

Russia and the Other Former Soviet Republics in Transition

LESSON 5: FOREIGN POLICY ISSUES UPDATE

Foreign policy issues continue to evolve both within the former Soviet space, and between the newly independent states and other countries and regions around the world. Russia remains the most prominent actor, and under President Vladimir Putin the country has become increasingly assertive within the region, causing concern that Russia seeks to reestablish some sort of control over its neighbors. Russia's most important out-of-region relations have been with the West, though these relations have become somewhat strained in recent years, and the country has strengthened its ties with Asia and elsewhere. This update will concentrate on the four main topics discussed in Lesson 5 of *Russia and the Other Former Soviet Republics in Transition*: Russia and the “near abroad;” relations with Europe; Russia and China; and Central Asia and the outside world.

RUSSIA AND THE NEAR ABROAD

Since gaining power in 2000, Russian President Vladimir Putin has pressed to reassert Russian influence in the other former Soviet republics, often called the near abroad. In order to bring the post-Soviet states back into Russia's orbit, Putin has applied economic pressure on those countries that depend on Russian resources, trade, and energy subsidies. These tactics have had mixed results.

By joining the European Union (EU) and NATO, the three Baltic states—Estonia, Latvia, and Lithuania—clearly signaled that they did not want to be within Russia's sphere of influence. Indeed, their relations with Russia have often been tense. For example, Estonia and Russia signed a border treaty in 2005. However, Moscow pulled out of the treaty after the Estonian parliament added a reference to the Soviet occupations during the ratification process. In 2006, Estonia and Lithuania boycotted Russia's sixtieth anniversary celebrations of victory in World War II, after President Putin refused to renounce the 1939 Soviet-German pact that handed their sovereignty to Nazi Germany. And in 2007, despite Russian protests and threats of sanctions, Estonia passed legislation that allows for the removal of Soviet memorials, which are perceived as symbols of the Soviet occupation.

Russia actively supported pro-Russian candidates in presidential elections in Georgia, in 2003, and Ukraine, in 2004. When the two countries elected pro-western presidents, Russia manipulated oil and gas supplies and imposed trade sanctions to promote pro-Russian policies. Russia has also opposed Georgia and Ukraine's discussions with NATO about future membership. In Belarus and Armenia, Russia supports loyal authoritarian regimes, but a 2007 dispute with Belarus over energy prices showed that there are some strains in that relationship.

In Central Asia, Russia's major interests include security, energy development, and trade. President Putin has declared Russia a Eurasian power and has recently attempted to reassert his country's influence in this area. In 2004, Russia was admitted to the Central Asian Cooperation Organization (CACO), which was founded in 1994 in an effort to reduce Russia's influence in the region. CACO has since begun the process of merging with the Eurasian Economic

Community (EURASEC). Russia and the Central Asian states are also members of the Shanghai Cooperation Organization (SCO, see the discussion of other regional organizations below).

Russia remains tied to the other former Soviet Republics in numerous other ways. Here, we highlight three: the presence of Russian troops in several newly independent states; the treatment of Russians in near abroad countries; and the struggles of region-wide organizations.

Russian troops. The presence of Russian troops in several of the newly independent states almost twenty years after the end of the Soviet Union reflects Moscow's intention to retain influence in the near abroad. Russia continues to support separatist governments and maintain military bases in Georgia and Moldova, despite promises to withdraw. In Georgia, the regions of Abkhazia and South Ossetia continue to seek either independence or union with Russia. Relations between the Georgian government and these regions remain tense, at times erupting into violence. Russia has maintained peacekeeping troops in both regions since the 1990s, has close ties with the separatist governments, and has granted Abkhazians and South Ossetians Russian citizenship. Similarly, Russia has yet to withdraw from Moldova's breakaway region of Trans-Dniester, despite having signed an agreement in 2001 to do so. Because the Moldovan government has conditioned its peace talks with the separatist region on a Russian pullout, the continued presence of Russian troops is a key obstacle to resolving the conflict.

Not all of Moscow's military presence in the former Soviet domain is contentious. The Armenian government signed an agreement allowing Russian troops to be stationed on its territory for twenty-five years. And in Central Asia, Russia opened its first permanent military base since the Cold War in Kyrgyzstan in 2003, and opened another base in Tajikistan in 2004. Russia has also been expanding its military cooperation with Uzbekistan.

Russians in the Near Abroad. The discrimination against Russian minorities in the near abroad is also a thorny issue, especially for Russia's relations with the Baltic states. For example, the Putin government has defended the use of the Russian language in these countries, and has criticized their treatment of their Russian-speaking minorities. In 1994, Latvia passed citizenship legislation requiring its Russian-speaking population to pass exams on Latvian language and history. Tensions increased again in 2004, when Latvia passed educational reforms that reduced the use of the Russian language in public schools. In 2006, Latvia further toughened its citizenship law, denying citizenship to candidates who fail the language exam three times. Estonia has passed similar legislation. As a result of such laws, about 10 percent of Estonia's population and 20 percent of Latvia's population have no citizenship.¹ Non-citizens can neither vote nor obtain an EU passport.

The Commonwealth of Independent States (CIS) and other regional organizations. After the demise of the Soviet Union, the Commonwealth of Independent States (CIS) was created to forge closer cooperation between the newly independent states, excluding the Baltics. However, since the late 1990s, the organization has been relatively ineffective, as the former republics have forged other relationships inside and outside the region. Steps to establish a CIS free trade zone have yet to materialize. During the 2005 CIS summit, the twelve members agreed that institutional reforms are needed to improve the organization's effectiveness and efficiency; however, during the 2006 summit, tough decisions concerning these reforms were postponed

until the next summit in the summer of 2007. In 2005, Turkmenistan reduced its ties with the CIS, becoming an associate member, following its policy of neutrality in foreign relations.

The post-Soviet states have created a number of other regional organizations to find cooperative regional solutions to political, economic, and security issues. The list includes the Eurasian Economic Community (EURASEC); the Organization for Democracy and Economic Development (ODED-GUAM); the Collective Security Treaty Organization (CSTO); and the Shanghai Cooperation Organization (SCO). Even with these organizations, however, progress has often been slowed by political turmoil, mistrust, or fear of Russian domination. Importantly, many leaders in the region have increasingly realized that they must cooperate with Russia, and that they share many social, economic, and security concerns with Russia.

RELATIONS WITH EUROPE

Russia and the European Union share many common economic and security interests. The EU is Russia's most important trading partner, its largest source of foreign investment, and its largest market for oil and gas.² Fighting terrorism and curbing the proliferation of weapons of mass destruction (WMD) lead both security agendas. Because of such shared interests, European countries (and the United States) have made an attempt to integrate Russia into the West since the collapse of the Soviet Union. Russia was admitted into the Group of 7 (G-7, now the G-8), an international forum of the world's leading industrialized countries; the NATO-Russia Council was established to promote military cooperation; Russia was admitted into the Council of Europe; the EU and Russia designed "common spaces" to promote closer economic, social, and political cooperation; and Europe has supported Russia's efforts to become a member of the World Trade Organization (WTO). Yet disagreements over such issues as Chechnya, the expansion of NATO and the EU, Russia's crackdown on political opposition and the media, and European support for democratic openings in Georgia and Ukraine have created tension within Russian-EU relations.

At the sixth Russian-EU summit in 2000, both sides agreed that a political solution to the conflict in Chechnya was needed. After the summit, however, a settlement was no closer as President Putin ruled out negotiations with the Chechen rebels. Then, in the wake of the September 11, 2001, terrorist attacks, Moscow argued that the Chechen war was justified because Chechnya was a "criminal terrorist state." Yet the EU continued to criticize Russia for human rights abuses in Chechnya, sponsoring draft UN human-rights resolutions condemning Russia in 2003 and 2004. In 2005, after hearing several of the 120 cases brought by the Chechen civilians, the European Court of Human Rights ruled that Russia had committed serious abuses in Chechnya, including torture and murder. During his trip to Chechnya in March 2007, the Council of Europe's Commissioner for Human Rights said the region was the darkest spot for human rights in all of Europe. Russia has dismissed Europe's criticism and threatened to halve its contributions to the Council of Europe if the criticism continues.

The expansions of NATO and the European Union have brought several former Soviet republics and satellite states into these two organizations. In 2002, Russian opposition to NATO expansion decreased after the creation of the NATO-Russia Council. The Council provided Russia a seat at NATO meetings on issues such as peacekeeping, counterterrorism, and the proliferation of weapons of mass destruction. Although Russia did not gain the benefits of full NATO

membership, such as voting rights or veto power, the Council represented a significant shift in NATO-Russian relations from containment to cooperation. In late 2002, when NATO invited the three Baltic states and several other former communist countries in Central Europe to join, Russia did not object. In March 2004, seven new countries (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia) formally joined the alliance, with little Russian opposition. However, Russia opposes further NATO eastward expansion into Ukraine and Georgia. Russia also strongly objects to U.S. plans to build a missile defense system in Poland and the Czech Republic, saying it would change Europe's strategic balance, and thus directly threaten Russia.

As for EU enlargement, in 2004, Russia threatened to not extend the 1994 Partnership and Cooperation Agreement (PCA), the foundation of EU-Russian relations, to the ten new EU members. Russia demanded compensation for trade losses resulting from the extension of EU quotas and tariffs to new members. It had additional concerns about Kaliningrad, a piece of Russian territory separated from the Russian homeland by Poland and the Baltic states. The entrance of Poland and the Baltic states into the EU made Kaliningrad an island within the EU and required Kaliningrad citizens to obtain visas to travel to other parts of Russia. The EU opposed visa-free travel into the EU, and had concerns about the free flow of goods into the EU from Russia. After intense negotiations, Russia and the EU signed a joint statement in which Russia agreed to extend the PCA's provisions to the 10 new members of the EU. The European Union, in turn, agreed to lower tariffs and raise some quotas on Russian imports. The EU also agreed to exempt goods in transit between Russia and Kaliningrad from customs and to allow Russian citizens to travel to and from Kaliningrad on special transit documents, similar to visas but easier to obtain and free of charge. These agreements were made just before the EU-enlargement ceremonies in May 2004.

In recognition of Russian reforms, in 2002, the EU declared Russia a functioning market economy, boosting Russia's access to European markets and its effort to join the World Trade Organization. The EU accounts for 53 percent of Russia's total trade (see Table 1). Importantly, 65 percent of the EU's imports from Russia are energy products.³ Russia supplies more than 25 percent of the natural gas and 25 percent of the crude oil imported by the EU, and some countries depend almost entirely on oil and gas from Russia, despite EU attempts to diversify energy supplies.⁴ Russia is the sole supplier of natural gas to the Baltics, Slovakia, and Bulgaria. It provides 98 percent of Finland's gas imports, 82 percent of Greece's gas imports, 77 percent of Czech gas imports, and 69 percent of Austria's gas imports.⁵ Sixty percent of Russia's oil exports and 50 percent of its natural gas exports go to EU states.⁶ Russia had been seen as a stable alternative to Middle Eastern oil supplies until two incidents disrupted European supplies for a short time. In January 2006, Russia cut off gas supplies going through Ukraine in a dispute over price increases, and a similar dispute occurred with Belarus in January 2007. Some in the EU criticized Russia for using energy as a political tool to control former Soviet republics, and realized the need to further diversify the EU's sources of energy.

Table 1

Former Soviet Republics' Total Trade, 2005

Countries	% of Trade with EU	% of Trade with Russia	% of Trade with U.S.
Armenia	35%	13%	8%
Azerbaijan	38%	12%	2%
Belarus	32%	48%	1%
Estonia	77%	8%	2%
Georgia	25%	16%	5%
Kazakhstan	35%	23%	4%
Kyrgyzstan	6%	19%	1%
Latvia	76%	8%	2%
Lithuania	62%	20%	3%
Moldova	31%	18%	2%
Russia	53%	NA	4%
Tajikistan	29%	15%	1%
Turkmenistan	16%	4%	5%
Ukraine	30%	29%	2%
Uzbekistan	20%	25%	2%

Source: IMF, Direction of Trade Statistics, September 2006.

[\(click here for enlarged version of chart\)](#)

RUSSIA AND CHINA

In 2001, Presidents Vladimir Putin and Jiang Zemin signed a Friendship Pact, the first treaty between the two powers in more than 50 years. The treaty sought to strengthen Russian and Chinese influence in world affairs and to counter U.S. dominance. That same year they created the Shanghai Cooperation Organization (SCO), along with four of the five Central Asian states. The SCO seeks to promote political, economic, cultural, and military cooperation, and address common security concerns, such as terrorism and the drug trade.

Since 2001, relations between the two countries have been at an all-time high. In 2004, Russia and China reached an agreement to demarcate the border on the Ussuri River, resolving a 40-year-old border dispute. In 2005, Russia's trade with China exceeded \$30 billion, almost twice its trade with the United States.⁷ China is now the biggest buyer of Russian arms, and in August 2005 the two countries staged joint military exercises with 10,000 troops. In 2006, they signed fifteen agreements to promote trade and expand cooperation in civil aviation, space exploration, agriculture, and antiterrorism. Four of these agreements relate to the energy sector, as Russia's ample oil and gas reserves remain highly attractive to the booming Chinese economy.

However, despite growing cooperation and a common goal to counterbalance U.S. power, Russian-Chinese relations have encountered some problems, with both countries competing for influence and resources. For example, Russia refuses to sell China some of its most advanced weapons; also, it has yet to agree to build a pipeline that would carry oil directly from Siberian fields to China. China's trade with Russia may be at a record high, but in 2005 it constituted less than one tenth of China's trade with the United States.⁸

CENTRAL ASIA AND THE OUTSIDE WORLD

The countries of Central Asia have gained attention over the last decade because of their strategic location and vast oil and natural gas deposits. Many countries, including China, Japan, India, Korea, Russia, and the United States, are engaged politically, economically, and/or militarily in the region, especially after 9/11 and the onset of the war in Afghanistan. Indeed, the Central Asian states worked with the U.S.-led coalition as it ousted the Taliban regime and its al Qaeda allies. For example, all of the Central Asian states except for Turkmenistan allowed the United States to use their air space for military overflights. Uzbekistan and Kyrgyzstan provided air bases for U.S. forces; Kazakhstan and Tajikistan gave permission for U.S. forces to use their airports; and Turkmenistan offered land and air corridors for humanitarian relief supplies heading to Afghanistan while maintaining a policy of neutrality. In return, Central Asian states obtained attention, aid, and security. To many, U.S. concerns about terrorism and the spread of radical Islam overshadowed U.S. concerns about the lack of democracy in the region. While the United States expressed hope that its presence in the region would trigger political and economic reform, the situation in the Central Asian states remains problematic. For example, in May 2005, when the United States criticized the Uzbek government's violent response to peaceful demonstrations in Andijan and froze aid because of a lack of progress in democratic reforms and human rights, Uzbekistan asked the United States to remove its troops from its air base, a move which was completed in a few months. A related concern is the drug trade, as Central Asia is now the main transit route for opium from Afghanistan to Russia and Europe.

The other major interest in Central Asia is its immense oil and gas reserves. While Russia has tried to reassert its influence over oil and gas production in its former satellites, China has become a major competitor for Central Asian resources. For example, in May 2005, China signed an agreement with Uzbekistan to invest \$600 million in the country's energy sector;⁹ in October 2005, China bought PetroKazakhstan, which operates a few oilfields in central Kazakhstan; in December 2005, an \$800 million oil pipeline linked central Kazakhstan with the northwestern Chinese province of Xinjiang;¹⁰ in December 2006, China signed an agreement providing for geological explorations in Uzbekistan's oil and gas regions; and, in May 2007, a preliminary deal was struck on a gas pipeline linking Uzbekistan and China.

The United States and European countries have also shown increased interest in Central Asian oil and gas reserves. In May 2006, the Baku-Tbilisi-Ceyhan Oil Pipeline (BTC) opened, which is a major conduit of oil and gas to the West. The 1,100 mile-long pipeline starts in the Caspian Sea oil fields of Azerbaijan, runs through Georgia, and ends at a terminal in Ceyhan on Turkey's Mediterranean coast. Once it reaches full capacity in several years, it will carry one million barrels of oil a day, and it will take oil from Kazakhstan's offshore fields as well.

For more recent information, please visit the timelines at www.southerncenter.org.

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¹ BBC News, “Country Profile: Estonia and Country Profile: Latvia,” April 26, 2007.

² European Commission, “Bilateral Trade Relations: Russia,” November 2006.

³ European Commission, “EU-Russia Relations,” *External Relations*, May 2006, http://ec.europa.eu/comm/external_relations/russia/intro/index.htm (accessed April 30, 2007).

⁴ Ibid.

⁵ Ibid.

⁶ European Commission, “EU-Russia Relations,” http://ec.europa.eu/external_relations/russia/intro/index.htm (accessed May 1, 2007).

⁷ International Monetary Fund, “Direction of Trade Statistics,” (Washington, DC: International Monetary Fund, March 2007).

⁸ International Monetary Fund, “Direction of Trade Statistics Quarterly,” March 2007.

⁹ “China – Energy,” *China Business News*, May 27, 2005.

¹⁰ “Kazakhstan: China in Their Hands,” *EIU Country Monitor*, December 9, 2005.