko, and Georgia's Mikheil Saakashvili, gave journalists and analysts reason to speculate about the future of the CIS.

Kocharian claimed that he did not attend on account of illness. It is likely that Kocharian’s excuse is legitimate, as he has been an active member in CIS activities in the past. (4) However, it is worth noting that Armenia and Russia are experiencing minor tensions due to Russia’s 8 July decision to close the Kazbegi-Verkhny Lars border, a popular export route for Armenian goods. The Russian decision has prompted multiple statements from the Armenian government: On 10 July, Vaan Ovannisyan, a deputy chairman of Armenia’s parliament demanded that Russia “be more flexible and careful” in its relations with Georgia as “each step against Georgia also hurts Armenia’s interests.” (5) Armenian Foreign Minister Vartan Oskanian gave a follow-up statement urging a quick solution to the route’s closing: “The Russian side works for the settlement of the issue and we keep in touch with them, hoping that the solution to the problem will soon be found.” (6) Despite these statements of frustration, Oskanian’s soft language helps to back up Kocharian’s coincidental absence.
The absences of Ukraine’s Yushchenko and Georgia’s Saakashvili seem hardly coincidental, however. Yushchenko's relationship with the Kremlin has been contentious ever since he defeated Russian President Vladimir Putin’s candidate for President of Ukraine, Viktor Yanukovich, in the Orange Revolution. Yushchenko explained his absence by referring to the current “political situation” in Ukraine. (7) Since March, the Ukrainian government has been in shambles, due to the falling-out between the Orange Coalition parties. While the situation was looking poor for the former Orange Coalition parties, Yanukovich's (and, therefore Russia's) expectations were looking up. On 11 July, a new coalition between the Party of Regions, the Communist Party, and the Socialist Party nominated Yanukovich for prime minister, prompting mêlées between this so-called “anti-crisis” coalition and members of former Orange Coalition leader Yulia Tymoshenko's party. (8) On 14 July, Yushchenko threatened to call new parliamentary elections amid accusations of “violations of the constitution and procedures” in Ukraine’s parliament, the Verkhovnaya Rada. (9) By the weekend of the CIS summit, the situation had deteriorated even further. The Tymoshenko bloc continued to boycott parliament while Yushchenko set aside 15 days to think about Yanukovich’s nomination (theoretically leaving him time to partake in the two-day CIS summit had he truly wanted to). (10) Therefore, Yushchenko’s absence could be a bad omen for Ukraine’s future membership in the CIS.

Georgian President Mikheil Saakashvili’s absence was by far the most politically motivated of the no-shows. Although the government officially cited “important questions linked to [Saakashvili’s] cabinet,” as the reason for his absence, insiders attributed the last-minute decision to Putin’s refusal to meet tête-à-tête with Saakashvili to discuss Russia’s “peacekeeping” mission in Georgia’s breakaway regions of Abkhazia and South Ossetia. (11)

On 18 July, Georgia’s parliament voted nearly unanimously to expel Russian troops, which it dubbed "the main barrier to a peaceful resolution," from Abkhazia and South Ossetia. (12) Saakashvili did not respond to the parliament’s decision
right away, opting instead to wait until he spoke with Putin during the CIS summit. However, Putin pulled out of the talks at the last minute signaling to Saakashvili that he was not ready for a dialogue. (13)

Saakashvili’s decision not to attend the summit reflects the poor state of Russian-Georgian relations, which have degenerated once again due to Georgia's military operation in the Kodori Gorge against a local pro-Russian guerilla group. More importantly, his absence signals that Georgia may want out of the CIS altogether, which could further dampen hopes for resolution of the problems between Moscow and Tbilisi over the breakaway regions. Moscow’s “peacekeepers” operate under the guise of an “international” CIS mandate. If Georgia withdraws from the CIS, it may lead to increased international support for the withdrawal of Russian troops from its territory. However, it must be noted that under international law, Georgia’s current objection to Russian troops on its sovereign soil should be enough to expel the “peacekeepers,” regardless of Georgia’s CIS membership.

With four countries opting out of the summit, the future of the CIS is in question. The CIS took another blow during the Little 8 summit when President Nursultan Nazarbayev of Kazakhstan submitted a series of proposals to weaken further the Moscow-centered CIS.

Nazarbayev’s proposal would reduce the CIS from an integration organization to a G8-like organization, whose main function would be to harmonize members’ policies on five issues: migration, transportation, education, security and humanitarian assistance. (14)

Nazarbayev noted that in the past 15 years only about 10 percent of CIS resolutions have come into effect. However, he has not lost hope. Despite his calls for reform, Nazarbayev, who currently holds the rotating presidency of the organization, said his proposals would allow for “breathing a new life into the
Commonwealth," at which point further cooperation, particularly more unified views on foreign affairs, could be reached. (15)

Putin remained silent directly after the summit, but many Russian pundits predicted the death of the CIS: Dmitri Oreshkin, chief of the analytical group Mercator, told Ekho Moskvy radio, “The CIS is a typical post-Soviet structure. People get together, talk to each other, observe the protocol and then leave, having not a shade of doubt that the agreement achieved isn't worth a dime…in the place of the CIS there may emerge something qualitatively new.” Boris Makarenko, the Political Technologies Center’s first deputy general director, said, “The CIS is dying, but in its place there will appear such viable organizations as the EurAsEC, CSTO and the Shanghai Cooperation Organization.” (16)

While other organizations may exist that allow the CIS countries to remain economically connected, the possible demise of the CIS would be a political blow for Russia, since it has long been considered the hegemon of the group. Proof of the CIS’s importance came last year after Putin’s administration "clarified" a statement made by Putin that claimed the main function of the CIS was to ensure a “civilized divorce” between the former Soviet states. Lavrov explained what Putin meant when he stated that the CIS was a “civilized divorce” mechanism: Putin “did not mean to say that this was the organization’s sole purpose and that there were no other purposes. On the contrary, a ‘civilized divorce’ certainly does not rule out integration; rather, it can help to intensify it.” (17)

Lavrov’s immediate clean-up of Putin’s words seems to signal that Russia, indeed, still needs the CIS, if not as a means to separate from its neighboring former Soviet states, then perhaps as a mechanism to continue to influence them despite the separation. Decreased political cooperation between the CIS states would give the weaker CIS states more incentive to look for partnerships apart from Russia, perhaps even with the West, as Georgia and Ukraine have done.
It is not unimportant to note that this past CIS summit was considered “informal.” The closed-door talks lasted less than two hours and were followed by an afternoon at the racetrack. The true litmus test of the CIS’s health will come during the formal summit in October in Minsk. If only the Little 8 show up again, then the political future of the CIS almost certainly will be dark.

Source Notes:

(3) Solovyov, Vladimir, and Strokan, Sergei, “A One-President Summit; Vladimir Putin the host,” 21 Jul 06, Kommersant; What the Papers Say (WPS) via Lexis-Nexis.
(6) "RA Foreign Minister hopes situation on Russian-Georgia border soon to be settled," 11 Jul 06, ARMINFO News Agency via Lexis-Nexis.
(7) Coleman, Nick, “Group of former Soviet states in crisis as leaders fail to show,” 21 Jul 06, Agence France Presse (AFP) via Lexis-Nexis.
Russian Federation: Special Feature

By Jeffrey R. Dickerson

Russia and Iran’s evolving relationship

Recent activities show that economic, political, and military cooperation between Russia and Iran has increased dramatically in the past few years, particularly in regard to their relationship with China, but most significantly with the US and the West. The ties that bind the two are not temporary, fragile, incidental, or transparent, and will certainly tighten, against the aspirations of the Western world, in the coming years.
Political rhetoric aside, there is abundant evidence that Iran faces an energy crisis in the near future. Muhammad Sahimi writes in the Harvard International Review that “if Iran does not increase oil production significantly, it will become a net importer of oil over the next decade, a huge catastrophe for a nation that obtains 80 percent of its total export earnings and 45 percent of its total annual budget from exporting oil.” (1) The problem derives not from the depletion of Iran’s resources, but rather in their use: unrefined oil is currently burned to supply 18% of Iran’s electric needs, compounding revenue costs with environmental and health costs. (2) Iran also imports and subsidizes gasoline, at a cost of $4.5 billion in 2006, a sad irony for the Organization of Petroleum Exporting Countries’ (OPEC’s) second-largest petroleum exporter. (3) In addition, Iran consumes its own natural gas (it contains over 15% of the world’s proven reserves) as a source of energy. (4) For viable economic growth to occur in support of a population that has doubled in the past three decades, Iran requires investment in its aging production facilities, more efficient means of energy production, employment opportunities, and the ability to consume less and sell more of its natural resources on the world market.

These challenges are not easily overcome by a nation that has faced nearly three decades of international sanctions, which have created a technological disparity in Iran. Due to the lack of a legal market for infrastructure investment, dependency on outdated energy production capabilities has coupled with a lack of modern consumption technology to result in wasteful energy practices, exacerbated by high population growth rates. Russia and China have assisted and traded with Iran: China has vowed to invest in the expansion and renovation of Iran’s facilities in exchange for a secure flow of energy, (5) while Russia has assisted Iran in building its Bushehr nuclear power plant: “In 1995 Iran signed a contract with Russia to resume work on the partially complete Bushehr plant, installing into the existing Bushehr I building a 915MWe VVER-1000 pressurized water reactor, with completion expected in 2007. The Russian state-controlled company Atomstroieksport (Atomic Construction Export), an arm of Russia’s
atomic energy ministry, MinAtom, is constructing the plant.” (6) This nuclear cooperation between Russia and Iran is particularly worrying to the US, which sees the growing relationship between the two energy giants as “strange” according to US Secretary of Defense Donald Rumsfeld. (7)

A military bond between Russia and Iran also has been developing. Certain initiatives, such as the Caspian Sea Force (CasFor), have floundered, but the initiative to create regional alliances at least indicates cooperative intent. (8) The Shanghai Cooperation Organization (SCO) has the most potential to unite Russia and Iran under a regional Inter-Governmental Organization (IGO), if Iran should succeed in gaining admittance; Iranian Deputy Foreign Minister Mohammadi believed that Iran would become a member of the SCO by summer 2006, (9) but Russian Defense Minister Ivanov, when asked about Iran and the SCO, rejected any “moronic ideas” of the organization defending Iran. (10) His statement contrasts with that of another Russian official, Vladimir Zhirinovsky, the eccentric head of the nationalist Liberal Democratic Party of Russia (LDPR), who stated that he would like to see Iran become part of the SCO, a view echoed by China in a formal invitation to Iran to attend this year’s SCO summit. (11) Although the SCO is not primarily a military alliance, it does hold military cooperation exercises, an aspect in which Iran is particularly interested, given its recent military improvements. (12)

CasFor might have been a successful initiative if Iran had more of a naval force in the Caspian Sea. Instead, Iran perceived Russia, the only nation with a reasonable sea force in the Caspian, as encroaching on its space rather than as a partner for military cooperation. (13) That is, after all, something Iran seems to be searching for intently; a dependable, powerful ally. Russia, which has become a major exporter of weapons and needs gainful employment for its nuclear scientists, complements Iran’s situation on those fronts. Each has different alignments in the international arena, leading to a confluence of interest in the other’s potential capabilities; Russia’s stature in the West and resurgent influence
in the Middle East could be enhanced by cordial relations with a newly assertive Iran, as much as the latter could benefit from a political buffer with the West offered by Russia. Both states are major exporters of petroleum and could benefit from a concerted, rather than competitive, effort in the energy sector. This type of complementary energy policy could be their best card in dealing with both China and the US. For now, though, Iran seems content to build up its military, and Russia has no reservations about exchanging military hardware for cash, to the tune of approximately $1 billion. (14)

Russia and Iran have been expanding their collaboration to other fronts as well. In 2004, the two states “agreed to a joint program studying the UFO phenomenon after a series of sightings of unidentified flying objects” over Natanz, the location of an Iranian nuclear site. (15) Obviously, the “joint program” was an attempt to block spy planes from observing Russian work on Iran’s nuclear facility, but the program stressed “expansion of bilateral cooperation particularly in space research and construction of satellites,” (16) which has apparently culminated in Iran wanting to send a man into space, an idea that was well received by Russia. The director of the Russian Centre for Modern Iranian Studies, Rajab Safarov, suggests that Iran’s sights are set on more than stars: “The idea of the first spaceflight by an Iranian is very attractive to Iran in the light of the country’s ambitions to become a key state not only in the region but in the whole Islamic world.” (17)

As a plan to acquire its own nuclear power plants, Iran’s nuclear program receives high levels of domestic support; as a covert weapons program, it is not without significant criticism. A signatory to the Nuclear Non-Proliferation Treaty (NPT), Iran is entitled to nuclear energy but forbidden from producing nuclear weapons. (18) Such weapons were also declared un-Islamic in a religious decree by Iran’s first Supreme Ayatollah Khomeini after the Islamic Revolution in 1979. (19) Russia and China have supported Iran’s nuclear ambitions, in the face of US and wider international concern, by way of the veto power of each in
the United Nations Security Council (UNSC), Russia insisting that more “concrete facts” would have to emerge regarding an Iranian nuclear weapons program before it would consider sanctions. (20) Conventional wisdom presumes that sanctions would indeed punish Iran and are therefore a useful tool in diplomatic relations, but Jephraim Gundzik makes a strong argument to the contrary. (21)

Gundzik’s article, featured in Asia Times, concludes that because the US will be able to gather only a small "coalition of the willing" to sanction Iran, one excluding China and Russia, the countries that apply the sanctions will eventually lose out to market forces and the winners would be, along with Iran, those countries that abstained from enacting sanctions. According to Gundzik’s scenario, the US could suffer a significant loss of credibility, especially if an unenforceable sanctions regime is linked with an unpopular war in Iraq. In terms of influence, economy, and cultural prestige, the US arguably still reigns supreme, but this status is not immutable. (22)

Recently, Russia and China have reversed their Security Council (UNSC) stance over potential sanctions against Iran, a shift the US likely sees as its diplomacy paying off. (23) Even though Iran has claimed that sanctions are an abuse of international law and that it will continue to carry out its current peaceful nuclear activities regardless of Western dissent, the US probably views the agreement of Russia and China with the West in the Security Council (UNSC) as a positive development, as well as one that is potentially disruptive of Iranian nuclear activities. (24) However, Russia and China did not agree to sanction Iran if it does not respond to UNSC pressure to suspend uranium enrichment temporarily, but merely to put sanctions on the table for discussion at the UNSC in that event. In pursuing a cautious approach, these two UNSC veto-wielding countries have bought additional time to formulate a plan with Iran, while allowing the latter to continue antagonizing the West. The key to deciphering whether or not Russia, China, and Iran are engaging in a plan to ensnare the US with the sanctions regime lies in Iran’s response to the Russian and Chinese "shift" over sanctions.
Interestingly, Iran’s top nuclear negotiator Ali Larijani released a statement saying that Iran’s “long-term relations with Russia and China… could not be judged on the basis of one action only.” (25) Clearly, Iran’s public response was measured.

Russian foreign and domestic policies usually are crafted with the goal of enhancing Russia’s strength and prestige. In the words of Russian Foreign Minister Sergei Viktorovich Lavrov:

Reforms are conducted in order to strengthen our country and to answer the challenges that we are tangibly aware of to the unity of our country and to its place in the world. The world needs a strong Russia because it is in everybody’s interests; if those who understand this see these reforms as being positive for our country and for the destinies of the world, then we believe that their assessment is correct. To all those who see a strong Russia as not being in the world’s best interest, this is not our problem. (26)

Currently, Russia’s leaders seem to consider a nuclear-endowed Iran to be an important element in a policy to strengthen Russia’s international standing. If the two play this political game just right, they may have a winning hand, which could signify an alteration and likely a disturbing change to the balance of power in the world. In any event, cooperation between the two states is likely to increase in the short term, based on the opportunities each state creates for the other and the lack of disincentives created by the rest of the international community.

Source Notes:

(2) Ibid.
(3) "Iran's gasoline imports between 4-4.5 billion dollars this year: Official," Payvand, 19 Jul 05 via http://www.payvand.com/news/05/jul/1163.html. According to the US Congress Joint Economic Committee Research Report (#109-31, March 2006), "Iran's Oil and Gas Wealth," Iranian gasoline imports cost it "$3 to $4 billion per year."


(5) Afrasiabi, Kavah L., "China Rocks the Geopolitical Boat with Iran Oil Deal," Asia Times, 6 Nov 04 via http://www.atimes.com/atimes/Middle_East/FK06Ak01.html.


(10) Interfax, "Russian DM Dismisses Idea of SCO Military Support for Iran as 'Moronic'," 24 Apr 06; OSC transcribed text via WNC.


(16) Ibid.
(20) "Iran sanctions depend on 'proof,' " BBC News, 21 Apr 06 via http://news.bbc.co.uk/2/hi/middle_east/4929450.stm.
(22) Ibid.
(26) Federal News Service via JRL, #2-JRL9028, 19 Jan 05.
GEORGIA

Integrity, at all costs

The struggle to maintain control of its territorial integrity has presented many challenges to Georgia’s authorities, both from within and without Georgia. The latest challenge comes in the form of Emzar Kvitsiani, a former presidential envoy to the Kodori Gorge (located in northwest Georgia, on the de facto border with Abkhazia) appointed by former Georgian President Eduard Shevardnadze. (1) Kvitsiani, who supported the Georgian efforts to reign in the Abkhaz separatists, apparently sided with Shevardnadze also in the Rose Revolution, and was subsequently dismissed from his official post and from the Georgian military by the Saakashvili government.

Efforts to disarm Kvitsiani, whose Svani militia (also referred to as Monadire--Hunter--Border Guards) is particularly influential in the Kodori Gorge, have been ineffective. Kvitsiani’s most recent announcement of his resolve not to disarm the militia was taken as provocation by the Georgian government, which then decided to insert troops to disarm the Monadire militia by force; in the early hours of 25 July, Georgia reportedly deployed a one thousand unit force into the Gorge. (2)

Abkhaz, South Ossetian and Russian leaders are not convinced by the Georgian authorities’ reassurances that the troop deployment is defensive and have accused Georgia of aggression. The Russian Ministry of Foreign Affairs issued a statement demanding the withdrawal of Georgian troops and argued that the operation could exacerbate tensions and be a source of needless confrontation. (3)
Several days before the Kodori operation, the Georgian Parliament overwhelmingly voted in favor of the withdrawal of Russian "peacekeepers" from the region, on the grounds of their being incompetent. (4) The Georgian government also announced its intention to press the issue with OSCE representatives at the next meeting (to be held on 17-18 August). (5) Furthermore, on 21 July, Georgian Minister for Conflict Resolution Giorgi Khaindrava was dismissed without explanation. (6) Separatist leaders Eduard Kokoity and Sergei Bagapsh deemed Khaindrava the last remaining moderate in the government. Nonetheless, Bagapsh was confident the personnel moves would not deter negotiations: "I think that whether it is Khaindrava or someone else will not have an impact on the negotiating process. The main thing is that his [successor's] activities should be constructive and that the negotiating process does not fall apart." (7)

Georgian President Mikhail Saakashvili and the Interior Minister Vano Meribashvili pronounced the operation in the gorge a success: "Virtually every village is under control of the Interior Ministry. It is completely calm there. … For the first time in the past few years constitutional rule has been established in Kodori, and it has become a full-fledged part of Georgia." (8)

There is dissent over the actual success of the operation however: Kvitsiani was not captured (he is said to have escaped to Sukhumi) and the militias were not disbanded, with the exception of a dozen or so fighters who have surrendered. Criticism of the Georgian military leadership emerged as Kvitsiani claimed that the forces "do not know the area and cannot read maps.... We have a good army in Georgia. They are really good boys...but the commander...is an idiot. He knows nothing about military strategy." (9)

There is speculation that Kvitsiani is hiding in Abkhazia or on Russian territory, (10) but whether his allegiances in the conflict have switched is still a matter for debate. According to the dismissed former Georgian minister for Conflict
Resolution, Georgi Khaindrava, Kvitsiani is "not an enemy of Georgia, at least. He loves his country—and he loves Svanetia…. But the game he's playing now is very dangerous for Georgia and for himself." (11)

Khaindrava certainly recognizes the possibility that any clashes in the region could spread, or be spread, to encompass wider areas of conflict, as well as the possibility that a personal grudge and some borrowed weapons could develop into something much more dangerous: "The Russians are eagerly awaiting any spark of conflict on Georgian territory. Kvitsiani must understand that. … I don't think Kvitsiani is working for the Russians. He might be using something from their arsenals, but only temporarily. Whether he means to or not, he is furthering their purposes." (12)

NORTH CAUCASUS
Amnesty, anyone?
In keeping with tradition, the Chechen rebel government published a peace manifesto three day after Basayev’s death. The proposition, published on the rebel site chechenpress.org and signed by Foreign Minister Akhmed Zakayev, called for immediate negotiations between the two parties without any “preconditions.” (13) The Russian leadership ignored the initiative, but on July 19 issued its own amnesty program, offered by the Director of the FSB, Nikolai Patrushev. (14) There have been five or six amnesty offers in the past decade. All of these amnesty rounds ended in general failure and resulted in abductions, torture, and disappearances among the population. Coupled with the general lawlessness that currently permeates the North Caucasus, the population is more than reluctant to surrender its weapons or even to mention an allegiance with the rebels. Not surprisingly, by the initial deadline (1 August) only 70 rebels had surrendered, prompting Nikolai Patrushev to extend the deadline until 30 September. (15)
The amnesty initiative backfired on 8 August when a Dagestani prosecutor Bitar Bitarov was assassinated by a parked car exploding along his route to work in Buinaksk. (16) When Dagestan's Interior Minister Adilgerei Magomedtagirov set out to investigate the incident, his motorcade was ambushed by rebels on the way from Makhachkala to Buinaksk. (17) On 10 August in Ingushetia, there was an attempt on the life of Nazran Prosecutor Gerikhan Khazbiyev, resulting in the deaths of his younger brother and thirteen neighbors. (18)

The Russian government claims there is a connection among these three attacks and attributes them to the rebels' resolve to prevent other fighters from surrendering in response to Russia's offer of amnesty. Moreover, Russia expects more attacks to take place in other regions of the North Caucasus. (19) The fact that these attacks have taken place supports Doku Umarov's statement that resistance will exist and continue even without Basayev. (20) That attacks have happened outside Chechnya suggests that resistance has spread elsewhere, and that Chechnya no longer occupies the central position in the rebellion. However, these attacks only play into the hands of the Russian government; the rebels' reluctance to surrender and to take advantage of the amnesty provides an excuse for Russia's security services to implement harsher operations and to eschew negotiations, which reinforces Russia's preferred policy throughout the conflict. When coupled with the decision to pursue new charges against Ahmed Zakayev, the fiercest advocate of a fast political settlement, the amnesty campaign appears to be one more PR attempt by the Russian leadership to allow them to avoid negotiations. It seems that Russia has not abandoned its chosen course of action after all.

Source Notes:

(1) Georgian TV station Rustavi-2, 23 Jul 06; BBC Monitoring International Reports via Lexis-Nexis.
(2) “Saakashvili's blitzkrieg,” Nezavisimaya gazeta, 27 Jul 06.
(3) ITAR-TASS, 26 Jul 06; OSC Translated Text via World News Connection.

(4) Nezavisimaya gazeta, 19 Jul 06.

(5) Nezavisimaya gazeta, 10 Aug 06.

(6) RFE/RL, 21 Jul 06.

(7) Regnum, in Russian, 1157 GMT, 20 Jul 06; BBC Monitoring via Lexis-Nexis.

(8) Rustavi-2 TV in Georgian, 1700 GMT, 29 Jul 06; BBC Monitoring International Reports via Lexis-Nexis.

(9) Georgia: Extent Of 'Victory' In Kodori Offensive Unclear  Liz Fuller, RFE/RL, 1 Aug 06.

(10) Rustavi-2 TV in Georgian, 1700 GMT, 29 Jul 06; BBC Monitoring International Reports via Lexis-Nexis. In his televised interview, Georgian President Saakashvili claimed that Kvitsiani "joins 'brigade of corpses' in Russia."

(11) "Interview with Georgi Khaindrava: We are threatened with direct aggression," by Irina Baramidze, Novye izvestiya, No. 130, July 2006; What the Papers Say (WPS) via Lexis-Nexis Academic.

(12) Ibid.

(13) http://www.chechenpress.net/events/2006/07/13/16.shtml, 13 Jul 06.

(14) Agence France-Presse, 31 Jul 06 via Lexis-Nexis.

(15) Svoboda.ru, 3 Aug 06.

(16) Kommersant, 9 Aug 06.

(17) Ibid.

(18) Kommersant, 11 Aug 06.

(19) Ibid.

(20) Following the announcement of Basayev's death, Chechen rebel President Doku Umarov was quoted as saying "The war continues and, with the help of Almighty Allah, we intend to reach the victory in which we have not doubted one minute." (Agence France-Presse, 0934 GMT, 15 Jul 06. The initial statement came from the chechenpress.org website.)
Romania offers Kazakhstan an oil route bypassing Russia

In early July, at a meeting of the Romanian-Kazakhstani Inter-Governmental Joint Commission on Commercial, Economic, Technical and Scientific Cooperation in Bucharest, the State Secretary of Romania's Ministry of Economy and Trade (MEC) made an offer to the Kazakh government that it would be unwise to refuse. (1) The Romanian official offered his Kazakh counterpart the opportunity to export oil to Western Europe via the proposed Constanta-Trieste Pipeline (CTPL), which would carry oil from the Romanian Black Sea coast as far as Italy, where the pipeline would connect to the Trans Alpine Pipeline (TAP), which transports oil to Germany and Austria. (2) The Constanta-Trieste pipeline project has been under consideration since at least 1999, when the results of the first feasibility study conducted by a team of US and Romanian companies (led by Parsons Energy and Chemicals Group of Houston and HLP Associates of New York) were published. The results were favorable, declaring that the proposed route was viable and predicting that the 1400 km pipeline could be operational as early as the latter half of 2002. (3) Additional feasibility studies undertaken in response to changes in the proposed pipeline’s route (4) have also been favorable.

Unfortunately, the pipeline project has attracted neither sufficient funding nor the approval of all five of the countries through which it is to be built—Slovenia’s parliament has yet to sign off on the project, due to its concerns that the pipeline’s economic benefits will not outweigh the environmental risks. (5) The overall advantages to the CPTL are many: its route would take it through countries that are politically stable; the Caspian oil which it would transport is of higher quality and has a lower sulfur content than the Russian crude oil that is currently exported to Europe via the Druzhba pipeline; it avoids the risk of sending large tanker ships through the Bosphorus Straits; and it is not dependent
on the use of any Russian-controlled pipelines. (6) This last point is the one which hopefully will garner the project the overwhelming support of both European oil consumers and Caspian oil exporters, such as Kazakhstan. There are other pipeline proposals being considered – one would link the Bulgarian Black Sea Coast with Greece, another would link Bulgaria and Albania, however these export routes would depend on Russian-controlled pipelines for their oil supplies. (7) At present, there are only two pipelines carrying Caspian oil that bypass Russia entirely: the Baku-Tbilisi-Ceyhan (BTC) route and the pipeline from central Kazakhstan to China. Kazakhstan’s President Nazarbaev recently signed an agreement with Azerbaijan to start transporting 7.5-10 million tons of oil annually to Europe via the BTC. Beginning in 2008, this figure may also include oil from the Kashagan field, (8) which is reported to be the largest oil field outside the Middle East and the world’s fifth largest in terms of its reserves. (9)

Using the BTC route will enable Kazakhstan to decrease its dependence on the Russian-controlled Caspian Pipeline Consortium (CPC), which connects Kazakhstan’s western oil fields with the Russian Black Sea port of Novorossiysk, and will provide the Kazakh government with at least one alternative, should Russia decide to increase transit fees for the CPC and/or reduce Kazakhstan’s access to the CPC route. Since Kazakhstan’s oil production levels are still far below their predicted potential, the BTC pipeline currently has more than enough capacity to handle Kazakh oil exports, however once the country’s four largest oil fields (Tengiz, Karachaganak, Kurmangazy, and Kashagan) are fully on-line, at least one more pipeline will be needed. (10) One must also keep in mind that given the current situation in Georgia, Russia yet may have the opportunity to bring at least part of the BTC pipeline under its dominion. Construction of the CTPL would allow Kazakhstan unfettered access to the European petroleum market, regardless of what happens in the Caucasus, and would provide Europe with a stable and reliable source of energy while reducing the possibility that both Kazakhstan and Europe could be held hostage to the Russian Federation’s growing appetite for international influence. The CTPL project still faces not
inconsiderable logistical hurdles, but even in the face of these obstacles, Romania’s offer to the Kazakh government is worth its weight in (black) gold.

Source Notes:

(1) “Romania Proposes Kazakhstan To Participate in Development of Constanta-Trieste Oil Pipe,” Rompres, 6 Jul 06; OSC Transcribed Text via World News Connection.
(2) “Kazakhstan could join the Constanta-Trieste pipeline project,” Ciprian Domnisoru, Bucharest Daily News, 7 Jul 06 via Lexis-Nexis Academic Universe.
(5) “Slovenia rejects Adriatic oil pipeline memorandum,” STA, 22 Mar 06; OSC Transcribed Text via World News Connection.
(10) Ibid.
UKRAINE
Changing of the guard
On 15-16 August, new Ukrainian Prime Minister Viktor Yanukovych made his first official trip abroad to Russia to attend the Eurasian Economic Community Summit (EurAsEC). Ukraine is not a member of the community, which loosely comprises the Central Asian states, Russia and Belarus, but the country maintains observer status.

The visit gained significant media attention since it was the first official meeting of pro-Russian Yanukovych with his Russian counterpart Mikhail Fradkov, and with Russian President Vladimir Putin. The main question discussed by the media before the meeting was whether a new gas deal would be reached with a lower gas price for Ukraine. The issue remained unresolved, although Yanukovych attempted (not entirely successfully) to suggest that significant progress was made.

However, Yanukovych’s trip to Sochi suggests that the way foreign policy has been handled in Ukraine by President Viktor Yushchenko may be changing. The fact that Yanukovych was granted permission by Yushchenko (who has responsibility for the country’s foreign policy) to take this trip, may signify a shift in the president’s handling of international questions.

During the governments of Ukraine’s two previous prime ministers under Yushchenko, forays by the prime ministers into foreign policy were significantly discouraged. This is particularly true of the Yulia Tymoshenko government; Tymoshenko repeatedly was refused permission by Yushchenko to travel on behalf of the country.
Even Yushchenko’s close ally Yuriy Yekhanurov did not travel to meet with presidents of other countries. His one trip to Russia in September 2005, for a meeting with Russian Prime Minister Mikhail Fradkov also included Ukrainian Foreign Minister Boris Tarasyuk.

Tarasyuk was left in Ukraine this week, as Yanukovych’s close allies traveled with him to Russia.

Sources close to the presidential administration suggest that it would have been inappropriate for Yushchenko and Tarasyuk to attend the EurAsEC Summit, since the country only participates as an observer. They also suggest that all discussions at the summit dealt solely with economic, not foreign policy, issues. However, Armenian President Robert Kocharian attended the summit, even though his country maintains observer status.

More importantly, while in Russia, Yanukovych met for an hour with President Putin. He later announced that he had discussed with Kazakh President Nursultan Nazarbayev the possibility of increasing gas supplies to Ukraine, as well as his country’s participation in oil field exploration. (1) He also met with Uzbekistan's President and Kyrgyz state television reported that: “President Islam Karimov received Ukrainian Premier Minister Viktor Yanukovych at his residence in the second day of the visit, before the Sochi informal summit. The talks mainly focused on the issues of developing and further boosting relations between Uzbekistan and Ukraine, especially economic and trade cooperation, and the future of the projects, which are jointly implemented by the two countries in the framework of organizations of which they are members, as well as geopolitical events taking place in the world.” (2)

Yanukovych also once again promised to protect the Russian language, and expressed his country’s interest in deepening its involvement in the Single
Economic Space (SES), a move Yushchenko previously has rejected as incongruous with the country’s shift westward. (SES comprises Russia, Ukraine, Belarus, and Kazakhstan in a plan for economic integration.) (3)

As Yanukovych met with other regional leaders, the President’s office announced, “Victor Yushchenko has visited the National Institute of Grapes and Wine in Yalta to discuss prospects of Ukraine’s wine-making industry and viniculture, and ways to cultivate new varieties of grape.” (4)

On Aug 17, Yuschenko was briefed by Yanukovych about his meetings, and although no documents were signed, he congratulated the Prime Minister for “[managing] to ensure gas supplies stipulated in the January 2006 agreement between Ukraine and Russia.” (5) The president’s press office also noted that the two had discussed Ukraine’s integration into NATO and the WTO. Once again, Foreign Minister Tarasyuk was not present, although he met with Yushchenko separately on the same day.

These apparent additional policy-related duties for the Prime Minister come at a time when Yanukovych has seen his domestic powers increased by recently enacted constitutional amendments. However, the foreign policy of the country remains firmly in the president’s portfolio—as the president has repeatedly pointed out and as his website underscores: “The President as Head of State acts on behalf of Ukraine, represents Ukraine on the international scene, negotiates and signs international treaties and is in charge of foreign policy of the state.” (6)

Given the events of recent days, it seems that this statement may no longer be entirely accurate.

Yanukovych moves toward manual price adjustment
On 14 August, Ukrainian Prime Minister Viktor Yanukovych made a number of announcements. He pledged to pay wage arrears, lower taxes, protect producers from the negative effects of joining the WTO and “slow down the growth of oil and fuel prices.” The latter, he said, would be done “by market means only.” (7) However, actions so far suggest that the Yanukovych government may be prepared to use "administrative methods" to control prices.

In the recently (and quietly) signed “Memorandum on the Concordance of Actions between the Cabinet and Gas Traders,” 60 percent of companies providing petrol to Ukraine agreed to cap retail gas prices at 4.7 hryvnya per liter (93 cents) and diesel prices at 4.1 hryvnya per liter (82 cents) for one week. The measure came, according to new Fuel and Energy Minister Yuriy Boyko, after fuel prices rose more than 10 percent in three weeks. Boyko did not specify which companies had signed the memorandum, and no information about the document appears on the Cabinet’s otherwise comprehensive website. (8)

Before the deal was announced, Yanukovych and Boyko held a meeting with oil company representatives that reportedly included TNK-BP, Lukoil, Tatneft and Alliance Oil – Russian companies that control the majority of Ukraine’s retail gas market. Prior to this meeting, Yanukovych said he hoped to persuade the companies to sign the deal and to avoid the use of "administrative methods" to obtain lower prices. (9)

However, Boyko told reporters on 14 August that retail outlets that refuse to comply with the price caps set in the memorandum would be barred from receiving their petrol supplies from the country’s refineries. (10) It is unclear whether Ukraine has the authority to stop the supplies. Furthermore, it is unclear what will happen when the one week period covered by the memorandum ends. Will there be a new agreement? What if oil prices rise again? Will the price caps increase?
Valery Ryashin, a spokesman for Lukoil Ukraine, voiced no objection to the memorandum, because, he said, “cap prices for this week correspond with market prices for this week.” What will happen when they don’t? (11)

Ukraine’s influential Ukrayinska Pravda website recently reminded readers that in 2004, the previous Yanukovych government signed a similar memorandum with gas retailers. Despite assurances that the cap would increase if world prices increased, the government demanded that prices remain low. The site suggested it is likely that “the situation will develop along the lines of 2004,” when “administrative methods” won out over “the market.” (12)

This scenario, of course, is by no means assured. However, one wonders why a “cap” would be instituted if the government intended to let prices float with the market. Why bother?

If the Yanukovych government insists that the established price caps not change, what will be the response of the Russian oil companies? These companies loudly criticized the 2005 pro-Western government of Yulia Tymoshenko for pushing them to sign a similar agreement. In that case, when market prices outpaced the caps, the oil companies simply stopped providing petrol, which caused a supply crisis. Many analysts suggest that the Tymoshenko government never fully recovered from the backlash.

What might the response be to a pro-Russian prime minister using similar methods? Will he also have to endure a supply interruption or will some accommodation be made? The next several weeks will demonstrate much about the commitment of both the Yanukovych government and the Russian oil companies to a free market.

MOLDOVA
Two Vladimirs and the status quo
Despite the valiant efforts of Moldovan President Vladimir Voronin to suggest that important progress was made during his recent meeting with Russian President Vladimir Putin, it is clear that the Moldova-Russia relationship remains mired in mutual distrust and recrimination.

“The results of the meeting with Russian President Vladimir Putin,” Voronin said, “inspire optimism that problems existing in bilateral relations will be solved and represent a serious step forward, unfreezing the strategic relations between our countries.” (13) However, the fact that this comment came a full day after the meeting, as Voronin returned to Chisinau, seemed to contradict the Moldovan president’s words.

No joint statement was issued following the meeting. The presidents did not meet the press together the Russian side still has not commented on the discussion between Putin and Voronin. In other words, it was more of the same for Russia and Moldova.

This is, no doubt, a blow to Voronin, who arrived in Moscow on 8 August with a list of outstanding bilateral problems.

High on Voronin’s list is Russia’s continued embargo on the import of Moldovan wine, cheese and certain meats, citing what it calls health concerns. The country, however, has produced no documentation supporting its health claims. Furthermore, the embargoes were announced following the implementation of stricter customs regulations on products from the pro-Russian separatist republic of Transnistria—suggesting a clear political motive for the measures.

The loss of wine exports to Russia alone has cost the country tens of millions of dollars. According to Moldovan Finance Minister Mihai Pop, wine exports generally make up 30% of the country’s GDP; 80% of these exports were to
Russia. (14) Voronin left Moscow, however, with no agreement to allow once again the import of Moldovan wine.

Voronin also reportedly traveled to Moscow with several proposals for settling the problem of Russian troops deployed in Transnistria. According to analyst Vladimir Socor, “Moldova would issue a flattering statement on Russia’s ‘peacekeeping’ operation and declare that it has completely achieved its goals; the troops would withdraw with full honors; an international mission of observers, part military and part civilian, would seamlessly replace Russia’s troops; Moldova would grant ‘broad autonomy’ to Transnistria, consistent with European standards of autonomy for regions within states.” (15)

Judging from his silence, Putin did not agree.

In fact, statements from Russian representatives over the last year suggest that the country is prepared to maintain its presence in Moldova despite having no legal standing to maintain its troops on foreign territory, and despite repeated international calls for them to leave. What, after all, is any country or international organization truly prepared to do to force them to disengage? As the international community increasingly is preoccupied with other regions of the world, Voronin went to Russia with little support. To his credit, he also went unprepared to provide any major concessions to Russia, be they Moldovan state property or territory. He, therefore, received the answer one would expect.

Russia's response had a predictable effect on the leaders of the separatist region—it further emboldened them in their refusal to negotiate with Moldovan representatives. Instead, the region is pressing on with its plans to hold a “referendum on independence.” The referendum is now set for 17 September, and appears to be intended to imitate the referendum that won Montenegro its independence from Serbia earlier this year.
At a meeting of pro-Russian separatist leaders following the Montenegr
referendum, Sergei Bagapsh, Eduard Kokoity and Igor Smirnov of Abkhazia
(Georgia), South Ossetia (Georgia) and Transnistria, respectively, adopted a joint
statement calling for their independence to be recognized. They suggested “the
completion of the political and legal formalization of the breakup of the USSR
through the recognition of the Republic of Abkhazia, the Dniester Moldovan
Republic and the Republic of South Ossetia as entities subject to the operation of
international law.” (16)

Of course, the three republics above have little in common with Montenegro.
The new Republic of Montenegro already has established democratic, economic
and military systems that meet international standards. The country is not
subsidized completely by a third state, has not been called a “black hole of
smuggling,” (17) and most importantly, is not supported by foreign troops
stationed illegally on its territory. Could the separatist republics survive alone
without Georgia, Moldova and Russia? Almost certainly not.

Transnistria has no free media and no history of free and fair elections. In fact,
during Ukraine’s presidential election, seven polling stations established for
ethnic Ukrainians were judged to be below international electoral standards by
election observers.

The former Ukrainian Minister of Culture, Oksana Bilozir, served as a coordinator
of election monitors in Transnistria. She returned to Kyiv with a litany of
complaints. She said, "We anticipated the possibility of rigging, which is why we
sent two journalists and one foreign observer to each polling station. All cars
were stopped, people were arrested, video cameras with which they were
supposed to record violations were broken. Journalist Klebanskyy was deported
within on [sic] hour, and when he crossed the Ukrainian border he was followed
by the warning that he would be killed if he decided to come back." Bilozir also
reported that the head of the Dniester Ukrainian Association, who was serving as
an official observer, was severely beaten by being kicked in the face, while numerous other observers were detained and deported. (18)

Nevertheless, on 17 September, Transnistria will hold its referendum, and President Putin seems content with the situation. When asked about the separatist republics being supported by Russian troops and other subsidies, he said, "Whatever we may decide to begin with, if we are to make decisions in a democratic fashion, the opinion of the people must be studied first thing." (19)

The referendum, of course, already fails to meet international standards thanks to the absence of free media that allow alternative opinions to be aired. But the outcome undoubtedly will be duly noted and publicized by Russia. Perhaps that is the only certain result of the meeting between Voronin and Putin.

Source Notes:

(1) Ukrayinska Pravda, 2111 CET, 16 Aug 06 via www.pravda.com.ua, and ForUm, 1030 CET, 16 Aug 06; via en.for-ua.com/news.
(2) Uzbek Television First Channel, 1200 GMT, 16 Aug 06 via Lexis-Nexis.
(3) Ukrayinska Pravda, 2111 CET, 16 Aug 06 via www.pravda.com.ua, and ForUm, 1030 CET, 16 Aug 06 via en.for-ua.com/news.
(7) ICTV, 0945 GMT, 14 Aug 06; via Lexis-Nexis.
(8) AFX (Associated Press), 1911 GMT, 14 Aug 06; via Lexis-Nexis.
(9) Eastbusiness.org, 1212 CET, 11 Aug 06; via Lexis-Nexis.
(10) AFX, op. cit. and Interfax-Ukraine, 1241 EET, 14 Aug 06; via www.energy.interfax.kiev.ua

(11) Ibid.


(16) ITAR-TASS, 1121 EST, 15 Jun 06 via Lexis-Nexis.


(18) Ukrayina Moloda, 23 Nov 04 via Lexis-Nexis.

(19) ITAR-TASS, op. cit.

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