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vague principles of balance or independence rather than specific and considered strategic policies. That is not to say that no signs of transatlantic convergence have appeared since the low point of the Iraq intervention in March 2003. De facto coordination on Iran's nuclear programme is in evidence, and an understood division of labour in Afghanistan may be conditioning greater US–Europe concord on the role of NATO. Furthermore, gradual American acknowledgment that it will need more UN and multilateral help than it had bargained for with respect to Iraq has helped restore some normality to transatlantic relations. But Europe is not likely to be fully cured of its relative paralysis in strategic affairs until it gets its own increasingly crowded house in order.



Russia and the West: The End of the Honeymoon

Two-and-a-half years after Russian President Vladimir Putin joined the US-led global war on terror in the wake of 11 September and flung open a window of opportunity for Russia's strategic alignment with the West, that window is rapidly closing. Russia's opposition to war in Iraq, more assertive policy towards the former Soviet states, negative rhetoric towards the European Union (EU) and NATO enlargements, and increasingly authoritarian trends in domestic politics indicate divergence between Russian and Western interests. Russia is emerging as an independent and unpredictable player in international affairs. This sobering development is prompting calls for a reassessment of US and European policies towards Russia. But despite the growing acrimony between Russia and the West, they remain interdependent in many areas of vital mutual interest. Russia needs Western support for Putin's ambitious domestic economic modernisation project, which is the main goal of his second term. The West still needs Russia to assist in the global campaign against terrorism. Moreover, stability in the increasingly volatile CIS (Commonwealth of Independent States), which now borders the EU and NATO, cannot be achieved without Russia's constructive engagement with the West. This interdependence provides a substantial constraint against the emergence of a new strategic rivalry.



Friction and mistrust

In stark contrast to the polite circumspection of Russia–West relations between 2001 and early 2003, confrontation ruled from mid-2003 through early 2004. In an unusually critical letter published on the front page of the Russian newspaper *Izvestia* on 26 January 2004, US Secretary of State Colin Powell questioned Russia's commitment to democracy and noted that political power in Russia was 'not yet fully tethered to the law'. In February 2004, the European Commission issued a strongly worded communication asserting that EU and Russia relations had 'come under increasing strain' on important issues from enlargement to energy and the environment, and questioning Russia's conviction to uphold core universal values and pursue democratic reforms. A number of European states and institutions, including the Organisation for Security and Cooperation in Europe (OSCE), renewed their criticisms of Russia's policy in Chechnya, which has become the largest source of asylum seekers in Europe. Critics also expressed concern over Moscow's handling of the December 2003 parliamentary and March 2004 presidential elections. Further questioned was Putin's selective application of the law in prosecuting Mikhail Khodorkovsky – the former chairman of Russian oil giant Yukos, Russia's richest man (with an estimated personal wealth of over \$6 billion) and a political opponent of Putin's – for fraud, tax evasion and embezzlement. Russia and the OSCE also clashed over Russia's reluctance to implement its 1998 OSCE Istanbul summit obligation to withdraw troops from Georgia and Moldova, as well as Russia's unilateral push to mediate an ill-considered power-sharing agreement between Moldova and the breakaway republic of Transdniestria, which was effectively vetoed by the OSCE and the EU.

In turn, Russia's resentment towards Western policies has been apparent. Russian political elites have criticised the EU for ignoring Russia's concerns over the economic costs that enlargement will impose on Russian businesses pursuing trade and investment in Central and Eastern Europe, and on Russians who now require visas to travel to new EU countries and special permission for travel to Russia's Kaliningrad exclave bordering Lithuania and Poland. Moreover, the Duma adopted a resolution protesting NATO's inclusion of the three Baltic states and 'unfriendly' gestures such as the patrolling of Baltic airspace along Russia's borders by Belgian jets days after the enlargement had been finalised. Russia's leadership is increasingly suspicious of the US and European military presence in Central Asia and Georgia, and questions the credibility of US assurances that it does not intend to establish permanent military bases in these places. Russia has been highly critical of US and UK military action in Iraq and allied itself with France and Germany in the UN Security Council against the March 2003 intervention. Russia has also raised concerns that the American 'Greater Middle East Initiative', in attempting

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to promote democracy aggressively, is likely to result in greater destabilisation in areas close to Russian borders from Central Asia to Iran. Putin angrily branded Western criticism of his Chechnya policy a 'double standard' that would ultimately weaken Russia by encouraging separatism. Russia has felt threatened by the US and European efforts to become more deeply involved in the political, security and economic affairs of its neighbours in the former Soviet Union, some of which – Ukraine, Belarus, Moldova and the three South Caucasus states – are now seen as a new 'near abroad' for the enlarged EU and NATO. Many Russian observers view Georgia's 'rose revolution' – in which unpopular President Eduard Shevardnadze was replaced by the young Western-educated, English-speaking Mikhail Saakashvili – as a 'US-orchestrated plot' of regime change that could be a model for similar moves in Ukraine, Kyrgyzstan and other countries in which contentious elections are soon to occur. Finally, Western condemnation of Russia's 'undemocratic' elections is viewed as hypocritical in light of the US and NATO's strategic partnership with states like Uzbekistan, which are notorious for politically repressive policies.

This extensive menu of mutual concerns indicates not only a divergence of strategic interests, but a widening difference in worldview. Russia believes that its 'strategic concessions' to the West after 11 September in acquiescing to US military bases in Central Asia and supporting the intervention in Afghanistan have gone unreciprocated, and is focusing on internal modernisation and strengthening its influence in the CIS, where it still has leverage. The US and Europe, troubled by unfulfilled expectations attending Putin's pro-Western choice and by residual Cold War fears towards Russia's resurgence as an independent regional power, are reconsidering their tentative opting for cooperation over coexistence or containment. The possibility of reversing this tilt is reinforced by the EU and NATO enlargements, which have brought into these organisations countries with vivid national memories of Soviet domination. The Bush administration has been cautious, conscious of the need to maintain relative quiet on other diplomatic fronts while it deals with Iraq. If Democratic candidate John Kerry wins the US presidential election, however, US policy may shift towards a more critical stance on Russia, of which active resistance to Russia's assertive policies in the CIS could be a key component. At the annual Wehrkunde conference on European security in Munich in February 2004, when Russian Defence Minister Sergei Ivanov threatened to back out of an agreement to limit Russian armed forces on Russia's European front, US Senator John McCain responded that 'undemocratic behaviour and threats to the sovereignty and liberty of her neighbours ... will exclude [Russia] from the company of Western democracies'. William Safire, the influential conservative American columnist, commented that 'NATO must not lose its original purpose: to contain the Russian bear'.

Putin's consolidation of power

In Russia's 14 March 2004 presidential elections, Putin received over 71% of the vote. Notwithstanding international criticism of media manipulation and use of government resources to support his campaign, this outcome represents a powerful display of confidence. Furthermore, in the December 2003 parliamentary elections, the pro-Putin United Russia party got a decisive 37% of the votes, gaining a controlling majority in the lower house of the Russian parliament. The next highest tally was for the Communist Party, which traditionally receives over 20% of the vote, at only 13%. None of the 'liberal' parties (Yabloko and the Union of Rightist Forces) succeeded in crossing the 5% threshold and, for the first time since the collapse of the Soviet Union, none are represented in parliament. At the same time, a new nationalist party, Rodina (which means 'motherland'), created with help from the Kremlin, won about 9% of the vote, making it and the Liberal Democrats, at almost 12%, substantial voices in the legislature. This result was conditioned in part by the Russian people's resentment towards powerful oligarchs who have been implicated in dubious privatisation deals struck while Boris Yeltsin was president and on whose support 'liberal' parties customarily relied. But the rise of Russian nationalism in the face of Western policies perceived by Russians as inimical was also a factor. One of the Rodina leaders, Dmitry Rogozin, led Russian criticism of EU policies on Kaliningrad, and championed Russia's assertive support of Russian-speaking minorities in the Baltic states and CIS countries.

With the legitimacy of his power secured and full control over the parliament established, Putin turned to centres of power outside his immediate political control – in particular, the oligarchs. In October 2003, he had Khodorkovsky arrested. Although he was charged with white-collar crimes, many believe that Putin's real reason for targeting Khodorkovsky was his political ambition, expressed by criticising Putin and financing his opponents. But in March 2004, from jail, Khodorkovsky published a letter in the Russian newspaper *Vedomosty* stating that the presidential election results demonstrated the complete failure of 'liberalism' to take root in Russia and calling on his fellow oligarchs and liberal political parties to recognise criminal nature of privatisation in 1990s. He added that privatisation left much of the country's wealth in the hands of a few rich people who subsequently took their money abroad, that the money should be returned to Russia, and that Russia's modernisation should be undertaken on the basis of Russia's national interest and its own traditions rather than in emulation of the West. At the same time, he counselled Russians not to question legitimacy of Putin's power, recognising that he had brought stability, prosperity and dignity to the Russian people. The letter shocked Russian political elites and provoked active political debate. These statements, coming from one of the

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strongest critics of President Putin, coupled with the fact that less than 4% of the presidential vote went to the one liberal and pro-Western presidential candidate, Irina Khakamada, indicate that Russian society has overwhelmingly coalesced around Putin and his vision for Russia.

Political clans and regional governors also increasingly back Putin. In December 1999, when Yeltsin named Putin as his successor, Putin was relatively unknown and had to strike a balance among three powerful groupings in government and his administration. The first was Yeltsin's 'Family' and included Head of Presidential Administration Alexander Voloshin and Prime Minister Mikhail Kasyanov. This group was very powerful during Putin's first term, but even before the second-term elections Putin had removed both Voloshin and Kasyanov and marginalised other Yeltsin stalwarts. Simultaneously, he denounced Yeltsin's stewardship as having led to the destruction of the Russian state and economy. The second faction was the so-called St. Petersburg group: Putin's colleagues from his home town. Putin brought with him to the Kremlin many of these friends, who include new Head of Presidential Administration Dmitry Medvedev and head of Government Administration Dmitry Kozak, who is considered as one of the most influential moderates around Putin, as well as liberals put in charge of key economic posts such as Minister of the Economy German Gref, Minister of Finance Alexei Kudrin, Deputy Prime Minister Alexander Zhukov and Andrei Illarionov, Putin's economic advisor. The third powerful group comprises the 'siloviki' – a neologism derived from the Russian term for 'power'. These are Putin's former colleagues from the KGB and other military, intelligence and security organs, and they tend to value ideology and loyalty over rights and liberties. Putin has appointed a number of these people to key posts in government and as presidential representatives in the Federal Districts, which unite several regions into seven mega-provinces, and supported the election of several governors from the siloviki group. The siloviki, although not acting in close concert, generally favour a strong central state, crackdowns on oligarchs and more assertive policy in the CIS, and oppose foreign investment in strategic sectors such as oil and gas. Although many predicted that the siloviki would gain prominence in the second presidential administration and the new government, their power has not increased.

By appointing Mikhail Fradkov, a technocrat with no political power or ambition, as the new prime minister, Putin has signalled that he intends to exercise full control over the government. He already conducts an essentially presidential foreign policy, run out of his office, and has strong ties with Ivanov, who is often mooted as Putin's successor in 2008. The only delicate balance of power that Putin has to maintain is between economic liberals and conservative siloviki. But this balance has been appreciably stabilised through the allocation of domestic economic influence to the

liberals, and foreign and security policy (including military reform) influence to the siloviki. A consensus is gathering that the political transition in Russia is now complete, and that the new system, despite its democratic deficit, is likely to be stable and sustainable and will dominate Russia beyond 2008. This reality is disappointing to Western capitals, which had high expectations about Russia's democratisation as recently as Putin's early period of office, but now see severe limits on the extent to which Russia's new system can be integrated with Western institutions. The widening gap between Russian and Western political priorities and values is emerging as a constant theme in Russia–West relations, and is likely to become increasingly problematic for future strategic relationships.

Russia's modernisation project

With power concentrated in one man's hands, subject to few checks and balances, the question arises of what Putin will do with this power. From the start of his presidency Putin has been determined to strengthen Russia and establish independence in foreign policy through economic modernisation and growth. The results have been impressive. Russia's economy has consistently grown over the four years of his presidency, with GDP increasing by 7.2% in 2003. In January 2004, Russia's budget surplus was \$102.5bn (compared to \$70bn in January 2003), and Moscow plans to increase that surplus to 1% of GDP. Russia's January 2004 trade surplus was \$6.5bn, a 32% increase over the previous year. In 2003, foreign direct investment (FDI) rose by 12% and totalled \$68bn. Moreover, for the first time FDI exceeded capital outflow, signalling increasing confidence among investors. Russian foreign debt decreased from 140% of GDP in 1998 to 35% of GDP in 2003.

While Putin's policy of lowering taxes and introducing greater political stability as well as extending guarantees to large foreign investors helped the economy, the main reason for high growth was higher oil prices. Not being part of OPEC, Russia has become the largest oil producer in the world. In 2003, Russia earned around \$66bn from net oil export revenues alone and projected revenues of \$63bn in 2004 – in constant 2000 dollars, the highest since 1990 and more than triple 1998 revenues. Energy accounted for roughly 50% of Russia's total export earnings and government revenues in 2003. Oil export revenues have also helped pay off Russia's large foreign debt – around \$123bn in early 2003. This dependency on oil and gas makes the Russian economy highly vulnerable to external oil-price shocks. More broadly, Russia is developing into an 'oil economy' with few structural reforms or investment in non-oil sectors of the economy like technology or manufacturing. Typical oil economies, such as Saudi Arabia and Venezuela, do not offer durable models for development. Nevertheless, Russia does have a favourable environment for accelerating

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reforms while oil prices remain high, and Putin is inclined to take advantage of high prices to push through ambitious reforms in the government bureaucracy, social welfare and energy sectors. Putin wants to reduce poverty, such that less than 15% of Russians live below the poverty line by 2008, and to double Russia's GDP by 2010. He also wants to reassert government control over the energy sector by increasing taxes on oil exports and relying increasingly on state monopolies. The latter objective has worried Western investors that Russian state monopolies will be unreliable suppliers and will apply political pressure on importers.

Putin's reforms require closer cooperation with the West. After enlargement, the EU will account for over 50% of Russia's foreign trade turnover. Russia is also planning to begin exporting oil and gas from the Far East (Sakhalin) and eastern Siberia to Japan, China and South Korea, which are among the world's most dynamic energy markets, and wants to increase its oil exports to the United States, which began in 2002. Moreover, Russia needs US and European support for its goal of WTO membership, as well as for foreign investment, especially in the high-technology sector. Russia's economic priorities call for heavy doses of foreign trade and investment, which crucially underpin its foreign policy. Accordingly, despite Russia's broad cooling towards the West, Putin will seek to avoid any major confrontation with the US and Europe. By the same token, while concerns may grow over Russia's domestic developments, Western governments are unlikely to put serious pressure on Putin. Constraining factors include Russia's economic success and political consolidation, which have diminished Western leverage, and the West's interest in diversifying oil suppliers to diminish its dependency on Middle Eastern and Gulf sources.

An erratic set of relationships

Against this backdrop, Russian relationships with the West are likely to be erratic rather than broadly warm. For example, Russia's support for France and Germany's opposition to the war in Iraq underlined the fact that its seat on the UN Security Council can make it a key power-broker when UN approval for major action is required or desirable. That role, however, gives Moscow only episodic influence, and it remains an awkward ally for a Western European democracy. Once the UN standoff ended, no France–Germany–Russia axis emerged. Russia was left outside the European strategic power centre, which returned to being a partnership among the UK, France and Germany. On balance, Russia's joining the anti-intervention coalition was an act of opportunism that brought few strategic gains.

Europe's multilateral institutions tend to take a more critical line on Russia than some of their member states. Russia's efforts to ignore what

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Putin has called 'Euro-bureaucracy' and to appeal directly to powerful EU member states first brought some benefits to Russia over the Kaliningrad transit agreement, but when Moscow applied the same tactic in other areas it became counterproductive and triggered a crisis in EU–Russia relations. In January 2004, the EU Council of Ministers called for more policy coherence towards Russia among EU member states, reacting to Italian Prime Minister Silvio Berlusconi's initiative to grant Russia more support on Chechnya, the Yukos affair and Putin's request for visa-free travel than the EU as a whole was prepared to undertake. Berlusconi's performance convinced Germany and France to join other member states in the search for a more consolidated EU policy towards Russia that would be less susceptible to Russian manipulation and divide-and-rule tactics. The EU took a strong and united position in opposition to Russia's refusal to extend the 1994 Russia–EU Partnership and Cooperation Agreement (PCA) to new EU members. This concerted opposition prompted Russia to back down. However, such unity is unlikely to be preserved on other divisive issues, including Russia's accession to the WTO. At the same time, a pro-European Russian position on divisive transatlantic issues in the future is not assured. Up against EU and NATO enlargement, Russia now feels increasingly isolated from Europe. Indeed, Moscow appears to regard the US under the Bush administration as a more predictable, pragmatic and beneficial partner.

Overall, however, common Western concerns cut against a major breach of the relationship between Russia and the West. First, the West needs Russia for the war on terror. Although Russia has not been an operationally crucial member of the global counter-terrorism coalition since the fall of the Taliban, its political support is important for sustaining momentum behind US-led counter-terrorism and non-proliferation policies. Moreover, Russia continues to play a useful role in dealing with proliferation threats from Iran and North Korea. Libya's decision to open its nuclear programme to international scrutiny exposed not only Pakistan's involvement but also Russia's role in the shadow commercial network for technology and materials required for nuclear weapons programmes. Accordingly, the US and Europe – which are increasingly coordinating non-proliferation policy – are keen to keep Russia on side. Second, Russia's membership in the 'quartet' that is overseeing the Middle East peace process makes its political backing on that issue important to the West – though stasis in Israeli–Palestinian relations may diminish this Western need. Third, the US and particularly Europe need Russia's support for UN reform. Conversely, Russia has a strong stake in securing a robust UN role in international affairs to ensure that the pre-emptive use of military force does not emerge as a new norm. Russia's position on the future of the UN, of course, is not in line with current reform trends. Russia stresses strong support for national sovereignty and shies away from legitimising the use of force for

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humanitarian intervention – primarily with an eye towards restraining US power – whereas opinion prevalent in Western circles envisages an expanding UN role in conflict resolution and defending human rights. Russia's attitude could block reform that would make the UN better able to fulfil such a role and thus able to increase the United States' diminished post-Iraq inclinations to work through the UN. But, as Russia is a permanent member of the Security Council, the other permanent members cannot ignore its concerns.

NATO, the OSCE and the EU also have strong reasons to forge cooperation with Russia. For NATO, relations with Russia under NATO–Russia Council (NRC) constitute an important part of the Alliance's post-Cold War transformation goal of 'creating Europe whole and free' through a relationship of trust. NATO's taking in the three Baltic States in April 2004 strained this trust, reviving old perceptions in Russia of NATO as inherently threatening and to an extent institutionalising both the Baltics' fear of Russia's resurgence and Russia's refusal to normalise relations with them. As of April 2004, however, no major tensions had emerged in the NRC. The body met a number of times in 2003 at the levels of defence ministers, chiefs of general staff and ambassadors, yielding progress on the harmonisation of peacekeeping doctrines, interoperability and military-to-military cooperation. In general, serviceable NATO–Russia relations via the NRC are politically important for maintaining a stable regional atmosphere for NATO peacekeeping operations in Afghanistan and Kosovo. Likewise, cordiality between Russia and European members of the OSCE is key to its being an important player in addressing regional conflicts in Eurasia.

For the EU, good relations with Russia are becoming more crucial in the context of an enlargement that not only extends EU–Russia borders, but also should increase trade turnover. Any breakdown in EU–Russia trade relations would make it harder for the EU to absorb the new members economically and to diversify its energy supplies with Russian products. But Russia too has incentives to avoid a major falling out, as it would dampen Russia's WTO prospects. This consideration may moderate Russian inclinations to confront the EU on enlargement issues, especially given the EU's strong-willed and successful opposition to Russia's conditions for extending the PCA to new EU members. Russia's stake was essentially economic, while the EU's was more basic: namely, establishing its credibility in protecting the sovereignty and independence of the new members, including the Baltics. Equally, however, the friction over the PCA may be a durable source of tension and dysfunction. While the EU and Russia agreed at the May 2003 EU–Russia summit in St. Petersburg to introduce 'common spaces' between EU and Russia in economic relations, education, science and security, 'common spaces' have not been practically defined. Russia has been overtly reluctant to engage with Brussels on

foreign-policy issues, as it is leery of the EU's growing interests in Russia's putative sphere of influence. The EU and Russia have made little progress in the area of military cooperation. On balance, Russia will remain an important partner for the EU and NATO, and an important member of the OSCE. The high expectations about the pace and depth of Russian cooperation that materialised soon after 11 September, however, have now shrunk to a more realistic level.

Overlapping 'near abroads'

The establishment of US and other NATO states' military bases in Uzbekistan and Kyrgyzstan were followed by NATO's engagement in the stabilisation mission in Afghanistan, necessitating its long-term presence in Central Asia. A US train-and-equip programme in Georgia has transformed the geopolitical landscape in the south Caucasus. NATO and EU enlargement into the Baltic states has ended the Cold War legacy in Europe by shifting the borders of Euro-Atlantic economic and security institutions to Russia's Western borders. As a result, Ukraine, Moldova and Belarus have emerged as Europe's new 'near abroad', prompting more active European engagement in economic as well as security issues in these states, including the unresolved conflict in Moldova. Many Russians perceive these developments as constituting an encirclement that aims to exploit Russia's weakness, when Moscow should be rewarded for the support and geopolitical concessions it offered after 11 September. Moreover, this strategic encirclement – termed 'the end of Eurasia' by Russian scholar Dmitri Trenin – has not been accompanied by more vigorous efforts to integrate Russia into Western institutions or to assist it in addressing its own security concerns. This has left Moscow feeling isolated and insecure in a region where it has traditionally had special interests and influence. Russia clearly is not content to accept these changes as the new strategic reality. Even the most liberal pro-Western politicians, such as the Union of Rightist Forces party luminary Anatoly Chubais, have called for Russia to begin establishing a 'liberal empire' in the CIS through the expansion of Russia's business into CIS states to regain benign political influence. Nationalist politicians such as Dmitry Rogozin from the Rodina party have counselled a more assertive protection of the rights of Russian-speaking minorities in the CIS as a means of re-establishing Russia's regional power.

In October 2003, the Russian military elaborated a new doctrine contemplating pre-emptive military action to redress cross-border threats emanating from neighbouring regions. Among the external threats enumerated are: deployment of foreign troops on territories of neighbouring states without Russia's consent and without UN sanction; military deployments that could change the existing military balance in countries along Russia's borders and those of Russia's CIS allies; and

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expansions of military alliances at the expense of Russia's and its allies' security. The military doctrine concludes that in the evolved strategic environment Russia can no longer ensure its security by political means – e.g., cooperation with international institutions or partnerships with Western countries. Beyond this declaratory policy, Russia moved to consolidate its military presence in the CIS by transforming the Collective Security Treaty into the CIS Collective Security Treaty Organisation and taking steps to make Russia's military assets in Tajikistan – principally, the Russian army's 201st Motorised Division – an official and permanent military base. President Putin has officially opened a new Russian military base in Kant, Kyrgyzstan, just a few kilometres from a US-led coalition base in Manas, raising immediate concerns about logistical matters such as air traffic management between the two facilities. Russia's presence in Kant remains symbolic, with few aircraft performing operational flights. However, the lack of cooperation and even communication between Russian and Western forces in Central Asia has raised tensions while failing to address regional security concerns, as the March 2004 terrorist attacks in Uzbekistan demonstrate. Russia also conducted a number of large-scale military exercises in 2003–04, including several in the Caspian region as well as an inaugural anti-terrorism exercise in Central Asia under the auspices of the Shanghai Cooperation Organisation, which includes China, Russia and the four Central Asian states, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan. Russia has hardened its position on its withdrawal of military bases from Georgia, often in reaction to increased pressure from the US and OSCE, claiming that Russia has already fulfilled its obligations under the 1998 Istanbul agreement.

Furthermore, Moscow opposed the EU's proposals to undertake a mission in the former Soviet republic of Moldova to broker a resolution of a dispute between Moldova and the breakaway republic of Transdniestria – a secessionist region of Moldova populated primarily by ethnic Russians which hosts a Russian military base. In November 2003, Putin preemptively dispatched Dmitry Kozak (then the deputy head of Putin's administration) to negotiate a unilateral settlement whereby Russia's political influence and military presence would be preserved. The EU and the OSCE prevailed on Moldovan President Vladimir Voronin not to sign the deal. Russia's attempt to co-opt the Moldovan leadership failed for two main reasons. First, it was undertaken without the consultation of other interested parties – including Ukraine, the OSCE and the EU. Second, the deal that Moscow struck granted veto powers over Moldova's domestic and foreign policy decisions to a Transdniestrian leadership that has been involved in transnational criminal activities such as arms and human trafficking into Europe, which made the deal substantively unacceptable to the OSCE and the EU. But Kozak cast their opposition as simply anti-Russian power politics, which resonated with Russia's political elites.

As a result, Russia has taken a broadly less tolerant position with respect to the involvement of outside actors in resolution of conflicts in the CIS.

In the south Caucasus too, Russia has continued to play at best a passive role in UN efforts to resolve conflict in Georgia's breakaway region of Abkhazia. Moscow has applied no pressure on the Abkhaz leadership to rejoin the Geneva peace process sponsored by the UN Secretary-General's 'Group of Friends of Georgia', which includes Russia, Germany, the UK, France and the US. In fact, Russia has acknowledged that it issued Russian passports to 50,000 Abkhaz residents, which constitutes more than a quarter of Abkhazia's current population. Especially given Russia's intensifying commitment to protecting the rights of ethnic Russians and Russian citizens abroad, this action cast doubt on Russia's credibility as an impartial mediator in the Georgian–Abkhaz conflict. Russia has also insisted that the withdrawal of Russian military bases in Georgia be negotiated bilaterally between Moscow and Tbilisi, despite Russia's conflicting obligation under the agreement on modifying the Conventional Armed Forces in Europe Treaty signed in 1998 at the OSCE Istanbul summit. Although Russia provocatively assembled the leaders of the separatist regions of Georgia during the November 2003 'rose revolution', Saakashvili's visit to Russia in February 2004 and Russia's neutrality during the crisis between Tbilisi and the Adjarian leadership the following March improved Georgian–Russian relations. Against the background of Russia's renewed resentment against external 'interference' in settling frozen conflicts in CIS, including those involving Abkhazia, Nagorno-Karabakh and Transdniestier, prospects for settlement of those conflicts in the near future are dim.

In addition to existing regional conflicts, a new source of instability has emerged in Russian–Ukrainian relations. In October 2003, without notifying Ukraine, Russia began to build a dike connecting its coast with the island of Tuzla in the Kerch Strait, near Ukraine's Crimean Peninsula. Ukraine issued a protest asserting Ukraine's non-negotiable sovereignty over the island. Russia did not respond to Ukraine's requests for an explanation for nearly two weeks after construction began, and then claimed that it did not recognise Ukraine's sovereignty over the island. Russia's gambit provoked a crisis, as Ukraine deployed 50 troops to Tuzla to protect its border and threatened to abandon free-trade arrangements with Russia should the dike cross Ukraine's border. Putin did not order construction halted for almost a month, with the dike only 100 metres from Ukrainian territory. Major damage had been done to Ukrainian–Russian relations, prompting Ukraine's leadership to seek greater security guarantees through closer cooperation with NATO and by reaffirming its intent to join the Alliance despite Russia's opposition.

The Tuzla episode illustrated that Russia's increasingly unilateralist policy in the CIS is counterproductive and is likely to weaken rather than

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strengthen its role in the region. A contradictory policy under which Russia continues to expand cooperation with NATO and the EU, but considers similar moves by CIS states like Ukraine and Georgia as threatening to Russia's interests and security, is diplomatically unsustainable. A more sensible and moderate approach would be for Moscow to acknowledge more openly that NATO and EU enlargement have prompted a major change in the strategic environment around the CIS that makes it impossible for the US and Europe to avoid involvement with the countries with which Russia shares a common border. Conceding at least some of their interests would make Russia's assertion of its own competing interests more credible. Moreover, Russia's zero-sum mentality in regard to the CIS is unrealistic. Given its preoccupation with domestic reforms, Russia is not in a position to consolidate the CIS, reclaim a monopoly on the regional security agenda and promote regional economic development. Thus, Moscow should further recognise that Russia and the West have common concerns about the stability of the CIS. Russian military doctrine states that local conflicts along its borders as well as potential failed states threaten Russia's security. The EU, the OSCE and NATO share this worry.

Given the new strategic reality of 'overlapping near abroads', Eurasia is the key arena in which tensions between Russia and the West will be played out. Russia must either cooperate with new regional actors or find itself further marginalised from key political, economic and security processes in CIS states, which also seek stabilisation and domestic modernisation. The West, in turn, has to acknowledge to Moscow that the CIS region cannot be stabilised without Russia's constructive contributions – and indeed, in some areas, its leadership. The West, therefore, would be best served by accepting Russia's assertion of its legitimate interests in the region – that is, those that are conducive to further democratisation, economic development and regional stability. In the security sphere, the ultimate objective for both Russia and the West in Eurasia should be to create viable states with effective security sectors that can ultimately maintain their own security on the basis of international norms and normal relations with all neighbours. This, however, can only be achieved once regional conflicts are resolved.

Dampening the pendulum

Since the end of the Cold War, Russia's relations with the West have followed an unhealthy 'pendulum' pattern. Fulsome expectations after the demise of the Soviet Union about Russia's fast integration into the West were followed by a backlash and a cold peace over the first round of NATO enlargement and NATO's Kosovo campaign. In 2003, comparably soaring hopes over a new 'strategic bargain' following Russia's post-11 September support for the global war on terror gave way to mutual resentment over

the bumpier relationship that actually materialised. Lower hopes have the most profound implications for post-Soviet states in Eurasia, where the Cold War legacies are dying hard. Yet, in 2004, neither Russia nor the West could afford to implement new containment policies. Russia's economic modernisation project requires closer integration with Western institutions, which powerfully inhibits Russia's strategic adventurism in Eurasia. At the same time, the current phase of global instability makes it costly for the US and Europe to lose Russia as a counter-terrorism and counter-proliferation partner. Finally, Eurasia has been at least partially transformed. Despite domestic weakness and regime instability, the CIS states have become better prepared to pursue cooperation with both Russia and the West without compromising their independence.

It would be preferable for Russia and the West to abandon the dizzying cycle of high and dashed expectations and focus on practical areas of cooperation where interests coincide. Grand strategic partnerships and geopolitical designs should yield to a new pragmatic agenda. Although less visionary, this more incremental approach would stand a better chance of establishing a firm basis for a stable relationship. While domestic political trends in Russia may cause legitimate concern in the West, the fact remains that the Russian people gave Putin a powerful democratic mandate for reform. If his reforms are successful, diverging values in the short term should not be an obstacle to promoting greater convergence over time. In Russian-Western relations, strategic patience should replace strategic opportunism. The honeymoon is over. The task is not to seek an amicable divorce, but rather to preserve an awkward partnership.

Turkey in Flux

The landslide victory for Turkey's ruling Justice and Development Party (JDP) in the 28 March 2004 local elections crowned a remarkable 12 months for the party and its chairman, Prime Minister Tayyip Erdogan. Barred by the Turkish constitution from holding public office as the result of a 1998 conviction for inciting religious hatred, Erdogan had been unable to stand in the November 2002 general elections, which had seen the moderately Islamist JDP sweep to power with 34.3% of the popular vote and 363 seats in the 550-seat unicameral parliament. It was not until 14 March 2003, after the new government headed by JDP Deputy Chairman Abdullah Gul had amended the constitution and held a by-election, that Erdogan was finally able to enter parliament and take over as prime minister.