

The Fourth Report of the

Monitoring Russia Serbia Relations Project

MONITORING RUSSIA – SERBIA RELATIONS

FOURTH REPORT

Introduction

The necessity for broader consideration of the position of Russia international affairs motivated ISAC Fund to, in its fourth publication within the framework of the *Monitoring Russia – Serbia Relations* Project, put emphasis on two topics: *Russia and the West* and *Relations Between Russia and its Neighbors*. Selection of these two topics was influenced by ISAC Fund's line of reasoning that only rational analysis of the contemporary Russia and Russia – Serbia relations, free from myths, is the one which can bring about a policy of long – term benefits for these two countries, reinforced by traditionally good relations. This analysis underscores wide understanding of Russian position in international affairs and relations between Russia and its neighbors, which is necessary for analyzing goals and priorities of the today's Russia, which, in turn, is essentially important for the formulation of Serbian strategy of its relations with Russia.

Dr Andrei Zagorski, Professor at Moscow State Institute of International Relations (MGIMO) presents to the Serbian public overview of the relations between Russia and western countries, through the prism of the *Munich Strategy*. His text provides unbiased analysis of Russia's relations with western countries since February 2007, when Vladimir Putin, then the President of Russia, gave his famous speech, which marked a turning point in Russia – West relations. Dr Zagorski gives a preliminary success assessment of the strategy, which, in the Author's view remains mixed, but the final assessment of strategy success is still early. From a different geographical, but similar intellectual perspective Russia's position, and its drive for change in international relations is brought by Andrew Monaghan, Research Advisor at the NATO Defense College. Interestingly, ISAC Fund asked quite similar questions to these two authors, one Russian MGIMO professor and one *westerner*. The fact that both authors analyzed similar issues and occurrences and that both reached mostly compatible conclusions, maintaining the analysts prudence, testifies to the fact that conclusions in analysis of international affairs, if based on objective and unbiased study of facts and important events, often leads to similar results, regardless of where the analysis comes from. Dr Zagorski assesses the grasp of one strategy in the post – Munich world, providing its periodic report. He does so from a distance, trying to maintain analytic and unbiased approach in assessing his own country's strategy. He does not offer parameters for revision of this strategy which, in all accounts and in author's own conclusion may soon become necessary. Dr Monaghan, on the other hand, points out frictions in relations between Russia and western countries, underlying that the one who proposes changes in international affairs is the one who bears the burden of proof of the necessity for such changes. According to Dr Monaghan, in this case this is Russia.

Sufficient information is an important component of rational analysis and diversified sources of information are inseparable part of their accuracy and verifiability. Prof Dr Zorana Mihajlović – Milanović, Advisor for Energy and Energy Security from Belgrade, offers to the Serbian public, an eloquent overview of the issues in economic – energy relations. The clear conclusion of the overview is that Europe and Russia are interdependent in energy affairs and that this balance does not seem to be moving in Russia's favor in the near future. Consequentially, one might add to this conclusion that in such conditions of interdependence it is useless to speak of Russia's power over Europe derived allegedly, from Europe's energy dependence.

Only a few views and testimonies on contemporary Ukraine and Georgia are available in Serbia. On this occasion ISAC Fund decided to provide a forum to authors from these countries, and hence contributing to the diversity of information and views about these

countries, in order to mitigate the simplification and Western – Russian polarization of images about these countries and their relations with Russia. Archil Gegeshidze, Senior Fellow at Georgian Foundation for Strategic and International Studies, presents a very Georgian view on Russian – Georgian relations and, unlike Grigory Shvedov text, which ISAC Fund published in the First Report, emphasizes that in order to understand Russian – Georgian war in August 2008 one must view the history and the development of ethnic conflicts in Georgia. The behavior of Russian authorities, in his view, has a clear-cut character with regards to Georgia. This picture streams from the dialectics of Russian rational security concerns but also from emotional views of Georgia and Georgian statehood in Russia and the significance of Georgia for the Russian’s interests, in the modern world. Mr. Gegeshidze unequivocally blames Russia for August events/war in Georgia and armed conflict which (again) erupted there. Notwithstanding this categorical approach, the value of his contribution is in an original, clear and precise synthesis of the current state of affairs between these two, traditionally not too distant, countries, with strong cultural, religious and also economic links, which, if enhanced by substantial political will, could enable the avoidance of zero sum games and give future a chance for improvement in relations.

One could draw many parallels with regards to how authors view relations of Ukraine and Georgia with Russia in Archil Gegeshidze’s and Dr Yaroslav Pylynskyi’s, Kyiv Kennan Center Project Director texts. ISAC Fund also asked these two authors mostly similar question, but adapted to specificities of their respective countries. Although parallels between the situation in Ukraine and in Georgia have been drawn since August 2008, they still do not look as solid as Russia’s staunch opponents would like to present them. Dr Pylynskyi eloquently writes what many in Ukraine are thinking. He is a voice of the part of the Ukrainian society which is skeptical not of Russia but of one particular Russian political project, which this part of the Ukrainian society sees as threatening to the interests of Ukraine, and even its existence as an independent state. Dr Pylynskyi also lists many points in the contemporary relations between Ukraine and Russia which are, particular in Ukraine, seen as disputable. This makes his text particularly useful for the audience in Serbia. Dr Pylynskyi, much like Mr. Gegeshize does not deal with research and presentation of a Russian point of view. This was not part of their objectives . However, it will be very useful to compare their conclusions with conclusions of authors from Russia, which ISAC Fund will certainly ask for in the near future.

ISAC Fund team

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Part One

Russia and the West

Russia and the West: Revisionism or Status quo?

*Dr. Andrei Zagorski*¹

Summary

Two years after Putin's tough "Munich strategy" was announced, its balance sheet remains extremely ambivalent. Those who believe that the hard ball policy has paid off, point out to the fact that Russia matters again in international politics and that the US and its European allies seek to re-engage Moscow, identify cooperative solutions to the issues of controversy, and ensure Russia's cooperation on issues of common interest.

The Georgian war of 2008 did not substantially change this policy. The resumption of talks on a new treaty with the European Union later in 2008 "at no price" for Russia, and the work on the Russia–NATO Council early in 2009 serve as examples that the EU and NATO returned to *business as usual* with Russia. The new US government seeks to re-engage Russia and is particularly open to a deal on nuclear arms control. It is reviewing other policy areas such as NATO enlargement and the European missile defense. In particular, the postponement over granting membership action plan to both, Ukraine and Georgia are considered to be a success of the Russian policy.

On the other hand, the tough policy applied by Moscow has not resolved any of the issues put forward by Putin. The NATO enlargement into the former Soviet Union has been put on hold for now but it seems to be a question of *when* and *how* rather than of *whether*. The ballistic defense in Europe is subject to a review but the outcome of that process is yet open although some slow down of the implementation of the project is expected. The ratification of the Adapted CFE Treaty is now much less secure than it was before Russia had suspended the 1990 Treaty. More importantly, however, Moscow has achieved no or little real progress in obtaining any guarantees that its claim to freeze the status quo in its immediate neighbourhood is accepted by the US.

Moscow largely failed to benefit from the expected divergence of policies of individual western countries. The year 2009 appears to be crucial for determining the final balance of the Munich strategy.

Introduction

After having reached the height in 2002–2003, the Russo-Western relations started gradually deteriorating from 2004 to 2005. The increasingly assertive policy of the Russian Federation focused on the geopolitically defined national interests was largely fuelled by the suspicion that the West and particularly the US was pursuing a revisionist agenda in Russia's immediate neighbourhood by supporting, if not instigating regime change in Ukraine, Georgia and, allegedly, in other Soviet successor states, including in Russia. Ever since, Moscow got involved into multiple controversies with the US and a number of its allies over Kosovo independence, plans for NATO enlargement (particularly with regards to Ukraine and Georgia), the indifference of the Bush administration towards arms control and the

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deployment of US ballistic defence systems in the Czech Republic and Poland. Those plans were seen as encroachment in Russian affairs and its understanding of the status quo that had emerged after the end of the Cold War.

Confronted with worsening relations with the European Union, Moscow had to make a choice between two basic policy options. It could either seek to restore good relations with the EU by substantially improving relations with the member states with which it had disputes or while refusing to compromise, it could seek to overrule the Russia-critics within the Union by consolidating its partnership with those EU members with which it had established close partnership over the past years. Apparently, Moscow has opted for the latter².

It was against this background that the then Russian President (since 2008 – Prime Minister) Vladimir Putin delivered a tough statement at the 43rd Munich Conference on Security Policy on 10 February 2007³ which heralded a change in Russian policy. Ever since, Russia was seen as a resurgent regional or even global power returning to the world politics after a period of weakness. Analysts even interpreted Putin's Munich speech as heralding that Russia was increasingly becoming a revisionist power dissatisfied "with the agreements reached, and the arrangements put in place over the past twenty years, while Russia was allegedly too weak to defend its interests effectively"⁴.

The western response to the new Russian policy was twofold. It did not see the need to meet every demand from Moscow and thus reduce its policy options. Nor did the West want, however, to engage in a sort of confrontation with Russia. Instead, both the US and its European allies sought to substantially improve communications with Moscow and to re-engage with it at the political level. While prepared to seek a compromise on the issues not central to the Western policies, they were not prepared to make unnecessary compromises on issues central to them.

The understanding of what issues were central and what not, as well as the underlying interest of the US and individual European nations was obviously different. This fuelled the debate on how far the West could and should go in accommodating Russian interests thus encouraging Moscow that it could be able to play out the differences among the US and a number of its European allies.

The balance sheet of Putin's "Munich policy", however, remains ambivalent. It has persuaded Western governments to show responsiveness to Moscow. At the same time, the Kremlin proved unable to either splint the European allies from the US, or to achieve any of its declared goals. There is a great deal of expectation that "rebooting" the US–Russian relations under the new US government may help changing this balance over the coming months. Should this expectation not materialize, however, the failure of the Munich strategy would become explicit.

² Check the article by Foreign Minister Sergei Lavrov published by the Izvestiya daily on 3rd July, 2007: http://www.mid.ru/brp_4.nsf/2fee282eb6df40e643256999005e6e8c/6cab521da8730cb2e325730d00254ab0?OpenDocument (downloaded on 10 July 2007).

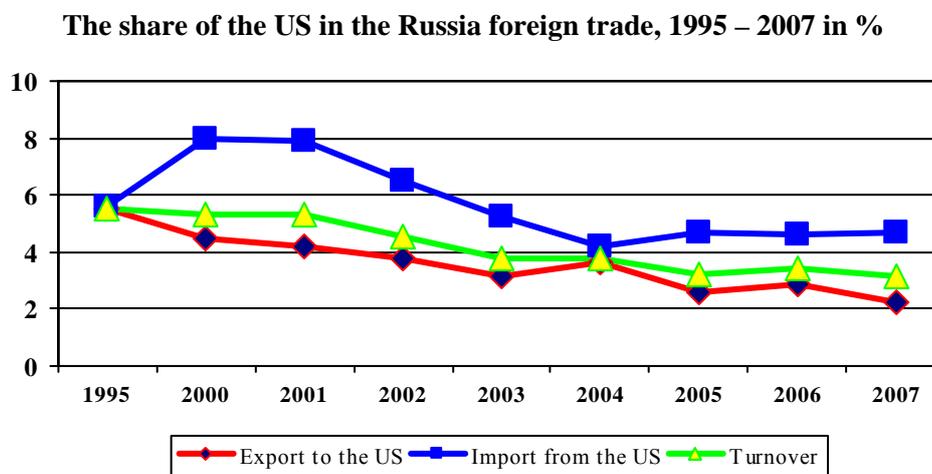
³ For the English text check: <http://www.securityconference.de/konferenzen/rede.php?sprache=en&id=179>.

⁴ Stephen Sestanovich, Russian-American Relations: Problems and Prospects. Prepared Testimony before the House Foreign Affairs Committee, May 17, 2007. Available at: http://www.cfr.org/publication/13354/russianamerican_relations.html (downloaded on 5 March 2009). See also: Andrei Zagorski, Moskau will das Verhältnis zum Westen neu verhandeln, in: Russland Analysen, Nr. 141, 6.07.2007, pp. 2–6 (also available at <http://www.russlandanalysen.de>).

Russia and the US

Over the past few years, the US-Russia relationship was predominantly characterized by an increasing “gap between glowing rhetoric and thin substance”⁵. The main drivers promoting cooperation found themselves mainly in the security and energy realms⁶. Even there, however, common interest was relatively narrow, as manifested in the debate over the Iranian nuclear dossier, or the limited cooperation on Afghanistan. Furthermore, the cooperation between the two countries is not underpinned by any stronger economic interest. Mutual trade remained relatively thin (see figure 1), although much of the foreign investment entering Russia originated from the US. The US–Russian trade grew by the factor 2,5 over the past twelve years, but it did so much slower than the Russian trade with other parts of the world, particularly with the European Union, China or Japan. In 2007 the share of the US in the overall external trade turnover of Russia dropped to 57 % to the 1995 level.

Figure 1



Calculated on the basis of the data of the Russian State Statistic Agency: <http://www.gks.ru> (downloaded 23.11.2008)

At the same time, in Moscow, the anxiety grew with regard to the discussion over NATO's enlargement into the post-Soviet space and particularly over granting the Membership Action Plan (MAP) to Ukraine and Georgia. Moscow voiced vehement opposition to the envisaged US ballistic defence deployments in Europe and insisted that any ballistic defence should either be developed as a joint venture with Russia, or not at all. Later in 2007, Moscow moved on to suspend the 1990 Conventional Forces in Europe Treaty (CFE) until NATO countries ratified the 1999 adapted Treaty and ensured that the members of the Alliance not yet party to the CFE (particularly the Baltic States) acceded thereto. Pointing out to the US plans to deploy bases in Bulgaria and Romania, Moscow sought to renegotiate the CFE. The Russo–US relations were also complicated by the dispute over the fate of the START-1 Treaty allowing for a transparent reduction of Russian and American nuclear arsenals that expires in December 2009⁷.

In support of its claims, Moscow sought to mobilize support from its European partners concerned with the unilateralism of the Bush's policy, his neglect of arms control, and the

⁵ Andrew Kuchins, Vyacheslav Nikonov, Dmitri Trenin, U.S.-Russian Relations: The Case for an Upgrade. – Moscow: Moscow Carnegie Center, 2005, p. 1.

⁶ Ibidem.

⁷ For more see: Andrei Zagorski, Russia and the US: The Kabuki Dancing Over?, in: Russian Foreign Policy. The EU–Russia Centre Review, issue eight. – Brussels: The EU–Russia Centre, October 2008, pp. 102–110.

danger of a NATO led conflict with Russia had both, Ukraine and Georgia been put on a fast track of entering the Alliance. Germany and France, in particular and other countries such as Italy, Hungary, the Netherlands and Greece sought to avoid a clash with Russia on the enlargement issue and shared Russia's concern regarding the maintenance of the major arms control regimes and particularly that of the CFE.

Moscow was able to score some tactical advances in its policy, but obviously failed to ultimately succeed on its demands. The Bucharest NATO Council summit meeting early in April 2008 manifested the consolidation of the Alliance which, a year before, seemed increasingly splintered over the issues raised by Moscow. Decisions taken in Bucharest and prior to the meeting largely displayed the failure of the Putin's Munich strategy.

Although the NATO failed to reach a consensus on granting the MAP to Ukraine and Georgia, the Alliance committed itself to an open doors policy towards both countries while explicitly offering them membership in the future. In the Fall of 2008, in the aftermath of the war in Georgia and in the face of mounting domestic political disputes in Ukraine, it decided to no longer concentrate on the issue of granting the MAP to any of the two countries instead, to continue preparing them for admission on the basis of annual action plans. Although still subject to pending consensus within the Alliance, the membership for Ukraine and Georgia now appears to be an issue of when, rather than of whether.

The Bucharest summit also endorsed the US ballistic defense plans for Europe⁸ thus putting an end to Moscow's hopes of causing a crack in the Alliance on the issue. On March 28, the NATO countries also issued a consensual response offering Russia a cooperative approach to resolving the dispute over the CFE provided Moscow returns to the regime. At the same time, the consolidation of the Russian protectorates in Abkhazia and South Ossetia, and the establishment of Russian military bases in both regions after the war in Georgia further undermined the initial Russian hope to overhaul the CFE regime.

Thus, by the end of Putin's presidency, he largely failed to implement his Munich agenda. He also failed in the last attempt to make Bush more forthcoming at their meeting in the southern Russian city of Sochi on April 5 and 6, 2008. The Strategic Framework Declaration signed at the meeting⁹ provided a 7 page long inventory of issues on the agenda, the persisting disagreements, and the promise by Moscow to further examine cooperative solutions offered by the US since 2007. It was obvious, however, that despite continued consultations, Moscow decided to wait until the new administration was set up in Washington in a vague expectation that it could make a better deal with Obama.

⁸ "Ballistic missile proliferation poses an increasing threat to Allies' forces, territory and populations. Missile defence forms part of a broader response to counter this threat. We therefore recognise the substantial contribution to the protection of Allies from long range ballistic missiles to be provided by the planned deployment of European based United States missile defence assets. We are exploring ways to link this capability with current NATO missile defence efforts as a way to ensure that it would be an integral part of any future NATO wide missile defence architecture. Bearing in mind the principle of the indivisibility of Allied security as well as NATO solidarity, we task the Council in Permanent Session to develop options for a comprehensive missile defence architecture to extend coverage to all Allied territory and populations not otherwise covered by the United States system for review at our 2009 Summit, to inform any future political decision". See: Figure 37 of the Bucharest Summit Declaration of April 3, 2008 available at: <http://www.nato.int/docu/pr/2008/p08-049e.html> (downloaded 06.04.2008).

⁹ For the English text of the Declaration see: Text of the US-Russia Strategic Framework Declaration. The Associated Press, Sunday, April 6, 2008. Available at: <http://www.iht.com/articles/ap/2008/04/06/america/US-Russia-Text.php> (last downloaded 04.03.2009).

It remains to be seen if this approach will pay off. The Obama administration has received hesitant appreciation in Moscow for its declared openness to re-engage with Russia, to pay greater attention to arms control, to review the ballistic defense deployments in Europe, and to bring Ukraine and Georgia closer to NATO in a lengthier process. It also remains to be seen if the solutions offered by the Obama administration will differ substantially from those offered by the Bush government¹⁰. As the first steps by the new administration show, its policy on controversial issues with Moscow are unlikely to change from that of the previous US government¹¹.

As the first testing balls show, rebooting the dialogue between Moscow and Washington is anything but easy. Neither the unofficially lanced idea to further reduce US and Russian nuclear warheads to 1000 each, nor the proposal to make the deployment of the ballistic defense in East Central Europe conditional upon closer Moscow's cooperation in stopping the Iranian nuclear programme, this hasn't gone down well in Moscow. Nor did the meeting between Hillary Clinton and Sergei Lavrov in Geneva on March 6, 2009, made any visible progress.

Russia and the European Union

Between 2000 and 2008, in a period of remarkable growth in Russia, its economic relations with the European Union were admittedly excellent despite a series of trade disputes. At the same time, however, particularly since 2006, political relations were increasingly strained. Since the Summit meeting near the Russian city of Samara in May 2007, many started speaking of an open crisis in this relationship. The gap that opened between Russia and the European Union continued growing after the Georgia war in 2008 and the gas crisis between Russia and Ukraine early in 2009.

Both sides admit that the mutual relationship is critically important for them but also realize the danger of its deterioration. The Russian Foreign Minister Sergei Lavrov emphasizes that "the European Union is our most important economic and political partner. [...] [The European Union] is our direct neighbour, the world largest economic community, a priority market for Russia, the source of investment and new know how"¹²¹³. The former EU Trade Commissioner Peter Mandelson echoes this appraisal by stating that, "In the twenty first century our enduring goal must, I believe, be a deep partnership, built around far-reaching economic integration embracing the European continent – including Russia"¹⁴.

This conclusion is contrasted, however, by a generally sober assessment of the political relationship. Mandelson admits that it goes through a difficult period and represents "one of the biggest and most complicated challenges in European politics and foreign policy" by

¹⁰ On the US attempts at accommodating Russian concerns as regards ballistic defense in Europe see, i.a.: Andrei Zagorski, Die Kontroverse über amerikanische Raketenabwehr in Europa: Lösungsversuche in der Sackgasse?, in: US-Raketenabwehr und russische Reaktionen. Reihe Studien der Sozialwissenschaftlichen Schriftenreihe des Internationalen Instituts für Liberale Politik. – Wien: IILP, Dezember 2007. – pp. 18–24.

¹¹ Neue Töne im transatlantischen Dialog. Grosse Konstanz bei den grundlegenden Interessen der USA, in: Neue Zürcher Zeitung, 09.03.2009, pp. 1, 2.

¹³ Lavrov's statement before the Russian Union of entrepreneurs on 6 July 2007: http://www.mid.ru/brp_4.nsf/2fee282eb6df40e643256999005e6e8c/3d2b7fb9bc6eb410c32573100048f24a?OpenDocument (downloaded on 10 July 2007).

¹⁴ The EU and Russia: our joint political challenge. Speech by Peter Mandelson, Bologna, 20 April 2007.

containing “a level of misunderstanding or even mistrust we have not seen since the end of the Cold War”.

Sergei Lavrov echoes Mandelson¹⁵ by voicing concern that “our relations have always been and will remain difficult in the time to come”. In the Russian perspective, the EU’ enlargement in 2004 and 2007 resulted in importing a great deal of anti-Russian resentment deeply rooted in a number of new member states, such as Poland or the Baltic states¹⁶. Ever since 2006, the partnership with the EU was overshadowed by disputes within the European Union over its rationale, as well as by a series of disputes involving Russia and individual EU member states, such as Estonia, Lithuania, Poland and the UK¹⁷. It was further overshadowed by the 2008 Georgia war and the dispute with Ukraine.

The issues of friction with the European Union include, *inter alia*, energy cooperation against the background of growing concerns related to the security of energy supply from Russia and the significantly Europe’s dependence on the Russian gas.

Russian policy towards its neighbour states is the subject of a growing concern inside the EU, especially against the background of the inclusion of those countries into the European Neighbourhood Policy (ENP) framework.

The increasingly authoritarian rule in Russia remains another area of divergence challenging the vision of a strategic partnership to be based on common values.

The Russian discourse over the European Union is increasingly affected by conspiracy theories stipulating that the EU is entering a geopolitical competition with the Russian Federation in the common neighbourhood and cynically pursuing selfish goals at the expense of Russia.

All these issues have strongly affected the initial decision by Russia and the EU to solidify their “strategic partnership” in a new treaty to replace the 1994 Partnership and Cooperation Agreement. Meanwhile, Russia and the EU are merely confronted with the challenge of going back to a constructive partnership, rather than of identifying what their strategic partnership may mean in a more distant future.

This development pushed Moscow to apply a tougher policy particularly after the failure of the EU, in November 2006, to reach consensus on the mandate for negotiating a new treaty. Pending the decision by the EU, Moscow turned towards boosting bilateral dialogue with “friendly minded” member states, such as Germany, France, Italy, Austria, Greece and Hungary seeking to overrule the Moscow critics inside the European Union and not to allow them to revise the previous EU’s Russia-policy.

The Russia–EU dialogue seemed to recover in 2008. After 18 months of internal dispute, the European Union finally approved the mandate for the negotiations with Russia. Negotiations were finally launched in the Summer¹⁸. Suspended in September 2008 by the EU due to the

¹⁵ Sergei Lavrov in the Izvestiya daily on 3 July 2007, check reference 2.

¹⁶ This analysis manifested itself in a statement by the Russian Foreign Minister Sergei Lavrov on 6 July 2007. See reference 12.

¹⁷ For a summary of those disputes see: Cornelius Ochmann, Andrei Zagorski, Breaking the stalemate: The EU and Russia in 2008, in: Spotlight Europe (The Bertelsmann Stiftung), no 2008/1, January 2008. See also: Mark Leonard, Nicu Popescu, A Power Audit of EU-Russia Relations, London: The European Council on Foreign Relations, 2007; The bilateral relations of EU member states with Russia, Brussels: EU-Russia Centre Review, issue V, October 2007.

¹⁸ See. i.e., Prospects for a new EU–Russia Agreement, in: Spotlight Europe, no 2008/08, July 2008.

Georgia crisis, they resumed in November thus indicating a gradual return to business as usual in relations with Russia. However, the talks resumed against a more complex background than at the time when they had been launched. Within the European Union, the coalitions of Russia enthusiasts and sceptics have not changed significantly. However, it has become more difficult for the enthusiasts to overrule the sceptics.

Conclusion

The balance sheet of the “Munich strategy” remains mixed. Those who believe that the hard ball policy has paid off point out that Russia matters again, as revealed by the attempts by the US and its European allies at re-engaging Moscow, identifying cooperative solutions, and at ensuring Russia’s cooperation on issues of common interest, such as Afghanistan or the treatment of the Iranian nuclear dossier.

The Georgia war has not substantially changed this policy of the West. The resumption of talks on a new treaty with the European Union and of the work of the Russia–NATO Council serve as an example that the EU, the NATO and the US return to business as usual with Russia.

The new US government seeks to re-engage Russia and is particularly open to a deal on nuclear arms control. It is reviewing other policy areas including as regards the NATO enlargement and the European missile defense. Particularly the postponement of granting Ukraine or Georgia the NATO MAP is considered to be a success of the Russian policy. The opening of the talks on a new treaty with the European Union “at no price” from Russia as far as its disputes with the individual member states are concerned, appears to confirm that the policy of “overruling” the “newcomers” to the EU by engaging the “Russia friends” has yielded some fruits pending the outcome of those talks and the ratification of the resulting agreement.

On the other hand, the tough policy applied by Moscow has not resolved any of the issues put forward by Putin. The NATO enlargement into the former Soviet Union has been put on hold for now but the open door policy of the Alliance has not been reconsidered. The ballistic defense in Europe is subject to review but the outcome of that process is yet open although some slow down of the implementation of the project is expected. The ratification of the Adapted CFE Treaty is now much less secure than it was before Russia had suspended the 1990 Treaty.

More importantly, however, Moscow has achieved no or little real progress in obtaining any guarantees that its claim to freeze the status quo in its immediate neighbourhood is accepted by the US.

Moscow also has largely failed to benefit from the expected divergence of policies of individual western countries. Despite remaining differences, maintaining the coherence of the NATO and of the EU proved to be of much higher value for their members than the accommodation of Russian claims.

The year 2009 appears to be crucial for determining the final balance of the Munich strategy. Several decisions are pending this year including those on the missile defense, nuclear or conventional arms control. Most of those decisions will depend on the outcome of the policy review by the Obama government but can be only marginally influenced by Moscow. Shall

the balance of the Munich strategy remain meager as it is now, there will be a growing demand to reconsider it. This is particularly true against the background of the economic crisis which pushes Russia, the US and the European Union to work closer together and to avoid confrontation.

Setting an agenda? Russian Views of Evolving Russia-Western Relations

Dr Andrew Monaghan¹

Russia's recent emergence on the international stage has been marked by contradiction and controversy. At once confident and yet insecure, Russian foreign and security policy is marked by a sense of ongoing weakness and vulnerability alongside its renewed strength. Moscow proposes itself as a role model and international pole, seeking to attract partners, and yet it appears to pursue policies that drive potential partners away. And, of course, recent months have been marked by international controversy over the conflict between Russia and Georgia, Moscow's recognition of Abkhazia and South Ossetia, and the gas dispute between Russia and Ukraine.²

This paper examines the evolution of events in 2008 and early 2009 and the ramifications of these contradictions for Russia's relations with the West. The paper first looks at Moscow's view of international affairs, before briefly sketching an outline of how it views Russia's role in international affairs and its proposals for international reform, focusing particularly on a new European security architecture. It then turns to look at some of the limitations Moscow faces in its ambitious agenda before examining the outlines Russia-West relations, and the response Moscow's proposals have met in the West.

A Time of Change:

Moscow perceives international affairs to be undergoing considerable change, with the practical influence of the US receding, taking with it the attractiveness of the Anglo-Saxon model in terms of economic and political leadership and Anglo-Saxon "values". Russian Foreign Minister Sergei Lavrov noted in June 2008 that international affairs had reached a kind of "end of history", whereby a new approach adopted by states (including Russia) is based on the notion of competition becoming "truly global" and acquiring a civilisational dimension. Power and influence, he argued, are becoming more diffuse, and the need for collective leadership among equals becomes ever more pressing. There is a natural process taking place, he suggested, of forming a "new international architecture – both political and financial-economic – that would meet the new realities".³

Lavrov's statements appear to reflect a consensus that has emerged in Moscow, the formation of which was underscored by then-President Putin in his speech at the Munich Security Conference in February 2007. This speech, though in many ways only re-iterating a number of Moscow's long-standing perceptions and concerns, served as a watershed in Western views of Russia and underscored a shift in Moscow's approach to international affairs,

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² These important events are complex and contentious but detailed analysis of them lies outside the scope of this paper. Nevertheless, a considerable amount of literature examining them has emerged. Useful starting points are *Whither Georgia? The Impact of Russian Actions Since August 2008*, Chatham House Seminar Summary, Dec. 2008, available at http://www.chathamhouse.org.uk/research/russia_eurasia/papers/view/-/id/693/; Roberts, J. *Russia and the CIS: Energy relations in the Wake of the Russia-Ukraine Gas Crisis*. Paris: EUISS, Feb.2009; Pirani, S, J. Stern & K. Yafimova. *The Russo-Ukrainian Gas Dispute of January 2009: a comprehensive assessment*. Oxford Institute for Energy Studies Paper, NG27. February 2009. <http://www.oxfordenergy.org/pdfs/NG27.pdf>

³ Lavrov, S. "Russia and the World in the 21st Century", *Russia in Global Affairs*, No.3, Jul-Sept. 2008.

towards a more active foreign policy, one of proposing creative ideas to achieve results.⁴ This active agenda has included proposing specific initiatives, such as jointly operating the radar station in Gabala (as an alternative to the USA developing missile defence systems in Poland and the Czech Republic) and much broader ideas, such as reforming international structures. So, this is a changing world in which Moscow believes it has a role to play in shaping events and proposing ideas contributing to the radical reform of international political and economic systems. Indeed, Moscow “will insist” on this, according to President Medvedev.⁵

But it also appears that senior officials see threats to Russian interests – even to Russia itself – particularly from the West. Accusations that unilateral actions by the USA have destabilised international affairs, generating conditions in which terrorism can flourish and in provoking the proliferation of weapons of mass destruction, have been supplemented by assertions that the West has supported political movements which destabilise states on Russia’s borders and even leading to the provocation of war in the south Caucasus in August 2008. This conflict was a “pretext”, President Dmitri Medvedev has argued, for NATO naval vessels to enter the Black Sea and the acceleration of the plans to establish American missile defence systems in Europe. “We need to put into place mechanisms that can block the mistaken, selfish and at times simply dangerous decisions made by some members of the international community”, President Medvedev averred, adding that it makes no sense to conceal the fact that the conflict was partly facilitated by the “conceit of an American administration that closed its ears to criticism and preferred the road of unilateral decisions”. To these accusations, Moscow now adds criticism of the role of the USA in the international economic crisis and spreading recession, thereby causing damage to themselves and to others (including Russia).⁶

This is a world, therefore, in which Moscow must look after its own interests, Russian officials argue – in part by supporting international law and collective structures but also by acting unilaterally to defend Russian interests when threatened. Medvedev has stated that Russia “must use international law and act within international organisations such as the UN [...] but [...] we need to make a firm response, a military response to threats if necessary, because this is the only way to guarantee our country’s sovereignty”.⁷ If in the past attempts to “put Russia in its place” worked, today this is “simply unacceptable”, according to the President, since Moscow has the capacity to resist and assert and defend its own agenda.⁸

So, if Moscow believes it can act to shape international events, it also sees a world in which Moscow must react to the actions and influence of other actors – Medvedev has emphasised that military action in Georgia, for instance, but also regarding rearming, are responses to actions taken by others (including the USA and NATO), and claims that these are situations *forced* on Moscow.⁹

Russia in the world:

⁴ Kosachov, K. “Russia and the West: Where the differences lie”, *Russia in Global Affairs*, No.4, Oct.-Dec. 2007.

⁵ Ibid.

⁶ Medvedev, D. Address to the Federal Assembly of the Russian Federation, 5 Nov. 2008. www.kremlin.ru

⁷ Medvedev, D. interview with Russian Television Channels, 24 Dec. 2008. www.kremlin.ru

⁸ Ibid.

⁹ Medvedev, Address to the Federal Assembly; see also, for instance, “Russia’s Medvedev Claims NATO Expanding to Russia’s borders”, *RIA Novosti*, 17 Mar. 2009.

Moscow's strategic horizons have thus evolved considerably in the "post-Munich" world, as it adopts the role of a regional power with a global horizon. Russian authorities frequently declare that Russia has become stronger and more successful – a transformation accompanied by a return to a fitting place in world affairs and a change in how others treated the country.¹⁰ This status is based on the considerable economic strength generated from energy exports – with the rise of oil prices, Russia's huge oil and gas reserves became the backbone of an economy that has reflected rapid growth above a par with other emerging markets.¹¹

One important aspect of this "fitting place" in international affairs is that Moscow is seeking to establish itself as a valid "value centre" in its own right – in presenting the legitimacy of its own values and seeking to counter western influence, Moscow seeks to be more attractive politically, economically and culturally. Moscow is attempting to build up a variety of interconnected networks, therefore, in which Russia would be the Eurasian hub for security, reflected in the Collective Security Treaty Organisation (CSTO), and economics through the development of the Eurasian Economic Community (EurAsEc) and establishing Russia as an international financial and transport centre, at the core of a wider rouble zone. Furthermore, Moscow would be a political hub, offering the concept of "Sovereign Democracy". As such, Moscow hopes to attract medium-developed states, particularly – but not only – in the former Soviet space. This model would be an alternative to the intrusive model of economic and social development proffered by the EU, which entails extensive and expensive economic and social reforms.¹² This, therefore, is in conscious parallel to western democratic organisations – to what Moscow calls the "messianic democracy" of the West.

Moscow's proposals for a new international architecture – Setting the Agenda?

In this context, senior Russian officials have proposed reforming the international architecture. Part of these proposals were first made public by President Medvedev in June 2008, and were followed by high-profile discussions in October at Evian and the in December at the OSCE Foreign Ministerial Council in Helsinki. The proposals reflect Moscow's assertion that the current architecture is redolent of the "Cold War block thinking" and is unable to meet the threats and challenges of this century, indeed, its continued existence generates new instability by dividing European security.

The proposals are couched in the main principles of Russian foreign policy. These include the clear confirmation of basic principles of security, including respect for international law and sovereignty, territorial integrity and political independence, the rejection of the use of force in international affairs, the establishment of symmetrical security, the rejection of one state or organisation wielding the exclusive right to maintain peace and security in Europe and the establishment of basic parameters of arms control and new threats such as the proliferation of weapons of mass destruction, terrorism and drug-trafficking. These principles include three "nos": no promotion of one's own security at the expense of others, no actions within the frameworks of alliances within the common security zone and no development of military alliance at the cost of the security of other signatories.

¹⁰ Medvedev, D. Speech 11 Dec. 2007. www.medvedev2008.ru

¹¹ For more in depth discussion of the Russian economy, see for instance, Hanson, P. "The Russian Economic Puzzle: Going Forwards, Backwards or Sideways?", *International Affairs*, Vol.83, No.5. 2007; Cooper, J. "Russia and the Economic Crisis", *The World Today*, Vol.64, No.11, Nov. 2008.

¹² For a discussion of this, see Karaganov, S. "A New Epoch of Confrontation", *Russia in Global Affairs*, Vol. 5, No.4, Oct.-Dec. 2007.

Subsequently, Moscow has drafted proposals for a dramatic alteration of the economic world order, its proposals suggesting reforming international financial institutions, enforcing more rigorous financial discipline and external financial control over the largest states, and the establishment of new supra-national hard currencies controlled by the International Monetary Fund (IMF) or another financial centre.¹³ These proposals are being submitted to the G20 for debate at the summit in April.

Obstacles to Moscow's agenda:

Yet if there is a broad consensus emerging in Moscow, the more precise aims beyond this remain ill-defined, particularly in defining what Russian national interests may be specifically or practically – essentially, the objectives hardly appear to go beyond preventing external interference in Russian affairs. Moscow's agenda also appears contradictory – although it seeks to be attractive to like minded partners, it equally seeks to assert Russia's own interests. This suggests that on one hand partners may be obliged to meet Moscow's interests when necessary, but also that Moscow may not be willing to assist the partner in a matter if that assistance would negatively affect Russian interests. The proposals for a new European security architecture are, at the time of writing, similarly under-developed, consisting of three pages of loosely defined ideas.

Moreover, while Moscow has in many ways clearly enhanced its strength through establishing considerable financial reserves, it also faces numerous internal difficulties and its ability to project its power remain limited. Although Russian military expenditure has grown, this is against the backdrop of prolonged and serious underinvestment and disregard. This has led to the degeneration of key skills and technical capacity, among other problems. Thus, while Russian military victory over Georgia appeared to demonstrate Russian military capacity, it also drew the spotlight onto the weak state of its armed forces and the need for major reform.¹⁴

Equally, Russia faces severe internal economic problems. While Russia's emergence has been based on its large hydrocarbon reserves, inefficient management and limited development of new projects have undermined the growth of this key sector of the Russian economy. Russia is therefore currently caught in a dual trap – oil prices are low, affecting wider economic growth. But when they rise again, due to lack of investment, Russian production will face bottlenecks. Indeed, Russia itself faces the possibility of gas, oil and electricity shortages.¹⁵ In the longer term, Russia faces the ramifications of significant demographic decline and labour shortages. Domestic problems also include severe levels of corruption and the dead-weight of a huge bureaucracy both of which serve to undermine efficiency and suffocate economic growth and development.¹⁶

All of these obstacles hinder Russia's ability to implement its agenda, and they have all been exacerbated by the wider international financial and economic crisis. Russian business has been seriously affected by the crisis, and the government has spent considerable sums of its

¹³ See Russian Proposals to the London Summit (April 2009), 16 Mar. 2009. www.kremlin.ru

¹⁴ For recent discussion of this, see McDermott, R. "Russia's Armed Forces: the Power of Illusion", *Russie.NEI.Visions*, No.37, Mar. 2009.

¹⁵ Monaghan, A. *Stakhanov to the Rescue? Russian coal and the Troubled Emergence of a Russian Energy Strategy*, ARAG paper 07/34. Swindon: Defence Academy of the UK, Nov. 2007.

¹⁶ For discussion of this, see the reports in Russian media, particularly in *Vedomosti* and *Gazeta* newspapers, for instance on 19th and 20th of March 2009.

reserve in trying to balance the rouble.¹⁷ While Russia's financial reserves remain considerable, and despite senior Russian authorities asserting that Russia will continue to pursue its goals, there have been two consequences of the financial crisis for Moscow. First, as acknowledged by the Russian authorities, it has undermined the prospects for Moscow establishing the rouble as an international reserve currency and Russia as the hub of a rouble zone. Second, the crisis has had important domestic ramifications, creating a difficult economic climate with rising unemployment and falling wages, generating concerns about domestic political and social stability and drawing attention away from substantive foreign policy projects.

Furthermore, following Russia's war with Georgia and the gas dispute, relations with the west have become more complex. Broadly, the transatlantic community is divided over its relationship with Russia – with some states being more favourably disposed to Russia's agenda, and others less so. The Russo-Georgia war further contributed to this divide, but led also to the suspension of relations between NATO and Russia and the suspension of negotiations between the EU and Russia over a new partnership agreement. These tensions were enhanced by the gas shortages in Europe which resulted from the Russo-Ukrainian gas dispute in January.

Negotiations on the EU-Russia agreement recommenced in December 2008 and NATO-Russia relations formally recommenced in March 2009, but the war in Georgia served to highlight a number of contradictions in the Russia-West relationship. These include conceptual and practical approaches. Practically, some states such as France, Italy and Spain have sought to engage with Russia and have given public support to Moscow's proposals for a new architecture.¹⁸

As noted above, however, many states, including those positively disposed to them, note that they lack substantive detail. Also, of particular import is that Moscow's intention appears to be to sideline existing organisations, particularly the Organisation for Cooperation and Security in Europe (OSCE) and the North Atlantic Treaty Organisation (NATO) and to focus on a political-military security agenda. Yet the focus of the western response has been to locate the discussion in the OSCE format and to seek to maintain the existing architecture, including NATO, and the basis of a wider definition of security to include the human dimension. Essentially, therefore, while broadly positive, the Western approach differs quite significantly from Moscow's agenda – essentially, while Western actors recognise the limitations and imperfections of the current architecture, any practical discussion is to be held on the basis of what exists. Additionally, there are important conceptual differences. Moscow's view, for instance, that the current architecture reflects the "inertia" of the cold war system is disputed by many in the west who see significant transformation on the continent since the end of the Cold War.

These differences were brought together and highlighted by the conflict in the South Caucasus in August 2008 and the subsequent recognition by Moscow of South Ossetia and Abkhazia. Russia asserted that Western objections to this recognition reflected double standards following the West's recognition of Kosovo. The west, however, has sought to emphasise their support for Georgian territorial integrity.¹⁹ Moreover, many in the west have

¹⁷ For discussion of the economic problems Russia faces, see both Hanson and Cooper, *op. cit.*

¹⁸ For more discussion of Moscow's proposals for a new European security architecture, see this author's *Russia's "Big Idea": "Helsinki 2" and the Reform of Euro-Atlantic Security*, NDC report, 3 Dec. 2008.

¹⁹ There is a deeper divergence in approach here. While the west has sought to gain international recognition for Kosovo's independence and, by the same token suggested that Moscow's failure to gain international support

pointed out that Russian actions not only appear to undermine Moscow's case for opposing the recognition of Kosovo but also to reflect a contradiction in Russian policy principles of rejecting the use of force and respecting sovereignty. In sum, therefore, while there is interest in the West in Russian proposals, there are numerous differences which limit the extent to which the West will go to meet Russia.

Conclusions

Moscow proposes an ambitious, yet ill-defined agenda. But it faces significant obstacles in implementing it. While there are some European states which are willing to consider examining Moscow's proposals for a debate about the existing architecture, the proposals themselves are not fleshed out with detail; there are also those who point to the numerous contradictions particularly regarding sovereignty and territorial integrity. If anything, therefore, while Moscow's agenda is an important one, underscoring both the evolution of greater cohesion in Russian strategic thinking and Moscow's intention to be an indispensable player in international affairs, this is the very beginning of a long, drawn-out process of debate and discussion over what are contentious issues. Moreover, there are many Western states – and, of course, organisations such as the EU, OSCE and NATO – which not only have confirmed their intentions of maintaining the current framework, but which approach the agenda from a very different position.

There is no “new Cold War” as often claimed: there are both numerous mechanisms in place through which to build relationships and important economic and energy interdependencies established. These major differences in agenda, however, fuel a negative narrative in relations, and while this is not irreversible, these contradictions are unlikely to be overcome quickly and without focused, dynamic leadership to resolve them.

for its recognition of South Ossetia and Abkhazia reflects a failure of Moscow's policy, Russian officials argue that it does not seek to foster international support for its recognition instead focusing its arguments on the need to protect these entities and providing military support to that effect.

Part Two

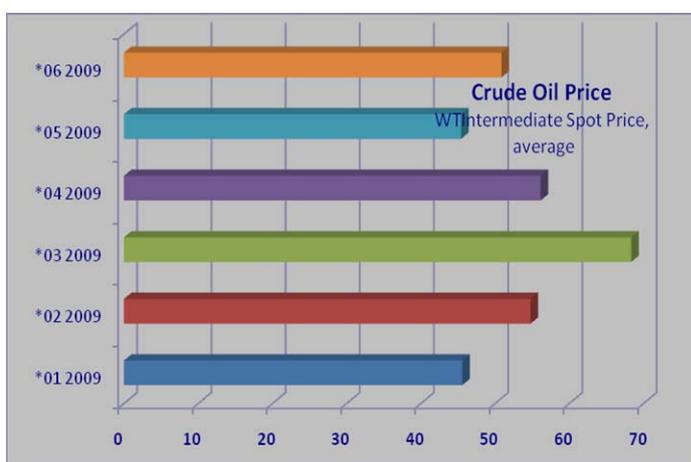
Relations Between Russia and its Neighbors

Energy-Economic Relations Between Russia, the Neighbouring Countries and the European Union: Energy Dependency and/or Interdependence

Dr Zorana Z. Mihajlovic Milanovic¹

The global economic crisis has resulted in serious structural problems, which entails the slow-down of global economic output (it increased by 0.93% only (WB) or 0% (IMF) as is expected in the year 2009, while for the year 2010 it is 3.01%). The fact that the US Congress has approved the one-year expenditure in the amount unprecedented since the World War II, indicates that the global crisis is taking its toll (1 trillion US\$), with an uncertain outcome and dynamics.

In developing and underdeveloped countries the growth of approximately 4.45% (2009) and 6.06% (2010) is projected. On the other hand, developed countries will face slower growth of 0.15% (2009) and 2.04% (2010). Also, the World Bank has anticipated the real price for the barrel of oil in 2009 to be 56.67\$.



The extent of the decrease in the energy industry is indicated by the drop in the GDP by 1.7%, in the 2nd quarter of 2008, which is a decrease of about 5.3% when compared with the growth in the 1st quarter of the same fiscal year.

The world financial crisis that began as resource crisis and then continued as credit and financial crisis, affects to a great deal the relations between big energy powers, such as Russia, and their consumers, primarily the European Union. The relations between Russia and its neighbours are even more important, irrespective of whether those are with the countries of Central Asia (Kazakhstan, Kirgizstan, Tajikistan, Turkmenistan and Uzbekistan), or the Caucasian countries (Armenia, Azerbaijan and Georgia), and/or the relations with the Eastern European countries (Belarus, Moldova, Ukraine).

The relations between Russia and the European Union play a very important role in the energy policy and export markets. The biggest Russian energy companies have been granted investment credits on the basis of long-term agreements with the EU countries. These countries (including Germany) have signed bilateral agreements with Gazprom for a 35-year term. Such kind of "face-to-face agreements", according to the opinion of many world analysts and the European Commission, can endanger free markets and their flexibility principle. It is this reason why the energy security of the energy starved European Union has been threatened.

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As soon as in 1991 the EU took the initiative in promoting energy related cooperation among the member states and diversification of energy supply. The principles are incorporated in the Energy Treaty Declaration².

Although aware of the importance of coherent energy policy, each EU country has been building its relations with Russia separately. Germany and Italy are the biggest importers of Russian gas and they negotiate separately their energy agreements.

Bilateral agreements about the construction of South Stream between the potentially transiting countries and Gazprom are just an example of decreasing power of negotiations. The Russian official energy policy sends the message that *"energy security is the most important element of the Russian national security!!"*.

Although in its first action plans on achieving energy policy goals (back in 1997), the EU has been oriented towards liberalization, opening of market, single internal market, but also the *"solidarity among the member states and security of oil, gas and electricity supply"*, this principle has not been applied so far. None of the countries are ready to waive bilateral agreements with Russian Gazprom, justifying such an attitude with the differences in level of gas and/or oil dependency on Russia.

"Europe's dependency on Russian gas monopoly Gazprom could be the biggest threat to the Region since the former Soviet Union Army"

(2006, Tracan Basescu, President of Romania in a speech to the Jamestown Foundation in Washington DC)

The EU energy security is achievable only through diversification of resources and routes of energy supply, strengthening and expanding the network of member states, as well as through the transparency of supply and solidarity among the state members.

On the other hand, the Russian fears related to this field refer to the potential possibility of Central Asian countries to perform the transportation of energy resources via Russia, i. e. through its gas and oil pipelines, without any previous agreement with Moscow. The significant issues in the Russian energy sector relate to the following:

- Sufficiency of energy potentials, having in mind the growth of demand for energy sources, as well as insufficient investment into the gas and oil infrastructure in Russia over many years,
- Potential possibilities of failure and/or discontinuance of delivery, as the reflection of economic-political pressures from the biggest Europe's gas supplier - Russian Gazprom,
- Possibility of Russian isolation of upstream countries from Europe, through almost monopolistic control of gas pipeline leading from the Caspian region to Europe. Europe will hardly get the oil and gas from this region without previously making an agreement with Moscow.

² Energy Treaty Declaration 1991. The Treaty's provisions focus on four broad areas:

the protection of foreign investments, based on the extension of national treatment, or most-favoured nation treatment (whichever is more favourable) and protection against key non-commercial risks;

- o non-discriminatory conditions for trade in energy materials, products and energy-related equipment based on WTO rules, and provisions to ensure reliable cross-border energy transit flows through pipelines, grids and other means of transportation;
- o the resolution of disputes between participating states, and - in the case of investments - between investors and host states;
- o the promotion of energy efficiency, and attempts to minimise the environmental impact of energy production and use.

- Serious problem of decreased efficiency in modernization and building of new capacities, due to the high degree of corruption in the Russian energy sector, which directly hinders the possibility of defining the EU's common energy policy. The corruption perceptions index in Russia in 2008 was 2.1 (10.0 is the lowest level of corruption), which positioned Russia on the 147th place in the world. The bribe payers index (or the likelihood of Russian companies to bribe abroad) is 5.9, and among 30 observed countries Russia is on the 22nd place.

Table 1 – Ranking the selected countries by the corruption perceptions index in 2008

Selected country	Rank (score)	Selected country	Rank (score)
Estonia	27 (6.6)	Ukraine	134 (2.5)
Latvia	52 (5.0)	Russia	147 (2.1)
Lithuania	58 (4.6)	Belarus	151 (2.0)
Turkey	58 (4.6)	Azerbaijan	158 (1.9)
Georgia	67 (3.9)	Kirgizstan	166 (1.8)
Bulgaria	72 (3.6)	Turkmenistan	166 (1.8)
Armenia	109 (2.9)	Uzbekistan	166 (1.8)

Source: Transparency International Annual report for 2008,

For a longer period of time EU has been showing a clear willingness to diversify the gas supplier, i. e. Russia and to decrease Russian influence. One of the main European advantages is the construction of **Nabucco Pipelines**. It is the chance for diversifying the supplier, because the gas would be coming from the Caspian Basin and the Middle East.

The problem of Nabucco is related to the gas supply source. The countries, such as Kazakhstan, Turkmenistan, Azerbaijan, Egypt and Iraq at different times were considered potential suppliers. However, none of them has shown explicit interest in supplying the European market. Azerbaijan (with some support of Iraq) could supply this gas pipeline, as well as three Central Asian states (Kazakhstan, Turkmenistan and Uzbekistan) that possess sufficient gas reserves. Iran is another possible alternative supply line (it has the 3rd biggest source of natural gas, following Russia and Qatar). Still, the role of Iran and its plans related to this issue have not been clear so far. Moreover, the potential problem is the conduct of Turkey, which is an important transit corridor both for Nabucco and for BTC/BTE gas pipelines (within the Consortium established for the purpose of building the Nabucco Pipelines; a Turkish state company is the owner of 16.7% of shares). Turkey has blocked the progress and negotiations about this gas pipeline, undoubtedly for political reasons related to the EU membership of this country.

The gas crisis from January 2009, which held 80% of Russian gas consumers hostage of bad energy policy and disturbed economic-political relations, additionally emphasized the need for faster construction of Nabucco Pipelines. EU sees the chance in the existence of two gas fields in Turkmenistan in the ownership of a British company. The potential reserves are estimated to be among the five biggest in the world (The South Yolotan-Osman Gas Field and Zashlar Field)³.

We should not disregard the fact that the planned Nabucco Pipelines can initially supply only about 1% of the European demand and by the year 2018 between 3 and 4%.

³ This was the motive for the Turkmenistan's President to visit Germany, but also Brussels and USA. It is possible that the production could gradually reach 70 billion m³ per year. At this moment, Turkemenistan sells almost all of its gas to Russia (approx. 50 billion m³ per year) and some of it to Iran. There are plans for export to China and Europe, exactly from the Nabucco Pipelines.

EU imports 57% of gas, out of which 41% comes from Russia (24% is domestic production, 21% comes from Norway and 18% from Algeria). Gas satisfies 25% of energy needs in EU, where some 505 billion m³ of this source of energy is spend per year⁴. Domestic production has been decreasing, because the oil fields in Norway and the Baltic Sea have been rather depleted.

Table 2 European Union – Import of Energy from Russia, mil €

	2003	%	2004	%	2007	%
Energy	49993	60.8	75798	67.3	94632	65.8

Source: EU Monitor, 2009

In the four-year period, from 2003 to 2007, the EU share of import in the total import from Russia increased by 5%, while the import of energy increased by 89%.

Interdependency European Union is EU's main trade EU's trade was bloc's main trading main investors in of direct foreign the EU member goods, the EU's times higher than foreign Russia are 17 times investments in EU. services, the EU's export of services to Russia is 1.56 times higher than the EU's import of Russian services.

"I truly believe that complete unification of our continent cannot be achieved until Russia, as the largest European country, has become a part of the European process..."

Establishing independent democratic states nowadays, we share the same values and principles that are the foundation of the majority of Europeans."

Russian President Vladimir Putin's letter on the occasion of 50th EU anniversary (2007)

between Russia and the strong. Russia is one of the partners. In 2007, 51.5% of with Russia, making it the pratner. EU is also one of the Russia, because almost 75% investments go to Russia from states. As regards the trade of import from Russia is 1.61 its export to Russia. Direct investments of EU towards higher than Russian As regards the trade of

Although it is clear to everybody, including Europe itself, that Russia has been using energy and its sources as a political weapon, demand for gas in Europe has been growing, due to which it is justifiably doubted that the existing Russian sources will suffice. This is the reason for considering Iranian sources, which, on the other hand, provokes certain reservations relations with the USA, that cannot easily reconcile with the method and conduct of Russia in these relations, and/or contribute to the solution of issue arising from the narrowness of European energy policy. At first sight, the interest of Russian gas company is, like the interest of all other world companies, to maximize profit. On second thought, this is how Russia demonstrates its "energy power" over a group of countries that lack sufficient amounts of energy.

The reason for concern on the part of USA lies in the fear of weakening its influence and strengthening Russian influence in Europe. The Russian strategy is rather clear. It will certainly gain some political concessions with closed energy supply and high gas prices. In addition, it has and will take advantage of the existing lack of energy supply or other economic weaknesses in the countries that are energy consumers, by buying and taking over the funds from the energy sectors of those countries with the aim of using those funds for political influence. Russian energy "prosperity" and strength have been supported by Russian foreign policy related to the relations with USA, as well as the European interests. In the

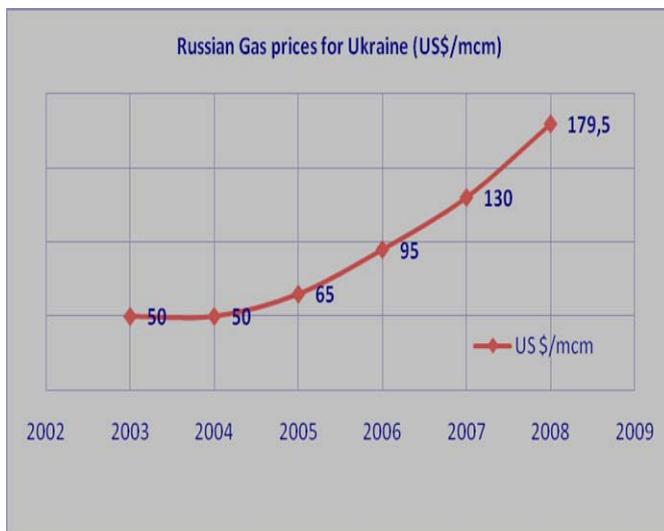
⁴ Oil about 37%, coal 18% and nuclear energy 14,3%.

relations with their neighbours, as well as with EU and USA, Russia has had rather dogmatic attitude, along with its growing influence. The reasons for such behaviour can be concluded on the basis of reactions in some energy related events.

Russian – Ukrainian Relations and/or Misunderstanding

In late 2005, Russia warned the government in Kyiv that the price of Russian gas for them will increase significantly. Ukraine protested accusing Russia of attempts to destabilize pro-Western government of Victor Yushchenko. Russian confrontation with Ukraine over gas price in January 2006 lead to decrease and termination of delivery to Kyiv, and although Russia "did not want to harm Europe", it developed into a world gas crisis. During several hours of closed gas pipelines, a few European countries (including Austria, Poland, Slovakia and Germany) reported pressure decrease by 15-40% in gas pipelines. The situation was repeated three years later (2008/2009). This first gas crisis was important because of the fact that for the first time it had an impact on the security of supplying Western Europe. Although Gazprom had been increasing supplies for days in order to avoid cut-offs in Europe, it was not enough. Ukraine continued using the same gas, so that the reaction of Gazprom did not have positive effects.

It was exactly then, at the time of the first gas crisis, that the reliability of Russia as energy supplier began to be questioned⁵. The Russian-Ukrainian gas crisis was said to be the awakening of Europe and the first big impact on energy stability. Some issues became crucial, such as the reliability of Russia as energy supplier and the possibility of Moscow to use its energy power as future political weapon⁶.



The relations between Russia and Ukraine have been on the agenda ever since 1991, because 4/5s of the Gazprom's export, which is the primary source of this company's income, "go" right through Ukraine. The Ukrainian industry, heating pipe network and functioning of household sector have been designed to use "cheep Russian gas". Today, twenty years later, Ukraine is dependent on Russian and Turkmen gas, at such prices that this country can hardly bear. For example, in 2008 the price of Russian gas in Ukraine for industrial sector was 63% higher than the price of gas for this sector in Russia, with projections of the projections of being 72% higher in 2009!

In addition, the consumption of gas in Ukraine was reduced (2008/2003) by almost 9%, while the price of gas was decreased by 259% (2008/2003). Taking into consideration the

⁵ The analysis of public opinion has shown that 58% of Americans and 59% of Europeans "expresses doubt about the role of Russia as energy supplier" (Ther German Marchall Funds Transatlantic trends 2007)

⁶ The Russian-Ukrainian Gas Crisis of January 2006, John Than Stern Oxford Institute for Energy Studies, January 2006

projections that by 2012 some 10% less gas will be transported through Ukraine transit line, it becomes clear that this country is going to face a serious economic and energy crisis.

Table 3 – Russian-Ukrainian gas trade (+/- %)

IMPORT	2008/2003	TRANSIT	2008/2003
Ukraine – consumption	+ 12.6 %	Scope of transport to Europe	+0.5%
Ukraine – import	-17.4 %	Scope of transport to CIS	-82.1%
Ukraine – production	+ 6.7 %	Transit price	+55.9%
Total value of import	+ 197.2 %	Value of transit service	+48.6%

Ukraine produces some 25% of gas for its own needs and therefore, the major part is imported from Turkmenistan and Russia. The gas supplied from Turkmenistan "travels" more than 3000km to Ukraine flowing through the Central Asian pipeline, controlled by Gazprom and the Russian government.

Speaking about the real causes of crisis, some people think that it was the way of sending a message to the electorate in Ukraine who they should vote for and who they should be closer to. However, other people think that Gazprom was really led by economic interests in maximizing the price of gas and minimizing the fees for gas transportation to European consumers. Some people also think that there are personal interests of one part of Gazprom management behind all this, basing their opinion on the intricacy of agreement between Gazprom and Ukrainian state oil and gas company NAK "Naftohaz Ukraine" about supplying and paying for gas through a "mysterious" intermediary company Ros UkrEnergo. It is quite certain that all these reasons are relevant and true.

It should be noted that Gazprom owns 50% of shares in this intermediary company that has been involved in a certain affair and subjected to investigation after the Pink Revolution in Ukraine, on the ground of unclear ownership and other issues. The leaders of Gazprom called the investigation "*fishing in troubled waters*"⁷. However, exactly that company has had the exclusive right in supplying Ukraine with Turkmen gas since January 2006. Having obtained all the rights on all future export of gas, the company entered into joint venture with the state company Naftogaz thus becoming the supplier of the network covering over 50 million people and vital gas import routes leading to EU.

The repeated conflict towards the beginning of 2009, which was felt more drastically in the whole Europe, additionally prompted the idea of constructing bypassing gas pipelines for the Nord and South Streams.

Gas Pipeline Nord Stream

The bilateral agreement between Germany and Russia provided a framework for the construction of a gas pipeline through the Baltic Sea (from Russia to Germany). Poland and Lithuania objected, pointing out that Germany does not intend to coordinate its gas pipeline strategy within Europe and that such an agreement can have an impact on energy and security policy of the Baltic countries and Poland. Exactly this agreement between Russia and Germany aroused many suspicions, both in Europe and in the USA. Particularly aloud were those who were saying that the gas pipeline could enable Gazprom to discontinue the

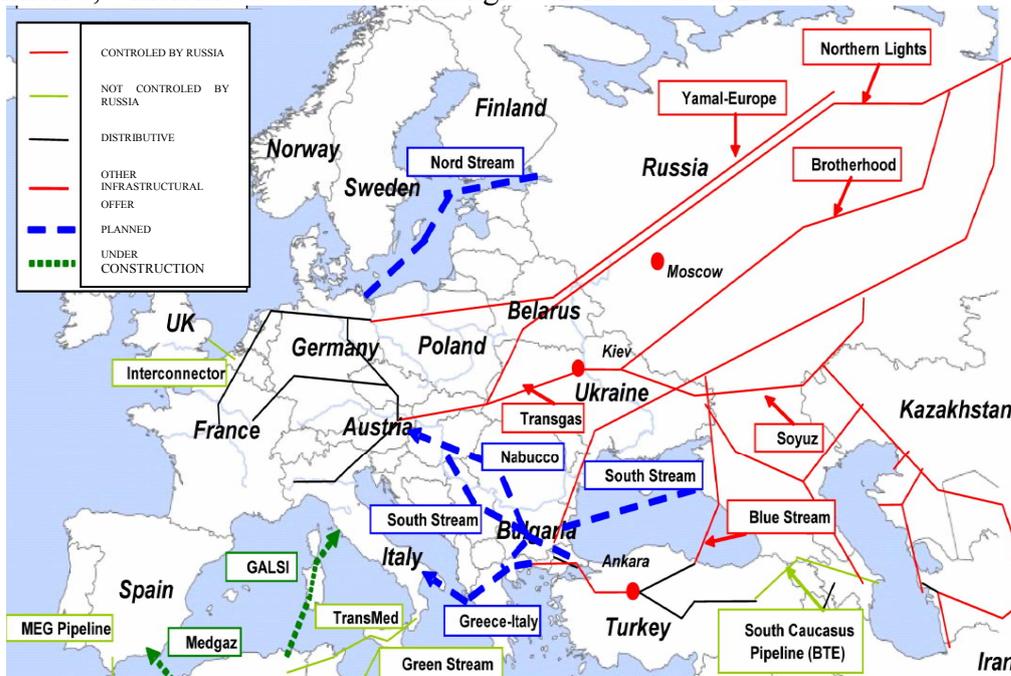
⁷ Since the very foundation of RosUkrEnergo in 2004, huge controversy followed this company, in particular in respect to its ownership, i.e. the mysterious owner of 50%; the mysterious owners are said to be Raiffeisen Investment and its daughter company Austria Raiffeisen Zentrabank.

flow of gas towards Poland, which is the transit country of the Yamal Gas Pipeline that reaches Germany⁸.

Further on, the construction of this gas pipeline provides Russia with the possibility and tool for dividing Europe through the company Gazprom, separating the gas independent countries (such as France and Great Britain) from the gas dependent ones (Germany as the fourth biggest consumer of gas in the world) and from those that once belonged to the Soviet Union.

The optimistic Nord Stream is just a supplement to the existing gas pipeline system, because of the growing demand for gas. In its new Energy Policy, by 2020 EU projects the growth of primary energy gas demand by 27.3-36.6% (depending on oil price movements), while at the same time the production of gas within EU will decrease by 43-46.8%. The import of gas will increase by 13.3%, which will be the reason for the growth of gas import dependency of EU-27 in 2020 (compared to 2005) reaching 73.1%.

This is a serious economic and political risk because the predictability and efficiency of electricity and gas market are essential for long-term investments, both for consumers and competition. The instability of either oil or gas prices and the consequences of instability directly affect the EU economy. The moment when the price of one barrel of oil reaches 100US\$/bbl, the price of energy paid by 27 EU member states for imported oil will be 170 billion €, which means that the annual growth for each citizen will be 350€.



Russia – Belarus Relations

In addition to Ukraine, Belarus enables the transit of Russian gas through three routes. The oldest among them, constructed in the Soviet period, is the route of Northern Light Pipeline, through which the gas flows towards Ukraine, intersecting with other Russian and Central Asian supply routes. The most important Yamal Pipeline transports the gas from Western Siberia to Poland. This pipeline has good prospects, taking into consideration its supply sources, and therefore Gazprom considers it to be a strategic project and plans its expansion.

⁸ The Yamal Pipeline is 4196km long and connects the oil fields in Western Siberia with Germany. The activities started in 1992 with the signing of interstate agreements among Russia, Belarus and Poland. In 1997 gas began to flow towards Germany. The capacity of pipeline is 33 billion m³.

The importance of Belarus lies in the viable possibility of bypassing Ukraine. The gas pipelines in Belarus are owned by the state company "Beltransgas". Although a significant part of pipeline passes through Belarus, the transit fees collected by Belarus are low when compared with the international standards⁹. The dependency on Russia is obvious and high, as proved in the gas crisis of 2007, which resulted in taking over the control package of shares in the Belarus gas pipeline monopoly (BelTranzGaz) and getting an agreed price of gas in return (100US\$/1000m³). Although cross-border investments are always desired, Russian investments in CIS countries and EU may be seen as "strategic manipulation".

Russia – Bulgaria Relations

Having in mind the strategic importance of building the South Stream that will provide the Russian company with the increased income from gas export, but also with the domination in supplying Europe and the Balkan states, Bulgaria has become even more important for Russia upon becoming the place of junction of the future gas pipeline. This country is also important for supplying Turkey, Greece and Macedonia with Russian gas. Today Bulgaria is the place of transit for some 13.5 billion m³ and there is a plan for extension by constructing the South Stream Gas Pipeline. Although previous negotiations between Gazprom and Bulgaria were not easy, the concluded agreement about the construction of one part of the South Stream in Bulgaria can be considered rather favourable for that country. In addition to the favourable relations in the future joint company, in charge of the gas pipeline, the construction of a nuclear power plant has been agreed, as well as the oil pipeline AMBo Burgas-Aleksandropolis.

Russia – Georgia Relations

Georgia in particular is an important state for the transit of Russian gas towards Armenia. It will have a particular significance on the east – west route of the South Caucasus Pipeline (SCP, capacity 7 billion m³), that will supply Turkey, from the gas field (Azeri Shah Deniz field). The extent of disturbance in Russia-Georgia relations is indicated by the 2006 incident when Russia was accused of sabotage on the gas pipeline in Georgia, in order to force this country to sell its gas network (January 2006, President of Georgia Mikhail Saakashvili). Georgia has been satisfying the main part of its gas energy needs from Azerbaijan and Iran, particularly since the moment (2005) when Russia raised the price of gas per 1000m³ (110US\$). However, troubled energy and economic relations are only the result of deeply shaken political relations. The result of such relations is disturbed energy stability of the region and reliability of Russia as energy supplier.

Table 4 – Sale of Russian gas to Baltic and CIS states (billion m³)

	2006	2007	% of domestic production of gas
Ukraine	2085	2240	66
Belarus	724	763	98
Baltic states	173	243	78

⁹ In 2004, as well as in 2005, it was agreed that Gazprom would supply Beltragas with 10.2 billion m³ of gas at the price of 46.68 \$/1000m³ and transit fee of 0.75\$/100km in Ukraine, but 0.46\$/100km on the route of Yamal!! The price of gas itself was already significantly higher in 2004 than in 2003 - by 55% (it was 30.10\$/1000m³). Yamal is the route for supplying the EU states; it is 575 km long in Belarus so that the total transit tariff at the Polish border amounts to 2.64\$/1000m³.

Azerbaijan	141	0	35
Georgia	64	36	100

Source: Energy Information Administration, <http://www.eia.doe.gov/emeu/cabs/Russia/pdf.pdf>

Russia – Baltic States

Unlike other former Soviet Republics, such as Lithuania, Latvia and Estonia, nowadays often called Baltic states have developed faster and achieved high rates of economic growth (7% in 2006), along with the established market economy. Despite of being neither big producers nor big consumers, they make an important transit corridor for the flow of Russian gas. Since 2002 about half a million barrels of oil a day have been transported through only three important ports (Port of Ventspils – Latvia, Port of Butinge – Lithuania, Port of Primorsk). For a long period of time and particularly over the last few years, the goal of these countries has been to reach faster to the European energy market, starting with their out-of-date electrical power network, connected to Russia, which almost entirely excludes them from the European system, and their gas network. Consequentially, the region will be connected to the Nordic electricity market, since the Balticconnector gas pipeline is located between Finland and Estonia. Unlike other former Soviet states, the Baltic states have been less dependent on Russia every year, which reduces its influential power in this region.

Taking into consideration the specific characteristics of energy-economic relations in Europe and Russia, as well as future needs for additional quantities of energy, the question is raised whether there is space for improving relations between Russia and the European Union. One and the only way of diversifying the routes and suppliers by EU is the establishment of so-called East-West corridor leading from the Caspian region to Europe, bypassing both Russia and Iran.

The USA and EU have fundamentally different ideas about the role of Russia in the European energy security. The goal of the majority of EU states, aware of their energy security situation, is to obtain necessary quantities of gas from all available sources, even though they may remain dominantly Russian. On the other hand, the USA's approach has been focused on diminishing energy dependency on Russia as supplier, rather than on securing necessary supply for Europe. USA plans to exploit much more the Caucasian oil, thus clearing the path towards Europe and creating new sources of gas supply in Azerbaijan and Central Asia (primarily Kazakhstan and Turkmenistan), as well as enabling transportation to Turkey through a new gas pipeline below the Caspian Sea (The Trans-Caspian Pipeline TCP). Once the gas has reached Turkey, it can be sent to Europe through another prospective gas pipeline - Nabucco (31 billion m³ a year).

Concluding Observations

The planned construction of the Nord and South Stream Gas Pipeline will increase the consumption rate of Russian gas in the countries of their route including Germany (Nord Stream) and Bulgaria, Hungary, Serbia, Slovenia and Austria (South Stream), but it will also provide the possibility of bypassing the existing routes of transit countries (Ukraine, Belarus and Poland). Whatever we call such possibility, "energy security" or "energy as special weapon", Gazprom will have the option of terminating, reducing or discontinuing the flows of gas to these "problematic" states. The level of importance of this issue for Gazprom is indicated by its determination to construct the gas pipelines in spite of both strategic doubts and very high construction price (especially for Nord Stream). In addition to a potential threat for the transiting countries, we can clearly perceive the goal to prevent everybody else from appearing in the European gas market. In addition, Gazprom will also avoid the

payment of transit fees, which is the most expensive element of the total cost. Operating in Ukraine, Belarus and Poland, it will also save the costs related to political risk.

The European Commission has technically welcomed the building of Nord Stream and it did not object against the construction of South Stream either. These two gas pipelines will be transporting additional 85 billion m³ of gas a year towards Europe, which covers the projected growth in demand. In addition, the country which is the biggest importer of Russian gas, that is – Germany, will be independent from Russia-Ukraine and/or Russia-Belarus disagreements.

The dialogue between Russia and Europe, both the EU member states and those who will become EU member states, must be established and we should have in mind that certain changes will certainly happen, particularly regarding broader and more intensive engagement of the European Commission in supporting a single European gas market. This will certainly lead to more drastic measures and obligations concerning the countries that have direct relations with Russia, and that are the largest and most powerful in the EU (France, Germany, Italy). Besides, further functioning is unthinkable without clearly established common regulatory framework, which would exclude and spare EU from all possible future political and energy shocks (directly through the establishment of the European Network of Transmission System Operators for Gas (ENTSOG) and the Agency for the Cooperation of Energy Regulators (ACER)). The establishment of the South-East Europe regulatory network is equally important, and it may be achieved by the initiated construction of interconnective gas network (The New European Transmission System NETS).

Diversification should develop in the sense of increasing competition in the European gas market, obtaining energy from new sources and promoting western investments in Central Asia.

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Georgia-Russia Face-Off: Background Factors, Prospects for the Foreseeable Future

Archil Gegeshidze¹

The military activities which started in South Ossetia in August 2008 have stirred up geopolitics around Georgia and the wider region. The short war between Georgia and Russia has once again brought their relations to nadir. The bilateral relations are going through their worst period since the breakup of the Soviet Union. The once “brotherly” republic has become the most difficult and uncooperative neighbour with respect to Moscow.

Many Western experts are perplexed by Moscow’s perseverance to preserve its domination in this part of the post-Soviet area. Indeed, in the early 1990s, Russia effortlessly abandoned territorial claims to Ukraine² and Kazakhstan. The Kremlin’s Baltic policy seemed far more passive than its policy in the Caucasus, even though Latvia and Estonia have large ethnic Russian communities.

Moscow is involved in Central Asian political processes much less than it is in the South Caucasus. In 2001, Russia gave the go-ahead to America’s penetration into the region, and today does not particularly object to its “development” by the Chinese. Although Russian-Moldovan relations also leave much to be desired, Moscow does not rule out the involvement of other actors in the settlement of the Transdnestrian problem.

Georgia is an utterly different case. Here, Russian diplomacy is the least inclined to make concessions or compromise. The Kremlin has been also striving to preserve its exclusive role in resolving “frozen conflicts” and to exclude other “honest brokers” from the process.

Spoilers of bilateral relations

Russian-Georgian relations are rather paradoxical. On the one hand, there are traditional – primarily socio-cultural – ties. But on the other hand, there is a burden of mutual claims and contradictions inherited from the *perestroika* and post-Soviet period, which seems to prevail now.

Historical Aspect. The relationship between Georgia and Russia has always been problematic with bilateral relations in the wake of restoring national independence often reaching a critical and, therefore, dangerous phase for the security and stability of the Georgian state. Naturally, there were periods of *détente* but this had a temporary or even false character. Throughout its history, Georgia has always declared and genuinely aspired towards good neighbourly and equal partnerships with Russia. Regrettably, these principles of building relationships appeared to be unacceptable for Russia and remain so even today. Georgia, which has been seeking to build amicable relations with neighboring or distant nations, was successful everywhere except with Russia. In fact, Russia has always been—and remains to be—the only country in the world with which Georgia has more serious unsettled problems than mutually beneficial agreements.

Russia’s unacceptance of Georgia’s independence is the reason for the plethora of acute problems in the Georgia-Russia bilateral relations of the 1990s. The tense relations came, first

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² As Russia-Ukraine relations have been deteriorating since 2005 the radical-nationalist forces in Russia increasingly voice claims for Crimea – an ethno-culturally Russian territory of the Ukraine and the harbour of the biggest Russian naval base on the Black Sea.

of all, from Russia's desire to be both a Big Brother for Georgia and, at the same time, to punish it as well. The motivation for such a punishment emerged immediately upon the disintegration of the Soviet Union when Russia regarded Georgia as an unreliable and disloyal country. Such an attitude in its turn was formed on the basis of the belief that the national movement in Georgia was the first and primary catalyst of the centrifugal processes in the Soviet Union, on one hand, and that Georgia's leader—in then president Eduard Shevardnadze, who played a decisive role in the break-up of the Soviet Empire—was both dangerous and untrustworthy for Russia's interests, on the other. The collapse of the Soviet Empire appeared to be the most unacceptable fact for the new political elite in Russia. Even today, many amongst them are unable to hide their feelings of nostalgia for the lost might of Russia.

By the beginning of the new century, Georgia had clearly drawn up its new foreign policy priorities wherein the nation's basic course of development was directed towards the country's integration into Western military-political and economic structures. This period coincided with the coming to power of Vladimir Putin. In its turn, Russia's foreign policy became more streamlined and focused. This intended to preserve and further enhance Russia's influence over the entire post-Soviet space including, and especially, in the Caucasus. By default, this was an impediment for Georgia's becoming integrated into the Euro-Atlantic space. The conflict of interests reached its *apogee* after a new government came to power in Georgia when President Saakashvili's foreign policy became more "aggressive" and the country began to take fast steps towards Euro-Atlantic integration. A former single irritant in Georgia-Russia relations was now doubled. In other words, punishing Georgia was now augmented by an added motivation to hinder the country's democratic development and its accession to NATO. This notwithstanding, Georgian authorities continued to advance along their chosen course whilst in parallel attempting to lessen the "Russia factor" through the carrying out of a principled policy. One of the most remarkable outcomes of such a policy was Russia's forced agreement to withdraw its military bases from Georgia. In response, Russia at first banned the import of Georgian citrus and other garden crops and then began to banish Georgian wines and mineral waters from the Russian market on various pretexts. The Georgian side, not wanting to lose the initiative, started to discredit Russia's conflict mediation role followed by the demand for the modification of the formats of both conflict resolution talks and peacekeeping operations in Abkhazia and the Tskhinvali Region.³ Tensions between the two countries culminated after August and September 2006 initially when, as a result of the successful police operation in the Kodori Gorge,⁴ the jurisdiction of the central authorities was re-established followed by the placement therein of the Government-in-exile of Abkhazia.⁵ Adding to the problem was the detention of four Russian officers for espionage charges. They were soon publicly passed over to the OSCE Representative, who had arrived in Tbilisi specifically for this purpose, in a manner which was a humiliation for Russia. In response, Russia immediately recalled its ambassador and terminated transportation and postal communication with Georgia. Concurrently, Russia began to expel Georgian citizens and forcibly squeeze out Georgian businesses. These sanctions, in fact, took the form of a blockade with Georgia-Russia relations subsequently becoming extremely cold and reaching an unprecedented low point. Although the Russian ambassador was returned to Georgia at the end of January 2007—a move which some

³ The term Tskhinvali Region refers to South Ossetia, a former autonomous region of Soviet Georgia. Following the declaration of independence of Georgia, the autonomy of South Ossetia was abolished. Now, the status of this territory is the major problem within the existing conflict. Independent Georgia does not recognise South Ossetia as a distinct or independent entity, instead referring to the region by either its historic medieval name of *Samachablo* or, more recently, *Tskhinvali Region* (after the province's capital).

⁴ A strategically important mountainous part of Abkhazia populated by ethnic Georgians.

⁵ The Government of the Autonomous Republic of Abkhazia is a government in exile that Georgia recognises as the legal government of Abkhazia. This pro-Georgian government maintained a foothold on Abkhazian territory until it was forced out by fighting in August 2008.

have interpreted to be the start of a normalisation process—the relations between Georgia and Russia still remained in crisis.

Psychological Aspect. The current problems in Georgia-Russia relations can also be explained by an emotional or psychological aspect which, to a certain extent, is related to the fear of “losing Georgia” in the consciousness of Russian society. As is known, for over 200 years Georgia had been part of the Russian Empire. Its political class was incorporated into the Russian establishment. The Georgian elite (primarily Georgian generals and officers in the Russian Imperial Army) were highly instrumental in establishing Russia’s domination in the Caucasus. Unsurprisingly, the residence of the Russian viceroy in the Caucasus was located in Tiflis.⁶ Also, Georgia and Georgians contributed to the intellectual culture of Russia, which eventually resulted in an impression or belief within the collective Russian mentality that Georgians were “ours.” The Soviet era is of special note because Georgia’s resort and recreational attractiveness became apparent amongst Russians. At the same time, Georgian hospitality and the psycho-emotional comfort of Russians in interpersonal relations with Georgians made Russian society interpret “anything Georgian,” as it were, as an inseparable part of their own (Soviet) identity. For decades, even the symbols of such intimacy were born with Gagra,⁷ “Borjomi,”⁸ “Khvanchkara”⁹ or “Suliko”¹⁰ as only a few examples. There are many more similar symbols and there exists an erroneous sense that all of these will disappear after “losing” Georgia. In addition to the aforementioned, a certain disappointment exists as well. It is believed in Russia that for tens of years Georgia used Soviet subsidies and continued to receive inexpensive Russian gas during the years of independence. There were also times in 1990s when Russia backed up the Georgian government in some of its most critical situations. Against this backdrop, it is regarded that Georgia is ungrateful and “is running away towards others.”

Geopolitical Aspect. A comprehensive analysis of Georgia-Russian relations also requires that these relations be considered within a global context. From the outset, it should be noted that the relationship with Georgia is a part of Russia’s wider strategy elaborated during the presidency of Vladimir Putin which aims at three main goals: a) retain the territorial integrity of the country within current borders, b) undergo economic and technological modernisation and c) restore the status of a world power for Russia. The foreign policy-related prerequisites of achieving these goals have been specified as follows: the preservation of a sole leadership and the reinforcement of its influence over the post-Soviet territory, an increase of Europe’s dependence on Russia and a diminishing of US hegemony. **In this context, Russia’s political elite perceives a “deterrence” of Georgia’s strive towards democratic transformation and integration into the Euro-Atlantic space as a task of vital importance.** In other words, it is inadmissible that Georgia falls out of the mentioned strategy. Otherwise, it is supposed that a democratic and Western-integrated country of Georgia will become a model for others. Additionally, the temptation of the US and NATO to turn Georgia into their military base will emerge. In this situation, a number of results may occur:

- The separatist movement will intensify in the North Caucasus compromising the territorial integrity of Russia.¹¹

⁶ Old name of Tbilisi.

⁷ One of the many beloved by Russian tourists resort spots on the Abkhazian Black Sea coast.

⁸ Brand name of the mineral water.

⁹ Brand name of famous Georgian wine.

¹⁰ A popular Georgian song.

¹¹ The area includes politically unstable parts of Russia (Kabardino-Balkaria, Karachay-Cherkessia, Adygeya, North Ossetia, Ingushetia, Chechnya and Dagestan). These are regions with complex histories and a long list of complaints against Russia (except for North Ossetia) – from the Caucasus War and the resettlement of Abkhazians to Turkey after the Russo-Turkish War of 1877-1878, to cultural assimilation.

- A precedent of providing conditions for swift development under Western security guarantees will arise in the CIS¹² space, including the South Caucasus, which will further shake Russia's already shaken authority and influence.
- The strengthening of Georgia-US security co-operation and military political ties and Georgia's accession to NATO will further enhance US influence in the South Caucasus which might proliferate over other regions of the CIS and Eurasia.
- US military bases and NATO anti-missile systems may be deployed in Georgia as it is likely to happen in some Eastern European countries.
- The transit attractiveness of Georgia and the whole of the South Caucasus will be increased in regards to transportation of Caspian energy to Western markets thereby to a certain extent lessening Europe's energy dependence on Russia.

Such a threat perception renders impossible Russia's acceptance of Georgia's course of development. This kind of conflict of interest is the ground for constant confrontation between the two countries hindering the normalisation of relations.

“The Putin Factor.” Vladimir Putin, who obviously makes every effort to gain an honorable place in the history of modern Russia, tries his best to exclude a serious failure in the “Georgian issue” for the period of his rule. Allowing the settlement of conflicts in Georgia at the expense of the interests of the loyal-to-Russia Abkhaz and South Ossetian separatists and, most importantly, opening the way for Georgia towards integration in the Euro-Atlantic space would have been taken as just that kind of “failure” by the ruling elite of Russia and its wider public. Making problems for Georgia in the aforementioned issues, therefore, can also be explained by the personal political agenda of Vladimir Putin.¹³

Over the years, the abovementioned factors contributed to progressive deterioration of the bilateral relations and finally the tensions came to the boil in August 2008. One of the frequently asked questions these days is whether the war between Georgia and Russia could have been avoided. The EU-sponsored inquiry mission into the August events will partly clear up the issue. In the meantime, however, a retrospect analysis of contributing factors could bring us close to truth.

The August Crisis

The August 2008 war between Georgia and Russia was a sort of “wake up call” to the world which showed that it was time for a reassessment of values, the destruction of stereotypes and the formation of a new outlook.¹⁴ The August crisis, with its impact upon both regional and global security, will most likely remain in the focus of politicians and political scientists for a long period of time.

Background factors. Most of the informed observers have easily noticed that the texture of the conflict in South Ossetia is rather complex. A three-dimensional nature of the conflict, therefore, makes the elimination of the crisis a very difficult task.

¹² Commonwealth of Independent States.

¹³ After the change of the Presidency in 2008 Vladimir Putin in his capacity of Prime Minister has managed to retain influence on Russia's foreign and security policy and, therefore, the policy towards Georgia has remained unchanged.

¹⁴ The recent Russia-Ukraine gas dispute, which resulted in 18 European countries reporting major falls or cut-offs of their gas supplies from Russia transported through Ukraine, has further sharpened the sense in the West that increasingly authoritarian and aggressive Russia could no longer be considered as a reliable partner.

Firstly, the crisis has grown from the Georgian-Ossetian and Georgian-Abkhazian confrontation with a now decades old history arising from the imperialistic policy pursued in the Caucasus initially by Russia and afterwards by the Soviet Union. The intensity of the present antagonism has largely been pre-conditioned by the sanguinary conflicts which took place in South Ossetia and Abkhazia in the early 1990s which have made this confrontation ethno-political by essence. Secondly, the crisis is accounted by a complicated Russian-Georgian relationship dating back to the times of the late *perestroika* period with the absolute majority of the current Russian elite believing that it was the national liberation movement which began in Georgia at the end of the 1980s, amongst other things, that gave impulse to the collapse of the Soviet Union and, therefore, the weakening of Russia. At the same time, the policy line pursued by Georgia, which is aimed at democratic development and integration into the Euro-Atlantic structures, is perceived by the same elite as something hostile which presents danger to Russia. It is a common opinion in Russia that Georgia establishing itself as a pro-European democracy whilst acceding to NATO would create an existential threat to the country in terms of maintaining its influence within the post-Soviet space and implementing its strategy of reviving itself as a world power following clearly neo-imperialistic ambitions. It is for these reasons and perceptions that Russian society sees Georgia as one of the most hostile states. With the imposition of economic sanctions or political measures, such as strengthening its Fifth Column, having failed to avert Georgia from pursuing its declared policy line, bringing the country into armed conflict through the manipulation of its existing conflicts with South Ossetia and Abkhazia appeared to be the most effective means to this end.

Thirdly, being unsatisfied with the outcomes of the Cold War and suffering from an inferiority complex, Russia—by oppressing Georgia—seeks to gain its revenge upon the West and to change the established rule of law and order in the world through a gross violation of recognised norms and standards of international relations. This position of Russia presents a serious challenge to the West and the prevention of a further growth of the tension in the relationship between the West and Russia is likely to be largely dependent upon whether or not it will manage to force Russia back to the framework of civil behaviour.

Immediate Causes of the Crisis. Today, there is much dispute about who unleashed the war, Georgia or Russia. Indeed, it is important for historiography to find out what exactly happened on the night of 7 August but it is also necessary to look at the processes which preceded the development of the hostilities in order to remain unbiased in defining the responsibilities of the political crisis-makers. By making such an analysis, we can minimise the inconsistencies in the final judgement which may appear as a result of a deliberate distortion of the facts by propaganda makers or through the inaccuracy of technical information. Fairly stated, the responsibility for creating the prerequisites to the crisis also lies apart from the governments of Russia and Georgia with the heads of the separatist administrations, some international organisations and separate Western states.

Russian Trap. By the end of Vladimir Putin's first term, it was readily obvious that Russia's influence was becoming more and more questionable within the post-Soviet space as a result of the "coloured revolutions" in Georgia and Ukraine (2003 and 2004) and with NATO's continued eastward enlargement. Georgia had in fact accelerated the reforms required for integration into NATO whilst making an attempt to get the frozen processes of the settlement of the South Ossetian and Abkhazian conflicts moving from their dead stop. The "unfreezing" of these conflicts implied in the first instance the sharp limitation of Russia's monopolistic role in the peace process. Georgian diplomacy succeeded in gaining the support of the international organizations and the leading Western states which proved

completely unacceptable for Russia and which prompted it to "break down" Georgia itself through the imposition of severe economic sanctions in 2006.

After it became apparent that these attempts to bring about social problems and change Georgia's policy line had failed, Russia decided to find another way. Moreover, time was of the essence in that it was becoming more and more difficult to rebuff the peaceful initiatives of conflict settlement process which were being suggested by the Government of Georgia, on one hand, and it was obvious that Georgia indeed had prospects for receiving the Membership Action Plan (MAP) at the NATO Summit in Bucharest in spring 2008. Within a perceived sense of urgency, Russia had no other option but to involve Georgia into its military provocation and to drive the situation in conflict zones to the point of extreme tension. To this end, Russia began to develop the appropriate groundwork. In March 2008, it unilaterally withdrew from the economic embargo of 19 January 1996 which was imposed upon Abkhazia by the CIS-countries. In April of the same year, in violation of the Helsinki principles of interstate relationships it initiated broad relations with South Ossetia and Abkhazia and introduced railway engineers and a landing party in Abkhazia alongside with the provision of heavy armament. Further, it constructed a military base in Java and simultaneously held military training exercises for its 58th Army near the Georgian border. It is especially noteworthy that the troops did not return to their point of permanent dislocation following the exercises but were supplied with ammunition, fuel and a food supply.

Obstinacy of Separatists. In an agreement with Russia, the separatist governments of South Ossetia and Abkhazia adhered to an extremely implacable position in their relations with Georgia and systematically refused to consider the peaceful initiatives which were being suggested by the Government of Georgia or impartial third parties. The latest example was the refusal of the peace plan presented by the German Minister of Foreign Affairs, Frank Walter Steinmeier, which was put before the conflict parties in June 2008. At the same time, the separatist governments continued to blindly follow instructions from Russia and using farfetched or rather insignificant excuses, they either refused negotiations with Tbilisi or stubbornly insisted upon keeping to the already outdated framework of negotiations and peaceful operations. It is important to note that the separatist governments did not preclude Russia from the illegal concentration of its military potential within the conflict zones and which issued a challenge to Georgia.

Wrong Strategic Projecting by Georgia. In the wake of the 'Rose Revolution' it was a major strategic mistake on the part of the new Government of Georgia to believe that it could attain both goals—the restoration of the country's territorial integrity and integration into NATO—at the same time and within a relatively short period in spite of a risk of potential obstruction from Russia. It should also be noted that the Government of Georgia misjudged the situation with the conflict settlement within a weak and inconsistent approach which relied upon erroneous assumptions. Instead of immediately holding negotiations with the South Ossetian and Abkhazian separatists, Tbilisi was searching for ways to exert pressure upon them, either directly or indirectly. The peaceful initiatives proposed by the Georgian side were primarily focused upon defining the status of South Ossetia and Abkhazia within an integral state instead of progressively taking steps towards the re-establishment of relations and restoring credibility all of which provided an additional pretext for the separatists upon which to repudiate negotiations whilst indirectly facilitating Russia's accomplishment of its plan designed to whip up the confrontation between the parties. Against this background, the position of conflict settlement by force was gradually gaining foothold in the Government of Georgia, giving more weight to arguments of the hardliners in the government in favour of a rapid reinforcement of the national armed forces. In this situation, there was a quickly

increasing risk of neglecting the messages which were received from the West which warned against provocations inspired by Russia. As we now see, the opinion of the Government of Georgia during the summer of 2008 was that the national army was indeed capable of addressing any military task in the case of provocation or provided there was a favourable situation.

Reluctance of the West. For a long time, the West hesitated to become actively involved in the settlement of the conflicts existing in Georgia. On one hand, such reluctance was accounted for by the "Russian factor" and, on the other hand, the Western powers simply did not know what to do in terms of finding the formula for reconciliation. Although the US was relatively strongly set towards the Georgian conflicts, its role therein was limited mostly to providing political support to the peaceful initiatives of the Government. As for the European Union, it became interested in "unfreezing" the conflicts only after Georgia's accession to the European Neighbourhood Policy (ENP) although its interest was only moderate and Brussels always avoided playing the prime role in the settlement of conflicts. In the course of the negotiations on the ENP Action Plan, more than one fierce discussion took place before the issue of conflict settlement was set amongst the other priorities on the agenda of the EU-Georgian co-operation. Still, measures reflected in the ENP Action Plan were not properly specified but only mentioned that the mechanism for negotiations should be made more efficient, the role of EU Special Representative in the South Caucasus should increase, the territorial integrity of Georgia and the settlement of its internal conflicts be included in the framework of the EU-Russia dialogue and so on. The ENP Action Plan for conflict settlement, therefore, does not envisage any specific steps with a view to increasing the EU's role. Remarkably, the first serious efforts in this direction were taken by the Europeans following the NATO Summit held in April of 2008 at which the decision to grant Georgia the MAP was not taken in the main as a result of the position of one group of European members of the Alliance. Unfortunately, these member states put forward enough arguments to justify their position which then enticed Russia into action in South Ossetia and Abkhazia and challenging the sovereignty of Georgia. After it became clear to the world how Russia had progressively strained the situation in conflict zones, there is no doubt that the Europeans must have felt remorse which prompted them to take active steps towards resolving these conflicts within the EU framework. First, the EU High Representative for the Common Foreign and Security Policy, Javier Solana, tried to sound out the possibilities for intermediation between the parties to the conflict followed by the Minister of Foreign Affairs of Germany, Frank Walter Steinmeier, who visited the region with a specially developed peace plan. Unfortunately, however, it was already too late for such actions as Russia was strongly committed to following its own plan and at once "buried" the initiatives of Messrs Solana and Steinmeier.

The abovementioned, however, enabled the initiation of military actions in South Ossetia and, as also noted, all of the parties concerned are more or less responsible for the ensuing events.

Georgia-Russia: What next?

After the five-day war between Russia and Georgia in August 2008, Moscow unilaterally recognised the independence of Abkhazia and South Ossetia. It is noteworthy that after a number of Western nations had recognised the independence of Kosovo, the Kremlin did not even attempt to hide its own intentions regarding Georgia's breakaway regions. Moreover, before the West's recognition of Kosovo, Moscow had repeatedly warned the world that Kosovo would set a precedent and would, therefore, provide a precedent for the recognition of the independence of separatist provinces in the post-Soviet area.

The world's leading nations strongly criticised Moscow's aggression against Georgia and the recognition of the independence of Abkhazia and South Ossetia. Despite this, however, it is almost unthinkable to expect that Moscow will reverse its decision and the *status quo ante* of the August 2008 war is restored in the foreseeable future. On the contrary, Moscow will take steps to keep its military bases there indefinitely and so Georgia has found itself in a situation where it is likely to have a continued territorial dispute with a part of its own territory under occupation. Obviously, Tbilisi will never reconcile with the idea that its territorial integrity has been impaired and that two of its historic provinces have been taken away.

In a nutshell, the bottom-line of the foregoing analysis suggests that the national projects of the two countries are mutually exclusive. Russia and Georgia have different views on the causes and character of these interethnic conflicts. Tbilisi and Moscow differently assess the "Westernization" of the South Caucasus and the post-Soviet area as a whole. In Georgia's estimation, European and North Atlantic integration is a criterion of civilization and democracy; for Russia, it is an encroachment on her 'privileged interests.' The two also disagree on Russia's military-political presence in the Caucasus. Whereas to Moscow, it is primarily an issue of security in the North Caucasus, to Tbilisi, it is imperial ambitions and the threat of annexation.

As a result of the August events previous agreements regarding the resolution of existing conflicts have been denounced. Instead, a new international format was created comprising three facilitators (UN, OSCE and the EU) and three participants (Georgia, Russia and the U.S.). So far four rounds of negotiations have been held within this format in Geneva but none of them proved to have a success.¹⁵ The only regulatory legal framework is a 6-point agreement of 12 August 2008 signed by presidents Sarkozy, Medvedev and Saakashvili.¹⁶ Unfortunately, this agreement is not fully observed as the sides provide diverging interpretations of it.¹⁷ Also, Russia seems to be increasingly uncomfortable with this format and keen to move discussions to the UN Security Council wherein she has greater clout due to the veto power.

The question arises: What are the alternatives for ending the stalemate?

To answer to this important question one needs to analyze the factors that may hinder or contribute to discharging the strained relations. In this regard, the *balance sheet* of bilateral relations includes both liabilities and assets:

Liabilities:

- Incompatibility of national projects;
- Disagreement over the status of Abkhazia and South Ossetia;
- Disagreement over Russia's military presence in Abkhazia and South Ossetia;
- Broken intergovernmental instruments/channels of dialogue;¹⁸

Assets:

- Absence of phobia between the Georgian and Russian peoples;¹⁹

¹⁵ For the sake of brevity, this format is informally called the 'Geneva process.'

¹⁶ The agreement includes 6 points as follows: 1. Not to resort to force; 2. To end hostilities definitively; 3. To provide free access for humanitarian aid; 4. Georgian military forces will have to withdraw their usual bases; 5. Russian military forces will have to withdraw to lines held prior to outbreak of hostilities. Pending an international mechanism, Russian peace-keeping forces will implement additional security measures; 6. Opening of international talks on the security and stability arrangements in Abkhazia and South Ossetia.

¹⁷ Russia refuses to comply with the point 5 of the agreement referring to the changed realities (emergence of independent Abkhazia and South Ossetia, request of these entities to provide military assistance and security, etc.) after signing it.

¹⁸ The Georgian government broke off diplomatic relations with Russia immediately after the recognition of independence of Abkhazia and South Ossetia on 26 August, and Russia responded by doing the same.

- Huge potential of mutually beneficial economic co-operation;
- Two Churches willing to contribute;
- Readiness of international community to facilitate this dialogue.

Obviously, the liabilities outbalance the assets. The immediate future, therefore, dooms to lack tangible signs in terms of resuscitating bilateral relations. In due course, however, as the ‘Geneva process’ gains momentum and Russia ascertains how prohibitive is the political price she has to pay because of the aggression against Georgia, certain elements of reviving relations may appear, such as follows:

- The dialogue on the civil society level established;
- Part of Russia’s ‘soft power’, such as visa facilitation/lifting embargo/restoration of transport links, realised.
- Agreement on non-resumption of hostilities signed;
- IDPs returned to Akhgori²⁰ and Kodori.

Also possible but highly unlikely would be if the diplomatic relations are restored and/or direct talks between the Government of Georgia and the *de facto* governments of Abkhazia and South Ossetia start. At the same time, there is no doubt that in the near term the existing *status quo* will not be reversed or Georgia will recognise the independence of Abkhazia and South Ossetia.

Given the circumstances, the only choice for Georgia is to ensure its democratic development and sound market reforms so as to get closer to the Euro-Atlantic institutions and in longer term become attractive for the Abkhazian and South Ossetian societies. In the meantime, the situation most likely will ‘freeze’ in line with the new *status quo* until the next geopolitical shift takes place in and around Georgia.

¹⁹ As a supporting argument one should mention that despite the war several hundreds of thousand Georgians continue to live and work in Russia.

²⁰ A region of South Ossetia populated by ethnic Georgians many of whom had to flee as a result of war.

The State of Relations between Ukraine and Russia

Dr. Yaroslav Pylynskyi¹

Introduction

Over the centuries, Ukraine and Russia went through severe trials; they have common achievements and numerous losses, real and imaginary offences and injustices. Now it depends on citizens of both states, policy makers, journalists, scholars, whether we will keep living in the past or will be building the future keeping in mind that the major value is not a state, but a human being and his/her life.

Contemporary relations between Ukraine and Russia will continue to develop according to systems created by the Russian Empire in the areas of power, information, culture, and mythology.² This system was not formed in a single day, year or decade. It was formed and it evolved. The system changed and perfected itself not only through the influence of representatives of the “imperial core”, but also through representatives of colonized peoples who joined the imperial administration and culture, and became its inseparable and integral parts. Representatives of the latter group saw their mission as strengthening and developing the empire rather than their own “small” or sometimes “rather large homelands.”³

For this reason Ukraine, in spite of its considerable population and rather stormy history, ceased to exist as a separate unit on the historical map of the world after the defeat of Hetman Mazepa in 1709 near Poltava, losing most of its sovereignty over the next 70 years. It was after this battle that Russia began to expand its possessions in Europe, moving further to the west and south: into the Baltic states, Finland, Poland, Moldova, the Black Sea steppe, and the Crimea. Ukrainian statehood—represented in the Hetmanate—was finally eliminated in 1785 by Catherine II, when Ukrainian lands were divided and began to be ruled according to the wider imperial gubernia system.

The establishment of Kharkiv University in 1803 and Kyiv University in 1834 became important factors in the formation of the modern Ukrainian nation, which in 1917 announced itself in the declarations of the Ukrainian People’s Republic.

In Soviet and post-Soviet Russian historiography, subsequent events on the territory of Ukraine were interpreted as a civil war. If one considers the fact that the Communist Party and the army it commanded came to Ukraine from the territory of Bolshevik Russia, however, there are reasons to agree with contemporary Ukrainian historians in believing that the war was actually imperialistic and expansionist. In this war, Communist Russia was in fact fighting to recover former colonies of the Russian Empire. While Poland, the Baltic states, and Finland managed to defend their independence thanks to international support, Ukraine, which among other things was economically much more important for the Empire, was forced to join the Soviet Union after five years of resistance and became one of its founding republics. It is worth noting that Ukraine insisted on union status for itself within this quasi-state, a status that became an important precondition for the liquidation of the Soviet Union in 1991. Lenin’s support for the union status of Ukraine and other republics contradicted the principle of autonomous subordination proposed by Stalin. This represented

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² Ewa M. Thompson . *Imperial Knowledge: Russian Literature and Colonialism* (Contributions to the Study of World Literature) Greenwood Press, 248 p.

³ Kappeler Andreas. *The Russian Empire: A Multiethnic History.* Longman. 480 p.

not only a concession to the national aspirations of Ukrainians for their own independent state but also a strategic step toward further world revolution that was to have been supported by other peoples. Although this idea lost its meaning after Stalin's decision to build "socialism in one country," it remained a formal argument among supporters of independence, who demanded adherence to "Leninist" democratic principles regarding the coexistence of nations. This idea later became a legal basis for the Declaration of State Sovereignty of Ukraine of July 16, 1990 and the subsequent Act of Independence of August 24, 1991.

After the end of armed conflict on the territory of Ukraine—the actions of partisans came to an end only in 1926—the Soviet government began a policy of Russification that actually turned into the annihilation of a considerable number of Ukrainian peasants, teachers, and members of the intelligentsia during 1920–30s. According to contemporary scholars, almost all Ukrainian teachers with pre-revolutionary teaching experience were annihilated in this period, while the entire staff of the Ministry of Education was purged twice.⁴

Some present-day researchers of Ukrainian history consider the Holodomor to be a continuation of war, in which nearly 8 million Ukrainians died.⁵ It is worth noting that a similar policy was also pursued by the Soviet government on the territory it occupied in September 1939 after it successfully cooperated with Germany to invade and partition Poland. This was the main reason for the strong anti-Soviet partisan movement on these territories that was defeated only in the mid-1950s.

At the same time, the victory in World War II, called the "Great Patriotic War" in the Soviet Union, became a major if not the major element of the state-building myth common to all peoples of the Communist empire, and was strongly cultivated by the central government with the aim of reinforcing the unity of the population. Under Brezhnev this myth became the most important means for forming a shared properly Soviet consciousness across the entire territory of the USSR.

Just as in the imperial period, efforts to form a new historical unit—the Soviet people—provoked strong resistance on the part of local nationalisms, not the least of which was Russian nationalism. Contrary to popular conceptions, Russian nationalism was the first to bury the Soviet Union by finally realizing its aspiration to become dominant in the diverse Communist empire. The fact that Russia had to cede territory to "peripheral" nationalisms turned out to be a side effect, often not fully understood by its leaders.

In this way, the cultural and political vectors of Ukraine and Russia began to split in the 1990s, and the countries' political systems began to develop in different directions. In Russia, the archetypal Byzantine model of governance became dominant, and it is often rightly called "the vertical of power." This model is dependent on the president (or previously the tsar) of the state. Ukraine gradually developed a rather clearly visible division of powers between the president, parliament, and the government, which allows the system to be considered democratic. The system remains imperfect, however, and as a result it is often far from effective.

The most important difference between the Ukrainian and Russian experiences of modern nation-building are the differing political contexts in which these processes are occurring. With all necessary qualifications, we can maintain that in Ukraine nation building has been

⁴ Marochko Valys, Hellig Giotz. *Represovani pedagogy Ukrainy: zhertvy politychnogo terror (1929-1941)* [Repressed Teachers of Ukraine: Victims of Political Terror (1929-1941)]. – Kyiv, 2003. – 5-21.

⁵ See more at: <http://en.wikipedia.org/wiki/Holodomor>

taking place under *democratic* political conditions, at least since the early 1990s. Even under the authoritarian rule of Leonid Kuchma, ethnic and national policy was democratic in character, as demonstrated in numerous compromises between the official policy of building a *nation state* (ethnocratic priority) and the real practice of constructing a *state nation* (civic nation priority).⁶

On the contrary, the Russian nation building project, which is formally declared to be a policy of building a civic nation, is in essence *national-imperial*, regardless of whether it is called “guided” or “sovereign” democracy, a fact that became evident from the beginning of Vladimir Putin’s presidency in late 1990s. Emil Pain, a leading Russian expert, justifiably argues that under Putin’s presidency “imperial nationalism” became the “keystone of the theories of building the new, third empire in Russia”.⁷ According to Pain, the effects of such a policy of state and nation building include: subject status rather than citizenship, ethnic nationalism instead of civic activity, and the prioritizing of state interests over civic and personal ones.⁸ Paradoxically, the “burden of the imperial body” (Emil Pain) also offers powerful symbolic resources for the formation of a new Russian identity. The historical tradition of imperial statehood, the idea of Russian messianism, historical memory, and a pantheon of heroes and symbols are easily implanted into the modern Russian context. In addition to these factors, there is a single official language (with no rivals), and a single local Orthodox Church with its own Patriarchate.

Compared with this, Ukraine’s symbolic resources for nation building are much weaker, as they are geographically diverse and not definitively formulated. Furthermore, Ukraine’s symbolic resources in many areas (history, culture, language, religion) remain among the “controversial questions” of Russian identity. In this connection, given that neighboring Russia’s imperial-national project envisages cultural, economic, and political expansion into the neighboring countries of the “near abroad,” Russia remains a continuing source of pressure on the formation of a Ukrainian civic nation and even on the existence of an integrated sovereign Ukrainian state.

Thus, the Russian nation building project is not democratic, but is in practice more efficient than the Ukrainian one, at least in terms of resource mobilization. This is a result of both the centralization of power and the great economic resources of Russia. This neo-imperial project substantially reproduces the calculus of 18th and 19th century European national-imperial state building projects.

Characterized as it is by multi-confessionalism, de facto bilingualism, a wide spectrum of political orientations, the lack of an imperial ideology, and with no unique center of power, the Ukrainian nation building project can *only develop democratically* under current conditions. At the same time, it cannot compare with the Russian imperial model in terms of its effectiveness and its ability to rapidly mobilize national and state resources within a short historical period. Given objective realities and limitations—such as the lack of ties of responsibility between an ethnically and culturally diverse people and the community of politicians, feuding elites, and a geopolitical situation unfavorable or even hostile to nation-

⁶ A helpful methodological distinguishing between the nation-state and the state-nation is suggested by the prominent political scientist A. Stepan. See: Stepan A. Ukraine: Improbable Democratic “Nation-State” But Possible Democratic “State-Nation”? – *Post-Soviet Affairs*. – 2005, Vol.21, No 4. – P. 279 - 308.

⁷ Pain E. Imperskyi syndrom ta imitatsiya natsionalnogo budivnytstva v Rosii. – *Sotsiologiya: teoriya, metody, marketyng*. [Imperial Syndrom and Imitation of Nation Building in Russi. – *Sociology: Theory, Methods, Marketing*.] – 2007. - № 3. – p. 50.

⁸ *Ibid.*

centric strategies—this project must be based on the state-nation rather than the nation-state, if it is to be realized at all.⁹

At the same time, it is the fragmentary or conflicting nature of the symbolic resources of modern nation building (language, religion, political orientation, etc.), in addition to the noted limitations, that allow Ukraine to accumulate and form “*diverse and complementary identities within a state.*”¹⁰ Contemporary Ukraine can be characterized as a multi-component society, and as such, the political model for its development can be based on the principle of the accommodation of differences through a so-called “inter-community democracy”. This kind of policy is based on two major requirements:

- a. a minimum public consensus on fundamental values (in the case of Ukraine these are a sovereign independent state and its democratic development);
- b. a conviction on the part of elites, who represent society’s various political, social, ethnic, and cultural groups, about the necessity of preserving social unity and state integrity, their awareness of this responsibility, and their ability to manage social conflicts irrespective of their own diverse positions.

Given these systemic issues and the mentioned limitations, it is hard to determine which aspect of national identity—socio-cultural, ethno-national, political-legal, among others—is decisive in the sense of a “magic lever”, since they are all closely interrelated. In an ideal world, all factors working for the nation’s consolidation are important, including, for example, national achievements in sport or culture. From the perspective of state policy in an unconsolidated society, however, it is worth discussing the more dramatic *practical effect* of certain aspects. Let us focus on three of them: 1) ***national democratic identity***, i.e. the formation of a stable national consensus about the country’s prospects for democracy by improving the functioning of formally democratic institutions and by truly developing local self-government; 2) ***market economy national identity***, i.e. a true prioritization of national, rather than collective or corporate interests; a well thought out regional economic policy; the strengthening of a national market that functions according to the same rules across all regions; the formation of dominant market economy orientations on the part of citizens, etc.; 3) ***legal national identity***, i.e. genuine rule of law; respect for national laws on the part of elites in power; the unbiased application of law to those who are political “friends” and “foes”; and the accessibility of justice for citizens, which according to our studies, is a widely held desire in all Ukrainian regions.

Thus, Russia and Ukraine are confronting similar tasks of building modern nations in perfectly different contexts and circumstances. The Ukrainian project looks more complicated and prolonged than the analogous imperial Russian one, yet it promises to be more durable and stable, especially in the context of the challenges of globalization.

The incompatibility of the Ukrainian and Russian state projects is a consistent source of tension between the two states. A Ukraine that is oriented toward western standards threatens the imperial non-democratic Russian state project not only because it might succeed, but because of its very existence. This constantly gives the Russian power elite an incentive for undermining the fundamentals of the Ukrainian state and discrediting the idea of its existence both in Russia and Ukraine, as well as in the wider international environment.

⁹ Stepan A. Ukraine: Improbable Democratic “Nation-State” But Possible Democratic “State-Nation”? – *Post-Soviet Affairs*. – 2005, Vol.21, No 4. – P. 279 - 308.

¹⁰ Ibid.

Therefore, in order to formulate an effective policy of countermeasures and to prevent the negative consequences arising from deepening divergences, Ukraine in the first place needs to “inventory” these differences. (It should be noted that the well known scholar Taras Kuzio has recently defined eleven major “lines of division” between Ukraine and Russia¹¹). Let us focus on the most important of them that influence Ukrainian-Russian relations on a systemic level. One of the most significant is the media and information environment of Ukraine, which remains strongly influenced by the powerful information resources of Russia. This allows Russia to win “information wars,” especially when covering issues of foreign and domestic policy that are sensitive for the population. We may say with confidence that, since 2004, information attacks that had previously been targeted specifically but not systematically now became more frequent and gradually turned into a permanent factor. This is causing Ukraine to lose control over its own “sovereignty in information,” while foreign information flows intensify on its territory with all of the potential negative consequences.¹²

Russian mass media coverage of events in Ukraine persistently contributes to our country’s negative image not only in Russia, but also in other countries of the world, which is generally very dangerous for Ukraine.

Ukraine is portrayed by the focused and comprehensive state propaganda machine as a country: a) whose leadership is dragging the people into the anti-Russian NATO; b) where Russian language and culture is being mercilessly eliminated; c) from which the Black Sea fleet is being ejected; d) that glorifies war criminals; e) that slanders and perverts common history. *This propaganda campaign has resulted in an increase in hostile attitudes toward Ukraine among Russian society, as attested to by the results of a sociological survey.* According to the Levada Center’s data, 62 percent of respondents regard Ukraine negatively or generally negatively (as of January 2009), while in September 2008 this figure was at 53 percent.¹³

Unfortunately, we lack more recent data from which to compare public opinion in both countries, but as of spring 2008 the attitudes of the two peoples to each other (substantially formed by the mass media) are evident from the press release published by the Kyiv International Institute of Sociology on 12 May 2008. Parallel surveys of the attitudes of Ukrainians and Russians to each other and Ukrainian-Russian relations were conducted in Ukraine by KIIS and in Russia by the Levada Center.¹⁴

Both research centers asked respondents three questions:

1. What is your general attitude to Russia/Ukraine at the current moment? (questions of KIIS and Levada Center respectively)
2. What relations of Ukraine with Russia / Russia with Ukraine would you like to see in the future?
3. How dangerous for the security of Russia would Ukraine’s immediate membership in NATO be?

An absolute majority of Ukrainians (88 percent) think of Russia generally positively. In Russia only 54.7 percent of the population have a positive attitude to Ukraine. The difference

¹¹ See Taras Kuzio, “Russian-Ukrainian Relations Reveal Deeper Problems,” *Eurasia Daily Monitor*, June 17, 2008, http://www.jamestown.org/edm/article.php?article_id=2373151.

¹² Bohdan Chervak, “How To Win An Information War,” Head Information Policy Department State Committee for TV and Radio. *Ukrayinska Pravda* web site, Kiev, in Ukrainian, 29 May 2006, BBC Monitoring Service, United Kingdom, Wed, May 31, 2006.

¹³ <http://www.levada.ru/press/2009013001.html>.

¹⁴ <http://rate1.com.ua/uk/archive/283/>

in the percentage of those whose attitude to their country's neighbor is very positive is telling: only 5.5 percent of Russians think of Ukraine very positively, while 47.3 percent of Ukrainians are very positively disposed toward Russia. Among Russians, 33.5 percent have negative feelings for Ukraine, while only 6.8 percent of Ukrainians think negatively of Russia. In general, the attitudes of Ukrainians to Russians are much more positive than the attitudes of Russians to Ukrainians.

Most Ukrainians (66.7 percent) and Russians (56.5 percent) think that Ukraine and Russia should be independent yet friendly states with open borders and no visas or customs. Just under one fifth of Russians (18.5 percent) and 10.2 percent of Ukrainians believe that relations between the two neighboring countries should be the same as with other countries, including closed borders, visas, and customs. The difference between the number of those who support unification into a single country is insignificant (20.3 percent among Ukrainians and 18.8 percent among Russians).

Those who think that Ukraine's membership in NATO would present a serious threat to Russian security make up 26.1 percent of Ukrainian survey respondents and 30.3 percent of Russians. In addition, 17.4 percent of Ukrainians and 30.1 percent of Russians regard Ukraine's membership in NATO as a certain threat to Russia.

Another problem of bilateral relations between Ukraine and Russia, which until recently had not attracted the attention of the government or the public, is the problem of citizenship. The recent attention given to this problem was spurred by the fact that Russia, after having carried out an unprecedentedly wide-scale campaign of granting Russian citizenship to the residents of Georgia's separatist regions—South Ossetia and Abkhazia—successfully used this fact to legitimate combat on the territory of Georgia as the protection its fellow citizens, and not simply its so-called “compatriots.”¹⁵ For this reason, the following question arose: would Moscow sooner or later use the same argument in its relations with Kyiv, since it is attempting to issue as many Russian passports as possible to the residents of the Crimea, particularly Sevastopol?

Although there is no exact data or reliable statistics on the number of citizens of Ukraine that also have passports of other states, some mass media report that in the Crimea there are 170 thousand persons with dual Ukrainian-Russian citizenship.¹⁶

At the same time, influential Russian politicians are promising to introduce the question of “confirming Russian citizenship” for residents of Sevastopol into the State Duma. In particular, on June 14, 2004 Sergei Ivanov, vice prime minister of the Russian government, while visiting Sevastopol on the 225th anniversary of the “city of Russian glory,” promised to address Duma deputies with a proposal, in response to the request of the head of Russian Community of Sevastopol. This may plant another delayed-action mine into the fragile and doubtful peace on the peninsula.¹⁷

¹⁵ Pervye uroki krizisa, ili Kukushka i medved. [The First Lessons of Crisis, or a Cuckoo and a Bear]. Paul Reynolds, BBC observer. 2008/08/11, http://news.bbc.co.uk/go/pr/fr/-/hi/russian/international/newsid_7553000/7553884.stm; The Russian-Georgian War Was Preplanned In Moscow. By Pavel Felgenhauer, Eurasia Daily Monitor, Thursday, August 14, 2008; Evgeniy Novitskiy: “Piatidnevnyaya voyna”: na chiei storone Pravda? [The “Five-Day War”: on Whose Side is the Truth?] 15-08-2008, <http://maidan.org.ua/static/mai/1218788630.html>.

¹⁶ Kyiv On Georgia: Diplomacy Awkward, Parties Divided. By Pavel Korduban, Eurasia Daily Monitor, August 15, 2008; 16 августа 2008, <http://gazeta.24.ua/news/show/id/60403.htm>.

¹⁷ Kreml razrabotal stsenariy silovogo zakhvata Kryma? [Has the Kremlin Developed a Scenario of a Forced Seizure of the Crimea?] 17.06.2008, <http://intv-inter.net/ru/news/article/?id=57736227>.

The Crimea is another topic flowing from growing discrepancies in the opposite geopolitical choices of Ukraine and Russia. Although this topic requires a specific profound study and thorough analysis, it should be noted that it is in the Crimea (rather than Eastern Ukraine) where one may expect a further escalation of bilateral relations even as far as provocation of military conflicts based on ethnic or religious factors.

Discussions of a possible revision of the status of the Crimea today are mainly provocative, because they do not have any legal grounding. The Crimea was transferred to Ukraine in compliance with all necessary regulations accepted in the USSR. Contrary to mass media statements that Khrushchev allegedly presented the Crimea to Ukraine on the occasion of the 300th anniversary of the so-called unification of Ukraine with Russia, it should be noted that the major reasons for transferring the region were economic ones. Crimea's entire infrastructure (water and energy supply, transport, communications, etc.) was totally connected with other economic objects on the territory of Ukraine. Besides, the Soviet government took into consideration pragmatic economic interests: the costs of the development of the region's infrastructure, as well as the supply of numerous military objects were borne by the population of Ukraine. Since in Khrushchev's and Brezhnev's times the Soviet Union was "unbreakable" and the thought of its possible collapse never entered into anyone's mind, while the sovereignty of the republics was a mere formality (at least from the point of view of Moscow), nobody cared about the Crimea's fate. Besides, as part of Ukraine, this predominantly Russian-speaking region acted as a powerful Russificatory agent for neighboring Ukrainian regions, making the transfer a perfectly reasonable and proper step from the point of view of the unification of the empire's population. Today after the return of the Crimean Tatars to their homeland, any discussion of a possible revision of the territory's status without taking into account their opinion is nothing more than political manipulation.

The presence of the Russian Black Sea Fleet's naval base in Sevastopol is also a constant source of tension in relations between the two countries. Although this navy does not have any strategic importance for Russia and remains an excessive burden for the Russian economy, and in spite of the fact that the ships have mostly outlasted their usefulness and may soon be scrapped, this is irrelevant for Russian policymakers. On the one hand, the Russian presence in Sevastopol continues to support the old mythology of Moscow as the Third Rome and the manic dream about the straits (Bosporus and Dardanelles). On the other hand, the Russian Black Sea Fleet in Sevastopol is necessary for defining Russia's presence in Ukraine, rendering political pressure, as well as smuggling. Another important factor is the issue of land ownership in the Crimea: the Russian naval base still owns thousands of hectares that are used by Russian officials and generals for building their summer houses.

Therefore, it is understandable that tension, as well as the possibility of extremely dangerous provocations, will grow with the approach of the date of the expiration of the term of the Russian Black Sea Fleet's temporary stay in Sevastopol. These negative processes will also be considerably influenced by the steps taken by Ukraine to bring it closer to integration with Euro-Atlantic collective security structures. The possibility of such integration elicits hysterical and panicked reactions on the part of the Russians, because they consider it to be not only (or not so much) a military threat for NATO to approach Russian borders, but rather the final, irreversible loss of Ukraine, which is considered indispensable for Russia's main goal—the restoration of the Great Empire. This loss is perceived as a threat to the whole "Russian world", and to the "further existence of East-European civilization and to the unity of the East-Christian universe".¹⁸ Certain Russian experts candidly state that "if in half a

¹⁸ Rosiya – Ukraina: Problema NATO i krizis dvustoronnikh otnosheniy. Kruglyi stol "RP-Kluba" [Russia and Ukraine: the Problem of the NATO and the Crisis of Bilateral Relations. Round-table of the "RP-Club"].

century Ukraine is not part of the Russian state, this will be our national catastrophe...” Another citation from the same author: “What scares me most in this respect is the pace many of our politicians have made with the idea that Ukraine is already a “different country” and that our fates have separated... We have surrendered a lot and long ago, and we have accepted a lot, but Ukraine is the boundary, retreating from which is impossible...”¹⁹

In conclusion, it should be noted that a factor inhibiting the overcoming of “post-imperial syndrome” in both countries is the widespread and deeply rooted concept of a special, extraordinary kinship between the two “brotherly” Slavic peoples and the myth of their common membership in the East-Orthodox religious community and in the “Eurasian” civilizational and political world. Inspired by the strong propaganda mechanism of contemporary Russia, this myth is supported in Ukraine not only by the forces of the political left, which is traditionally oriented toward joining an old or new version of the USSR, but also by a part of Russian-speaking intelligentsia that has been educated to perceive Russian and Russian-language culture as having advantages over provincial Ukrainian culture. (As Andrei Okara, the only sober voice in the chorus of the mentioned Russian discussion about Ukraine and NATO, noted: “In Russian-Ukrainian relations Russians are accustomed to unreasonably overestimating themselves, while Ukrainians—unreasonably underestimating”.²⁰) Moreover, the presence of a considerable number of representatives of the party and state “elite” of the Soviet Union among contemporary Ukrainian policy makers creates additional difficulties in overcoming the rooted habits of orienting to directives and signals from Moscow. This manifests itself not only in the obedient execution of such directives, but also in attempts to take Russian methods, political tactics, and strategies and mechanically transfer them to the Ukrainian situation in the naïve belief that reliable “Kremlin recipes” will successfully work in local realities.

Another important issue in the relations between the two countries is the status of the Russian language in Ukraine. Incidentally, in the reproaches of Russian politicians the problem is defined exactly by this word—the status. This is important to note, as it is another confirmation that in the Russian mental paradigm the “status” is much more important than the “essence.” From this paradigm come “Potemkin villages,” “window dressing,” timing plan fulfillment to state holidays, and on the personal level—a love for formal positions and ranks. This is namely the reason why the *essence* of the matter—the perfectly free functioning of the Russian language on the territory of Ukraine—does not satisfy the fighters for its *status*.

Bilingualism in Ukraine has a complex historical past. During the 19th century, after Count Uvarov declared the policy for “Autocracy, Orthodoxy, and Populism,”²¹ the Russian government consistently pursued the policy of Russification by repeatedly prohibiting the usage of the Ukrainian language in public, in theatre performances and concerts, in

Moscow, 2008. 60 p. The complete version published in July 2008 of the web-portal Strategium (<http://strateger.net/Russia-Ukraine-NATO>), and on the blog of Andrei Okara at Ukrainska Pravda (<http://blogs.pravda.com.ua/authors/okara/48884f6eb31b8/>).

¹⁹ Arkadiy Maler: Rossiya – garant evropeiskoi identichnosti Ukrainy. [Russia is the Guarantor of Ukraine’s European Identity]. 19/07/2008, http://strateger.net/arkadiy-maler_russia_-_garant_euro-identichnosti_ukraine.

²⁰ Andrei Okara. Neobkodomu priznat subektnost Ukrainy. Rosiya – Ukraina: Problema NATO i krizis dvustoronnikh otnosheniy. Kruglyi stol “RP-Kluba” [It is Necessary to Admit Ukraine’s Subjectiveness”. Russia and Ukraine: the Problem of the NATO and the Crisis of Bilateral Relations. Round-table of the “RP-Club”]. Moscow, 2008.

²¹ Count Sergey Semionovich Uvarov (1786 -1855) in 1832 was appointed Deputy Minister of Public Education. He was responsible for coming up with the formula "Orthodoxy, Autocracy, and Populism", the basis of his activities regarding public education. He stood for impeding access to education for the people of the non-noble origin and strengthening governmental control over the universities and gymnasiums.

publications, and in church. The Ukrainian language went beyond those barriers and prohibitions only after they were removed in 1917. At the same time, Ukrainian was functioning freely on the territory of the Austro-Hungarian Empire, where writers and cultural workers from all over Ukraine could publish their works without restraints. Consequently, at the beginning of the 20th century the language was sufficiently developed, codified, had considerable vocabulary, and was used in fiction and academic literature.

In Soviet times, Ukrainian was the official language of record keeping in the republic up to 1977, when the creation of a new historical unity—"the Soviet people"—with a single language (Russian) was declared. After this the sphere of usage of Ukrainian as an official language sharply declined.

Besides, there was a strong policy encouraging Ukrainians to resettle to Siberia and the Far East or other republics of the USSR, where they functioned as agents of Russification, while Russians came to take their place in Ukraine. Thus, if before World War II Russians in Ukraine made up less than 6 percent of the population, by the collapse of the Soviet Union they made up nearly 20 percent of the population, having replaced 7 million lost by Ukraine during World War II.²²

Thanks to the policy of Russification, the population of the cities of the south and east that hosted many immigrants from Russia almost entirely shifted to Russian in the post-war period, while the sphere of usage of Ukrainian was significantly narrowed in the center and the west.

This way, a considerable part of the population shifted to Russian as the language of daily usage while remaining culturally Ukrainian. According to the recent data published by the Democratic Initiatives Foundation²³, over 60 percent of Ukraine's population believes that Ukrainian should be the only official language, while less than 30 percent speak in favor of two official languages or in favor of the usage of Russian as a regional language. De facto, although Ukrainian is the only official language, Russian is freely used by citizens in all spheres except for the area of state legal acts. The priority of the language problem, according to surveys of different independent sociological services, is not considered to be in the top 20 most important problems for Ukraine's population in all the regions, and only 5 percent consider the linguistic problem important to them.

The intensity of Ukrainization is also indicated by the fact that, if in the Crimea Ukrainians formally make up 30 percent of the population, only 6 secondary schools out of over 500 in the region use Ukrainian as the language of instruction. Thus, even in the Crimea the language problem is more imagined than really important for the population.

Therefore, the issue of language in contemporary Ukraine is mostly an issue of external pressure and manipulations, in particular by foreign public opinion, rather than an urgent Ukrainian problem.

One way or another, notwithstanding the problems and numerous mutual complaints, from 1 October 2008 Ukraine and Russia de facto prolonged the Agreement on Friendship, Cooperation, and Partnership for the next ten years.

²² <http://www.soclist.by.ru/vvv6.htm>

²³ <http://dif.org.ua/ua/poll>

According to the text of the document, it is prolonged automatically for a new ten year term if six months before its expiration none of the parties declares a wish to terminate it. As Russia and Ukraine exchanged ratification charters on 1 April 1999, the deadline for claiming termination of the agreement was 1 October 2008. Since that did not happen, the action of the Great Agreement on Friendship and Cooperation between Russia and Ukraine, as well as a number of other agreements, including those relating to the Russian Black Sea Fleet, was automatically prolonged.

Conclusion

Once Plato in his debate with Socrates essentially defined the paradigm that is still intrinsic for the humankind: a free person and a totalitarian state. In the 20th century there were several attempts to overcome this contradiction in favor of the state, the results of which are well and widely known. One can assume that citizens of the states that outlived the totalitarian past should understand the value of freedom of a human being. However, recent decades of development of countries on the post-totalitarian post-communist space have demonstrated that freedom is to be mastered, since freedom in human society is not an abstract feeling, but an everyday pursuit of compromise: between desires and possibilities, between different people, between demands and aspirations, between own interests and public necessities.

It was compromise and ability to come to an agreement that created the modern human civilization several millenniums ago. Today Europe for the first time in history is not divided into antagonistic alliances and blocks. Although, discrepancies and contradictions still exist between Europeans, the general aspiration is evident – peace and prosperity for oneself and thus for the neighbors rather than at their expense.

Ukraine and Russia went through severe trials; they have common achievements and numerous losses, real and imaginary offences and injustices. Now it depends on citizens of both states, policy makers, journalists, scholars, whether we will keep living in the past or will be building the future keeping in mind that the major value is not a state, but a human being and his/her life.

It was back in the 5th century BC when the sophists – representatives of Greek enlightenment – preparing their students for political activity redirected the antique philosophy to the problem of a person and his/her consciousness. Protagoras, the most famous among the sophists, suggested the thesis: “Man is the measure of all things: of things which are, that they are, and of things which are not, that they are not”. This thesis declared almost three thousand years ago is still topical. For over 60 years Europe is avoiding serious interstate military conflicts. Whether this period will become a prologue to a new common European home depends on all Europeans, their urge towards understanding the other and helping him/her find their own compromise with themselves and other people.



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