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Putin steps forward, Medvedev shrinks back

A recent Russian State Council meeting has attracted a great deal of attention, primarily for the “surprise” appearance of Prime Minister Putin at the meeting and for his decision to participate, thereby wresting control of the “political modernization” project from Medvedev. The State Council meeting had been intended as part of an ongoing discussion of reform for Russia’s political system, a project initiated in the late summer by President Medvedev with a manifesto on Russia’s development and later spurred along by protests over fraudulent regional elections. During his annual address to the Federal Assembly in November 2009, Medvedev repeated his criticisms of Russia’s political development and expanded his hallmark concept of modernization to embrace the need to reform Russia’s system of governance.

Medvedev invited the leaders of Russia’s regions and of its political parties to gather in the State Council forum to hear, evaluate, and discuss a report on political reform compiled by a special commission headed by State Council member and Kaliningrad Oblast’ Governor Georgy Boos. According to the publication Vedomosti, it was not known in the Kremlin that Putin would attend until the week of the event, and his decision to address the group “only became known the morning of meeting day.” (1) If Medvedev held any illusions that his position as president gave him supreme authority in Russia, it seems likely they were dashed when his carefully crafted forum for modernization turned into another plain-talking Putin spectacle that put intellectualizing over political reforms on the back burner, along with any tetchy concerns over electoral fraud.
As Putin explained in response to comments on the apparent electoral fraud in last fall’s regional elections and anecdotes describing electoral abuses from the internet: “Half of what is displayed on the internet is porno! Why quote the internet? If you have evidence, take it to court.” (2) For those wondering, Putin’s very next comments referred to reforms to “consolidate the judicial system.” (3)

Medvedev, who has had long experience working with Putin, may only have had a few hours to recalibrate his remarks, but managed to find a calm, mid-range to express his thoughts, perhaps as much on the tandem as on the system as a whole: “I have spoken on many past occasions and say that we have a political system that works. It is far from ideal, but it does work.” (4) Despite the promise inherent in the publication of his Manifesto and calls for a discussion of Russia’s political, economic, and social deficits, Medvedev seems hesitant in moving beyond his tepid rhetoric. Putin’s appearance and tone at the State Council meeting seemed to have the effect of drawing a line under the political modernization debate: end of discussion.

Of course, the policy or pace of political modernization is not the point of this political drama. At its core is the attempt by Medvedev to distance or distinguish himself from Putin and developments associated with his presidency. The current prime minister, however, could not allow a forum critical of the political system that developed during his presidency to discredit or marginalize him. Unless, that is, he no longer harbored political ambitions. Putin aptly dispelled any doubts on that score this week.

It is safe to assume that Medvedev understood this message from his tandem “blood brother” as well. What remains to be seen is whether or not Medvedev’s ambitions will motivate him to challenge Putin for the next presidential term. If so, judicial reform and corruption investigations may yet serve as conduits for proxy apparat clan attacks as Medvedev and Putin position themselves for the decision in 2012.
The 2012 presidential election, of course, now seems even less likely to be the actual forum for selecting the next Russian president. As Putin noted in September, “When it comes to 2012, we’ll work it out together, taking into account the current reality, our own plans, the shape of the political landscape, and the state of United Russia, the ruling party.” (5)

Putin’s appearance at the State Council and its effect on the modernization debate also made clear that the “decision” in 2012 really would be made by only one man.

Source Notes:
(3) Ibid.

Russian Federation: Legal Issues

By Sergei Tokmakov

Jury trials in modern Russia
On January 1, 2010, jury trials were introduced in Chechnya, the only federal Russian region that did not have this institution. This was the final step in the jury
reform process that began in 1993-94, when pilot juries were implemented in nine federal regions before the system expanded to other regions. Jury trials were first implemented in Russia in 1864 and abolished by the Bolshevik government in 1922. (1)

The current Russian jury model is a peculiar hybrid of pre-revolutionary Russian, Soviet, and Western criminal procedures. Its distinctive elements are: the lack of jurisdiction over crimes against the state; the absence of the unanimity requirement; a three-hour maximum deliberation period; the option to remand a case back to the prosecution for additional investigation; and the Supreme Court's right to overturn a verdict (Russian criminal law does not prohibit double jeopardy). Juries have no jurisdiction over civil cases or minor crimes. (2) The jury caseload primarily consists of aggravated murder, racketeering, aggravated (or first degree) bribery, and crimes against justice (such as perjury or obstructing a police officer). (3)

Russian juries try approximately 0.05% of all criminal cases and have a 20% acquittal rate, which is approximately twenty times higher than that of traditional courts. (4) Despite the miniscule share of criminal cases that they have tried, juries have gained some notoriety after several widely publicized acquittals. Juries have been criticized as unprofessional and susceptible to emotional and financial pressure by all parties in the criminal process. In one case, two affluent Russian businessmen, Igor Poddubny and Yevgeny Babkov, were charged with possessing $2 million worth of contraband cigarettes, fraud, money laundering, and conspiracy. The first jury was dismissed after the prosecution unsuccessfully attempted to pressure the jurors to reconsider their forthcoming “not guilty” verdict. Members of the second jury, after rendering a “not guilty” verdict, went to a restaurant to celebrate the verdict with one of the defendants, his lawyer, and some members of the first jury. The Supreme Court overturned the verdict, but the third jury issued an acquittal as well, setting the men free after five years of pretrial incarceration. (5)
“But who are the judges?” asked playwright Aleksandr Griboedov in 1823. Today, the answer is often “the unemployed, retirees, citizens that fail to disclose their criminal past, and persons prone to alcohol abuse.” Since only 16% of population is willing to participate in a jury, concern has been high that juries are being drawn from pools of citizens susceptible to manipulation and corruption. They may see jury duty as a way to supplement their incomes and are frequently indifferent to the interests of justice. Educated and employed citizens often perceive jury duty as an inadequately compensated waste of time and simply ignore the summons. (6) The absence of a jury sequestration procedure makes jurors yet more prone to corruption. (7) Since there is no unanimity of verdict requirement, it may be sufficient to bribe two or three jurors to influence the majority and ensure a desired verdict. (8)

An additional problem contributing to a weak jury pool is that the voter lists from which jury candidates are selected frequently contain incorrect or fraudulent addresses, including those of deceased and fabricated persons. In 2003, when the Moscow Regional Court started assembling potential jury panels, only 60 of the 1200 candidates responded to the summons. (9) Furthermore, the existing procedures for enforcing jury attendance are highly ineffective and even judges prefer not to compel anyone to serve on a jury.

The long legacy of Soviet oppression and public distrust of government can also lead jurors to side with defendants. (10) In order to circumvent this and stay true to the state’s traditional “no acquittals” policy on fighting crime, judges often deliberately commit reversible errors in trials, so that prosecutors will have grounds for appeal if a jury is determined to acquit. Russia’s Supreme Court routinely has been reversing approximately half of all jury acquittals, as opposed to only 5-8% of jury convictions. (11) Opponents of jury trials cite these high rates as evidence of the juries’ purported unprofessionalism. However, further analysis of judicial statistics indicates that jury verdicts usually are overturned because of
the failure of the presiding judges to correctly put together verdict forms and/or due to the poor quality of the preliminary investigation. (12) Sometimes these oversights are intentional. “Jurors vote according to conscience, the absence of which is judges’ occupational disease,” comments prominent Russian lawyer Henri Reznik. (13)

Prosecutors’ failure to adapt to the demands of the newly institutionalized jury system frequently exacerbates conflict with the old judicial mentality. Russia’s jury verdict form is a complex document, especially in cases involving multiple charges and/or defendants. Traditional prosecutors, who lack public speaking skills and the ability to explain intricate legal concepts to jurors, often receive ambiguous and contradictory answers that result in a subsequent judgment reversal. However, rather than acknowledge a shared responsibility for inconsistent or overturned verdicts, many legal professionals prefer to disparage jurors’ emotional susceptibility. (14)

Nevertheless, jurors’ leniency has had some positive influence on criminal legal theory and practice. Legal experts and practitioners acknowledge that the preliminary investigations of criminal cases that later are forwarded to jury trials are carried out more thoroughly and with stricter observance of the law. (15)

Currently, 30% of citizens trust juries over judges; 21% trust judges more; the rest either do not have a preference (30%) or consider both forms of judicial proceedings equally trustworthy (19%). Both supporters and opponents of the jury system are dissatisfied with its current performance. Supporters are disappointed that jury trials are becoming increasingly susceptible to manipulation and takeover by the traditional judicial apparatus and practices. Opponents are frustrated with the high acquittal rates and excessive unpredictability of the verdicts. (16) Nevertheless, the current legal framework for jury trials provides for a fairer trial that is in greater compliance with the law and
that helps bridge the gap between the judicial system and citizens, who gradually are getting used to the idea of acquittal as a legitimate outcome of a criminal trial.

Source Notes:
(3) Oleg Muhin, “Juror, even if he is in doubt, must decide whether the defendant is guilty or not,” Izvestia.Ru, 22 Dec 09 via http://www.izvestia.ru/spb/article3136860.
(7) “Juror, even if he is in doubt,” Izvestia.Ru, Ibid.
(8) “Acquitting jurors,” Novye izvestiya, Ibid.
(10) “Jury trial in contemporary Russia,” Vestnik of N.I. Lobachevsky State University of Nizhni Novgorod, Ibid.
(11) “Judicial Statistics,” Website of the Judicial Department at the Supreme Court of the Russian Federation, Ibid.
(12) “Jury trial in contemporary Russia,” Vestnik of N.I. Lobachevsky State University of Nizhni Novgorod, Ibid.
(14) “Jury trial in contemporary Russia,” Vestnik of N.I. Lobachevsky State University of Nizhni Novgorod, Ibid.
(16) “Jury trial in contemporary Russia,” Vestnik of N.I. Lobachevsky State University of Nizhni Novgorod, Ibid.

**Russian Federation: Security Services**

By Fabian Adami

**Borders: Drones from Israel**

Three months ago, in mid-October 2009, the FSB announced plans to equip the elite Border Guards Service with Unmanned Aerial Vehicles (UAVs), systems that are ideal for the purpose of patrolling and maintaining surveillance of Russia’s lengthy border areas. ZALA Aero Pilotless Systems, a Russian company based in Izhevsk, was declared the contract winner, and was slated to supply the FSB with a mixture of fixed-wing and rotary drones. (1)

In mid-January, several reports in the Russian press noted that the FSB had taken delivery of its UAVs from ZALA, (2) but indicated that there were problems. According to Nezavisimoye voyennoye oborzreniye, the drones are incapable of dealing with some of the extreme conditions that exist in the border zones. (3) As a result of ZALA’s problems, the FSB apparently has decided that the remainder of its requirements are to be furnished by a foreign company, the Israeli firm
Aeronautics Defense. The drone selected by the Lubyanka is the Orbiter, a lightweight medium altitude vehicle, small enough to be transported in a backpack and launched by catapult. (4)

What is interesting about this story is that it has been simmering for some time, but has been publicized only now. In the aftermath of the 2008 Georgian war, the Defense Ministry and FSB apparently conducted joint tests of several Russian UAV systems, “not one” of which “accomplished the designed missions.” (5) This begs the question: was the decision initially to “buy Russian” a purely political one? If so, the decision has backfired, as the move to a foreign firm now clearly appears as an admission that Russia’s military industrial complex is so decrepit it cannot even meet the requirements of its own Security Services for technologically sophisticated equipment. If so, why has a foreign purchase suddenly become less embarrassing? It also bears asking—given the FSB’s refusal to comment on the “motives” (6) for negotiations with Israel—whether the decision to purchase from Israel, rather than any other arms trading nation, was driven by foreign policy considerations, specifically to some kind of quid pro quo on the Iranian issue.

MVD: Nurgaliyev out, Stepashin in?
Late in December 2009, President Dmitri Medvedev signed into law a Decree, “Measures To Improve The Performance by Russian Interior Authorities,” (7) ordering significant reforms to be made to the Interior Ministry. According to the Kremlin’s Press Service, the decision to make wide-ranging changes to law enforcement was the result of “a huge number of complaints” from “our citizens” regarding police practices. Law enforcement officials, Medvedev noted, must be “flawless morally,” and have “impeccable” positions, legally speaking. (8) The reforms at MVD are to take a number of forms.

First, the Interior Ministry is to cut its personnel 20% by 1 January 2012. (9) Second, two departments of the Ministry must be closed by the same date. (10)
Third, serving officers from the Ministry’s “federal personnel reserve” are to be given “priority” rights to apply for and fill high ranking positions in the organization, (11) thereby theoretically increasing the pool of qualified applicants for such positions. Fourth, future decisions on dismissing officials of retirement age, or on those wishing to extend their tenure are to be made at the presidential level. (12) Fifth, funds saved via the 20% personnel cuts are to be used to increase, via incentivization, the salaries of the MVD’s remaining officers. (13) Sixth, the MVD is to refine its hiring procedures, increasing the emphasis on education, “moral-ethical qualities” and readiness to “serve the country and the citizens of Russia” during the selection process. “Extraneous” (read, unsuitable) individuals are to be weeded out via enhanced psychological screenings. (14)

On 22 January, it emerged that a debate was carried out as far back as November 2009, as to which departments of the MVD are to be downsized. According to Vedomosti, the Presidium of the Russian Jurists Association (an organization apparently close to Medvedev) met late in November. The committee, co-chaired by Sergei Stepashin—who also serves as Comptroller—proposed that the MVD should be divided into two organizations, the Federal Police and the Federal Militia, with a National Guard type organization taking on the Ministry’s Paramilitary duties. Vedomosti also claims that current MVD chief Nurgaliyev and Stepashin are to exchange jobs at some stage in the spring. (15) At the time of writing there is no confirmation that this is indeed the case – and any confirmation of modifications to the Interior Ministry’s leadership is unlikely to be publicized before the MVD’s annual collegium, slated for February 17-18 2010.

It is important to note in reference to the above changes, that although an overall reduction in departments has been mandated by decree, the MVD’s Special Purpose Units (OMON), used for riot or demonstration control, with many currently serving in Chechnya, and now numbering some 25,200 men in 98
outposts around the country are not to be affected by cuts, and may even be increased in size. (16)

It is legitimate to ask what effect the aforementioned reforms will have in reality. Stepashin is a hold-over from the Yel'tsin and Putin presidencies, and has previous experience as Interior Minister. As the FSB demonstrates, splitting an agency’s functions into multiple departments does not necessarily reduce its power and influence. A cynic might argue that real evidence must come to light before any of Russia’s law enforcement agencies can be described as having the “social prestige” (17) that those at the top desire.

Source Notes:
(1) See The ISCIP Analyst, Volume XVI, Number 5 Part 1 (12 Nov 09).
(5) Ibid.
(6) Ibid.

9) “Russia: MVD Head Discusses Changes in Police Reporting Procedures—Radio Interview With Army General Rashid Nurgaliyev, Russian Federation Minister of Internal Affairs, by Unnamed Anchor of the Program ‘Conversation with the Minister’ on the Militseyskaya Volna Radio Station on Wednesday 16 Dec 09: ‘Conversation With the Minister’ on Radio Militseyskaya Volna,’” Ministry of Internal Affairs of the Russian Federation, 26 Dec 09; OSC Translated Text via World News Connection.

(10) “Russian Interior Minister Upbeat About President’s Decree on Reform,” Interfax News Agency, Moscow, in Russian, 24 Dec 09; BBC Monitoring via Lexis-Nexis.


(13) Ibid.

(14) “Russian Internal Affairs Minister Nurgaliyev on Personnel Policy, Polygraph Use—Rashid Gumarovich Nurgaliyev, Russian Minister of Internal Affairs, Answers Listeners Questions on Radio Program; ‘Personnel Issues. The Program Conversation with the Minister on the Air at the Radio Station Militseyskaya Volna,’” Ministry of Internal Affairs of the Russian Federation, 13 Jan 10; OSC Translated Text via World News Connection.

(15) “Russian Interior Minister Said About To Be Replaced by Audit Chamber Head,” Vedomosti, 22 Jan 10; BBC Monitoring via World News Connection.

(16) “Russia: More Riot Police Units Being Created to Control Civilians—Website,” Yezhedenevnyy Zhurnal, 15 Dec 09; BBC Monitoring via Lexis-Nexis.

(17) “Russia: MVD Head Nurgaliyev Discusses Changes in Police Reporting Procedures-Radio interview with Army General Rashid Nurgaliyev, Russian
Federation minister of internal affairs, by unnamed anchor of the program ‘Conversation With the Minister” on the Militseyskaya Volna radio station on Wednesday, 16 Dec 09: Conversation With the Minister on Radio Militseyskaya Volna™, Ministry of Internal Affairs of the Russian Federation, 26 Jan 09; OSC Translated Text via World News Connection.

Russian Federation: Armed Forces

By Lt. Col. Andrew Wallace (USAF)

Defense industry grows, awaits modernization plan
Overall, the Russian military-industrial complex made modest production gains in 2009. Prime Minister Putin praised the industry for their 3.7 percent growth last year, particularly when contrasted to an overall decline in Russia’s total industrial output. (1) The one sector that continues to make progress is the arms export sector. However, despite modest gains, the military-industrial complex must undergo serious reform to meet the modernization needs of the Russian armed forces.

Russian arms sales grew from $7 billion in 2008 (2) to $8.5 billion in 2009. (3) In a recent interview, Mikhail Dmitriyev, Director of the Federal Service for Military-Technical Cooperation, lauded the industry’s consistent growth in output over the past ten years and predicted that the current economic crisis would not affect the military-industrial complex negatively. (4) The head of Rosoboronexport, Anatoliy Isaykin, also expressed optimism for another successful year, indicating that the company had good prospects for new contracts in 2010. (5) In fact, Russia may be close to inking two major deals in the first half of 2010. The first is a $600 million agreement with Myanmar for the delivery of 20 MiG-29s. (6) The second could be a new weapons contract with Saudi Arabia worth over $4 billion dollars. (7)
Although the arms industry experienced modest success in 2009, Prime Minister Putin cautioned, “there [are] a multitude of problems in the military-industrial complex.” (8) Symptoms of the industry’s stress are evident in its finances. At the end of 2009, Prime Minister Putin poured in 430 million rubles to rescue three companies from impending bankruptcy. (9) For 2010, Putin is considering an 8 percent increase in the state defense order. (10) He already has allocated an additional 6.5 billion rubles to obtain controlling interests in Russia’s leading enterprises in helicopter construction and engine construction. (11)

Additional symptoms of Russia’s defense industry’s woes include testing setbacks in the Bulava missile (12) and the Aist UAV. (13) According to one Russian analyst, “Russia has forgotten how to do large-scale design projects, whether they [are] the GLONASS [Global Navigation Satellite System] project, the “Sukhoy Superjet” project, or the fifth generation fighter aircraft project.” (14)

Finally, the industry is facing pressure from foreign military suppliers. Endorsing foreign competition at the end of 2009, Prime Minister Putin stated, “Our defense [industry] should…realize when deciding on the final price that they have a competitor.” (15) Not only does the industry need to become more cost effective, it also needs to start delivering more innovative military technology. Prime Minister Putin highlighted, “the need for technological upgrades at our leading enterprises.” (16) Defense Minister Serdyukov added that the armed forces would consider foreign military purchases in cases where Russia’s industry has lagged behind technologically. (17)

So far, the evidence suggests that the Prime Minister and the Defense Minister are serious. In 2009, Russia bought 12 Israeli UAVs for $53 million. (18) Russia may allocate another $3 million in 2010 to purchase five additional Israeli UAVs for the FSB. (19) Russia also is considering whether to acquire a French helicopter carrier (approximately $1.4 billion) and may consider delaying
construction of the fourth Type 955 Borey-class submarine to help fund the purchase. (20)

The Russian Defense Ministry is acutely aware of the industry’s challenges and the risk it poses to their capabilities. Lt-Gen Frolov, the commander of the Main Directorate for Armaments of the Russian Defense Ministry, said the military-industrial complex needs to make a “qualitative leap” ahead in developing new and innovative weapon systems. (21) He went on to say that, “If we do not qualitatively renew our armaments in the near future, we will, of course, fall behind the best armies of the [world].” (22)

During a year-end interview, Defense Minister Serdyukov stated that the military-industrial complex is not ready, for the time being, to meet the long-term modernization goals of the armed forces. (23) However, he did indicate that a draft modernization plan for the military-industrial complex would be completed by the end of the first quarter in 2010. (24) As Russian leaders work to correct industry shortfalls over the long-term, the defense ministry plans on a “breakthrough” procurement year in 2010 and plans to purchase 30 ballistic missiles, 300 pieces of armored equipment, 30 helicopters, 28 combat aircraft, 3 nuclear submarines, a corvette class ship, 5 Iskander missile systems, and 11 satellites. (25)

Source Notes:
(1) Russian defence sector still facing problems, imports possible – Putin, Rossiya TV, 3 Dec 09 via Lexis-Nexis Academic.
(3) Russia’s arms sales for 2009 over 8.5bn dollars – official, RIA Novosti, 22 Dec 09 via Lexis-Nexis Academic.
(4) Ibid.
(6) Russia signs 600m dollars’ worth of arms contracts with Burma – source, Interfax-AVN, 23 Dec 09 via Lexis-Nexis Academic.
(8) Russian defence sector still facing problems, imports possible – Putin, Rossiya TV, 3 Dec 09 via Lexis-Nexis Academic.
(9) Russia’s Putin allocates R430m in subsidies to defence enterprises, RIA Novosti, 7 Dec 09 via Lexis-Nexis Academic.
(10) Russian state defence order may rise by 8 per cent in 2010 – Putin, Interfax, 22 Dec 09 via Lexis-Nexis Academic.
(11) Putin gives Russian defence industry another R6.5bn, 23 Dec 09, RIA Novosti via Lexis-Nexis Academic.
(12) Test sequence for Russia’s troubled Bulava ICBM may be revised – industry source, RIA Novosti, 12 Jan 10 via Lexis-Nexis Academic.
(13) New Russian drone said to have exploded during tests, Interfax-AVN, 19 Jan 10 via Lexis-Nexis Academic.
(14) Russian analysts blame Bulava failures on inability to coordinate large projects, Gazeta, 15 Jan 10 via Lexis-Nexis Academic.
(15) Russian defence sector still facing problems, imports possible – Putin, Rossiya TV, 3 Dec 09 via Lexis-Nexis Academic.
(16) Ibid.
(17) Russian defence minister discusses military reform, has faith in Bulava missile, Rossiyskaya gazeta, 27 Dec 09 via Lexis-Nexis Academic.
(18) Russian draft military doctrine proposes restricting purchases of foreign arms, Gazeta, 23 Dec 09 via Lexis-Nexis Academic.
(19) Russia’s FSB planning to buy Israeli UAVs for border protection, Interfax, 12 Jan 10 via Lexis-Nexis Academic.
(20) Russia: Borey sub possibly postponed due to likely Mistral purchase – Navy chief, Izvestiya, 27 Dec 09 via Lexis-Nexis Academic.
Trilateral customs union – new post-Soviet trade bloc?

The second decade of the new millennium began with the appearance of yet another new transnational entity on the post-Soviet scene. Effective January 1, 2010, Russia, Belarus and Kazakhstan are joined together by a Customs Union, the main features of which were agreed upon and signed at a November 27 summit of the three countries’ presidents, Medvedev, Lukashenka and Nazarbayev, in the Belarusian capital Minsk.

In theory, the Customs Union is the beginning of a major economic integration project which, if implemented according to plan, is to result in the emergence of a single economic space in the post-Soviet arena akin to the European Union. Already, the architects of the project have announced an ambitious timeline for its implementation. In the first phase, already in effect as of January 1, the participating members are supposed to start using a single customs tariff. In the second phase, starting in July 2010, customs controls are to be physically removed from border crossings between the countries, resulting in the creation of
a common customs space. Finally, by 2012 the three countries are to be joined in a common economic space.

The implementation of the customs union was greeted with immense enthusiasm in a wide variety of government circles. All three presidents heralded it as the beginning of a new era in economic relations in the region – the first steps in the path to the emergence of a new economic zone. Some went further: Secretary of the Union State of Belarus and Russia Pavel Borodin predicted that the new union would result in the emergence of a new USSR by the centennial anniversary of its predecessor: “I give you journalists a directive to write that Soviet space will be restored in 2017,” declared Borodin at a press-conference in Minsk on December 21, 2009. (1) For his part, Russian First Vice Premier Igor Shuvalov tried to reassure the international community that this was not the case. Speaking at the international conference titled “Russia and Global World: New Decade Challenges” in Moscow on January 21, Shuvalov stated that “this project has nothing to do with the project of the Soviet Union, this is a modern integration project.” (2) Be that as it may, just four days into the union's existence, Speaker of the State Duma, Boris Gryzlov, extended an invitation to the remaining members of the Commonwealth of Independent States to join the new entity. "Nevertheless, already today we can see much interest in our association from some CIS states. Their entry into the Customs Union, of course as soon as they are ready, is a process that we can only welcome," said Gryzlov on January 4 (3) So far, such interest appears to have been expressed only by the Central Asian states of Kyrgyzstan and Tajikistan, according to the regional informational website EurasiaNet.org. (4) While Borodin's prediction that "we'll take Georgia and Ukraine into the union" (5) has not been shared by others, it does appear that at least among those members of the CIS that already are associated closely with Russia, there may be the possibility of future expansion of the zone, assuming that the initial phase goes according to plan.
In order to administer the Customs Union, a new committee has been created, chaired by State Duma Deputy Sergei Glaziev. The selection of Glaziev to oversee the implementation of a new post-Soviet economic zone is an interesting one, given his background. An economist by training, Glaziev had been an early critic of the economic liberalization policies of the Yeltsin administration and an advocate for a state-regulated market and trade policies favoring the Russian producer over international competitors. Politically, Glaziev belongs to the “patriotic” camp, and for a short time he was head of the Rodina (“Motherland”) party and intended to run as the party’s nominee against Vladimir Putin in the 2004 presidential elections. During an interview with Igor Panarin, host of the Moscow radio program “Mirovaya Politika” (“World Politics”), Glaziev discussed some of the details of the customs union and offered some of his predictions for its future. In terms of the decision-making procedure of the customs union committee, he stated that in the event of a disagreement among members of the customs union committee on a major issue, a two-thirds majority would be required to pass or repeal a new measure. Since 58% of the committee members are from Russia, this mechanism effectively would prevent Russia from being able to impose its will unilaterally on the other members of the Union, says Glaziev. (6) Citing reports from economic experts at the Russian Academy of Sciences, Glaziev optimistically predicted total growth of up to 15% of the member states’ collective GDP due to the elimination of costs attributed to existing trade barriers. (7) A long-time proponent of the expansion of Russian business in the “near abroad” and former deputy secretary of the Eurasian Economic Council, Glaziev seems to have high hopes for the customs union and, having been thwarted in his larger political ambitions, may now channel his energy into the customs union as a pet project.

The declaration of the customs union, and the implementation of the unified tariff as the first phase in its development, coincides with the latest in a series of Russo-Belarusian “energy wars.” One has to wonder about the long-term prospects of a project whose stated goal is the creation of a barrier-free trade
zone when, at its very inception, two of the three members are engaged in a trade war with one another. Specifically, the latest oil standoff highlights a point of contention in the implementation of the customs union that is unlikely to be resolved any time soon, namely the reconciliation of Russia’s current oil and gas export policies with the stated goals of the customs union. Already, Russia’s position is that the oil trade is not to be included in the terms of the Union tariff agreement – in other words, the elimination of the tariff between members of the customs union will not apply to the export duty on Russian oil. This stance on the part of Russia has caused the Belarusians to wonder out loud whether the whole thing was even worth it. Thus, shortly after New Year’s Day, one Belarusian official commented publicly that excluding groups of products from the tariff agreements within the framework of the customs union, as Russia was doing, made it pointless for Belarus to join the union. (8) This sentiment was preceded by Lukashenka’s comments in November expressing doubts about the benefits of Belarus joining the customs union, just several days before the November 27 signing of the principal documents creating the union. (9) In Kazakhstan, too, members of Nazarbaev’s administration grumbled privately that the customs union would benefit Russian and Belarusian producers at the expense of Kazakh ones. (10) Given these reservations, the creation of the union in and of itself can be touted by the Medvedev administration as a diplomatic success for 2009.

It remains to be seen, however, what effect the new customs union will have on the evolution of Russian foreign policy both in the post-Soviet sphere and the rest of the world. Undoubtedly, this project is one in a series of Russian efforts to expand its influence in the countries of the former USSR. According to union committee head Glaziev, one of the project’s more long-term goals is the establishment of a single currency throughout the union – based, unsurprisingly, on the ruble. (11) Given the obvious contradictions between Russia’s current energy policy and the very idea of tariff-free trade, however, the vision of a post-Soviet economic free trade zone appears a dim prospect. In the immediate future, the emergence of the customs union raises issues concerning Russia’s
potential entry into the WTO. As early as June 2009, when the customs union project was in its embryonic stages, WTO officials foresaw difficulties in Russia's membership process as a result of the union initiative. (12) In response to these potential difficulties, Medvedev stated that the members of the new union may pursue entry into the WTO either as a single entity, or separately, but only after having first agreed upon a unified tariff. (13) Yet herein may lie one of the less obvious, but important, mechanisms for Russia to exercise regional hegemony through the new customs union. The terms of the customs union effectively prevent a member from seeking bilateral trade relations with an external entity, since any tariff policy must be first approved within the customs union. Since approximately 92% of the union's tariff policies are to be based on existing Russian duties, (14) it is primarily the other members that must adjust their tariffs in order to comply with the standards of the customs union. In effect, the customs union can be viewed as an imposition of the Russian tariff regime onto two of its neighboring states. The union also will make it more difficult for Belarus and Kazakhstan, or any other countries that may join, to enter into trade agreements with other entities, again increasing their dependence on Russia. Finally, an economic union of Russia, Belarus and Kazakhstan may be used by the regimes in all three countries as a defense mechanism against real or perceived threats to their monopoly on power. A lot of unknowns exist, but one thing that makes the results of the customs union project relatively easy to assess is the specific timetable that its organizers have publicly announced. Thus, by July of this year, it will at least be known whether the next stated goal of the project—the elimination of customs controls—will have been completed. In general, what happens during the next year in terms of relations among these countries probably will determine the overall failure or success of the customs union and its eventual goal of post-Soviet economic integration.

Source Notes:
(1) “Soviet Union to be restored in the form of new customs union - senior official of Belarus-Russia Union State,” Russia & CIS Military Weekly, 21 Dec 09 via Lexis-Nexis.

(2) “Customs Union Creation - Not Nostalgia Trip To USSR – Shuvalov,” ITAR-TASS, 21 Jan 10 via World News Connection.

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