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RUSSIA'S RESURGENCE:
Return of a Superpower?

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Russia's military intervention in Georgia in August 2008 and the brief war that followed took much of the world by surprise -- including many political leaders in Washington, who had long been intent on the wars in Iraq, Afghanistan and other issues. But Russia's unmistakable self-assertion on the world stage was anything but sudden. It was years in the making -- finding its roots in a crisis over Kosovo and further solidified by events like Ukraine's Orange Revolution -- and telegraphed with increasing urgency in the weeks leading up to the Georgia war. Governments around the world and the mainstream media who cover them are still adjusting to the new geopolitical reality that Russia declared and asking how it will affect long-term trends and strategies. The articles contained in this research package, however, comprise an overview of Stratfor forecasts and analyses on the Russian resurgence, dating back several years before it became a fait accompli.

A word on organization:
All articles within this sample were published between December 2004 and September 2008. Among these, we are highlighting a few particular pieces for your attention, as "Recommended Reading." These have been placed at the beginning of the package. All other articles are reproduced here in reverse chronological order, as an aid for your research. Individual articles may contain hyperlinks to further analyses from Stratfor's larger body of work, which we invite you to explore.

RECOMMENDED READING:

MORE ANALYSIS AND FORECASTS:

The Medvedev Doctrine and American Strategy

September 2, 2008

By George Friedman

The United States has been fighting a war in the Islamic world since 2001. Its main theaters of operation are in Afghanistan and Iraq, but its politico-military focus spreads throughout the Islamic world, from Mindanao to Morocco. The situation on Aug. 7, 2008, was as follows:

1. The war in Iraq was moving toward an acceptable but not optimal solution. The government in Baghdad was not pro-American, but neither was it an Iranian puppet, and that was the best that could be hoped for. The United States anticipated pulling out troops, but not in a disorderly fashion.
2. The war in Afghanistan was deteriorating for the United States and NATO forces. The Taliban was increasingly effective, and large areas of the country were falling to its control. Force in Afghanistan was insufficient, and any troops withdrawn from Iraq would have to be deployed to Afghanistan to stabilize the situation. Political conditions in neighboring Pakistan were deteriorating, and that deterioration inevitably affected Afghanistan.
3. The United States had been locked in a confrontation with Iran over its nuclear program, demanding that Tehran halt enrichment of uranium or face U.S. action. The United States had assembled a group of six countries (the permanent members of the U.N. Security Council plus Germany) that agreed with the U.S. goal, was engaged in negotiations with Iran, and had agreed at some point to impose sanctions on Iran if Tehran failed to comply. The United States was also leaking stories about impending air attacks on Iran by Israel or the United States if Tehran didn't abandon its enrichment program. The United States had the implicit agreement of the group of six not to sell arms to Tehran, creating a real sense of isolation in Iran.

In short, the United States remained heavily committed to a region stretching from Iraq to Pakistan, with main force committed to Iraq and Afghanistan, and the possibility of commitments to Pakistan (and above all to Iran) on the table. U.S. ground forces were stretched to the limit, and U.S. airpower, naval and land-based forces had to stand by for the possibility of an air campaign in Iran — regardless of whether the U.S. planned an attack, since the credibility of a bluff depended on the availability of force.

The situation in this region actually was improving, but the United States had to remain committed there. It was therefore no accident that the Russians invaded Georgia on Aug. 8 following a Georgian attack on South Ossetia. Forgetting the details of who did what to whom, the United States had created a massive window of opportunity for the Russians: For the foreseeable future, the United States had no significant forces to spare to deploy elsewhere in the world, nor the ability to sustain them in extended combat. Moreover, the United States was relying on Russian cooperation both against Iran and potentially in Afghanistan, where Moscow's influence with some factions remains substantial. The United States needed the Russians and couldn't block the Russians. Therefore, the Russians inevitably chose this moment to strike.

On Sunday, Russian President Dmitri Medvedev in effect ran up the Jolly Roger. Whatever the United States thought it was dealing with in Russia, Medvedev made the Russian position very clear. He stated Russian foreign policy in five succinct

points, which we can think of as the Medvedev Doctrine (and which we see fit to quote here):

- First, Russia recognizes the primacy of the fundamental principles of international law, which define the relations between civilized peoples. We will build our relations with other countries within the framework of these principles and this concept of international law.
- Second, the world should be multipolar. A single-pole world is unacceptable. Domination is something we cannot allow. We cannot accept a world order in which one country makes all the decisions, even as serious and influential a country as the United States of America. Such a world is unstable and threatened by conflict.
- Third, Russia does not want confrontation with any other country. Russia has no intention of isolating itself. We will develop friendly relations with Europe, the United States, and other countries, as much as is possible.
- Fourth, protecting the lives and dignity of our citizens, wherever they may be, is an unquestionable priority for our country. Our foreign policy decisions will be based on this need. We will also protect the interests of our business community abroad. It should be clear to all that we will respond to any aggressive acts committed against us.
- Finally, fifth, as is the case of other countries, there are regions in which Russia has privileged interests. These regions are home to countries with which we share special historical relations and are bound together as friends and good neighbors. We will pay particular attention to our work in these regions and build friendly ties with these countries, our close neighbors.

Medvedev concluded, "These are the principles I will follow in carrying out our foreign policy. As for the future, it depends not only on us but also on our friends and partners in the international community. They have a choice."

The second point in this doctrine states that Russia does not accept the primacy of the United States in the international system. According to the third point, while Russia wants good relations with the United States and Europe, this depends on their behavior toward Russia and not just on Russia's behavior. The fourth point states that Russia will protect the interests of Russians wherever they are — even if they live in the Baltic states or in Georgia, for example. This provides a doctrinal basis for intervention in such countries if Russia finds it necessary.

The fifth point is the critical one: "As is the case of other countries, there are regions in which Russia has privileged interests." In other words, the Russians have special interests in the former Soviet Union and in friendly relations with these states. Intrusions by others into these regions that undermine pro-Russian regimes will be regarded as a threat to Russia's "special interests."

Thus, the Georgian conflict was not an isolated event — rather, Medvedev is saying that Russia is engaged in a general redefinition of the regional and global system. Locally, it would not be correct to say that Russia is trying to resurrect the Soviet Union or the Russian empire. It would be correct to say that Russia is creating a new structure of relations in the geography of its predecessors, with a new institutional structure with Moscow at its center. Globally, the Russians want to use this new regional power — and substantial Russian nuclear assets — to be part of a global system in which the United States loses its primacy.

These are ambitious goals, to say the least. But the Russians believe that the United States is off balance in the Islamic world and that there is an opportunity here, if

they move quickly, to create a new reality before the United States is ready to respond. Europe has neither the military weight nor the will to actively resist Russia. Moreover, the Europeans are heavily dependent on Russian natural gas supplies over the coming years, and Russia can survive without selling it to them far better than the Europeans can survive without buying it. The Europeans are not a substantial factor in the equation, nor are they likely to become substantial.

This leaves the United States in an extremely difficult strategic position. The United States opposed the Soviet Union after 1945 not only for ideological reasons but also for geopolitical ones. If the Soviet Union had broken out of its encirclement and dominated all of Europe, the total economic power at its disposal, coupled with its population, would have allowed the Soviets to construct a navy that could challenge U.S. maritime hegemony and put the continental United States in jeopardy. It was U.S. policy during World Wars I and II and the Cold War to act militarily to prevent any power from dominating the Eurasian landmass. For the United States, this was the most important task throughout the 20th century.

The U.S.-jihadist war was waged in a strategic framework that assumed that the question of hegemony over Eurasia was closed. Germany's defeat in World War II and the Soviet Union's defeat in the Cold War meant that there was no claimant to Eurasia, and the United States was free to focus on what appeared to be the current priority — the defeat of radical Islamism. It appeared that the main threat to this strategy was the patience of the American public, not an attempt to resurrect a major Eurasian power.

The United States now faces a massive strategic dilemma, and it has limited military options against the Russians. It could choose a naval option, in which it would block the four Russian maritime outlets, the Sea of Japan and the Black, Baltic and Barents seas. The United States has ample military force with which to do this and could potentially do so without allied cooperation, which it would lack. It is extremely unlikely that the NATO council would unanimously support a blockade of Russia, which would be an act of war.

But while a blockade like this would certainly hurt the Russians, Russia is ultimately a land power. It is also capable of shipping and importing through third parties, meaning it could potentially acquire and ship key goods through European or Turkish ports (or Iranian ports, for that matter). The blockade option is thus more attractive on first glance than on deeper analysis.

More important, any overt U.S. action against Russia would result in counteractions. During the Cold War, the Soviets attacked American global interest not by sending Soviet troops, but by supporting regimes and factions with weapons and economic aid. Vietnam was the classic example: The Russians tied down 500,000 U.S. troops without placing major Russian forces at risk. Throughout the world, the Soviets implemented programs of subversion and aid to friendly regimes, forcing the United States either to accept pro-Soviet regimes, as with Cuba, or fight them at disproportionate cost.

In the present situation, the Russian response would strike at the heart of American strategy in the Islamic world. In the long run, the Russians have little interest in strengthening the Islamic world — but for the moment, they have substantial interest in maintaining American imbalance and sapping U.S. forces. The Russians have a long history of supporting Middle Eastern regimes with weapons shipments, and it is no accident that the first world leader they met with after invading Georgia was Syrian President Bashar al Assad. This was a clear signal that if the U.S. responded aggressively to Russia's actions in Georgia, Moscow would ship a range of weapons to Syria — and far worse, to Iran. Indeed, Russia could conceivably send

weapons to factions in Iraq that do not support the current regime, as well as to groups like Hezbollah. Moscow also could encourage the Iranians to withdraw their support for the Iraqi government and plunge Iraq back into conflict. Finally, Russia could ship weapons to the Taliban and work to further destabilize Pakistan.

At the moment, the United States faces the strategic problem that the Russians have options while the United States does not. Not only does the U.S. commitment of ground forces in the Islamic world leave the United States without strategic reserve, but the political arrangements under which these troops operate make them highly vulnerable to Russian manipulation — with few satisfactory U.S. counters.

The U.S. government is trying to think through how it can maintain its commitment in the Islamic world and resist the Russian reassertion of hegemony in the former Soviet Union. If the United States could very rapidly win its wars in the region, this would be possible. But the Russians are in a position to prolong these wars, and even without such agitation, the American ability to close off the conflicts is severely limited. The United States could massively increase the size of its army and make deployments into the Baltics, Ukraine and Central Asia to thwart Russian plans, but it would take years to build up these forces and the active cooperation of Europe to deploy them. Logistically, European support would be essential — but the Europeans in general, and the Germans in particular, have no appetite for this war. Expanding the U.S. Army is necessary, but it does not affect the current strategic reality.

This logistical issue might be manageable, but the real heart of this problem is not merely the deployment of U.S. forces in the Islamic world — it is the Russians' ability to use weapons sales and covert means to deteriorate conditions dramatically. With active Russian hostility added to the current reality, the strategic situation in the Islamic world could rapidly spin out of control.

The United States is therefore trapped by its commitment to the Islamic world. It does not have sufficient forces to block Russian hegemony in the former Soviet Union, and if it tries to block the Russians with naval or air forces, it faces a dangerous riposte from the Russians in the Islamic world. If it does nothing, it creates a strategic threat that potentially towers over the threat in the Islamic world.

The United States now has to make a fundamental strategic decision. If it remains committed to its current strategy, it cannot respond to the Russians. If it does not respond to the Russians for five or 10 years, the world will look very much like it did from 1945 to 1992. There will be another Cold War at the very least, with a peer power much poorer than the United States but prepared to devote huge amounts of money to national defense.

There are four broad U.S. options:

1. Attempt to make a settlement with Iran that would guarantee the neutral stability of Iraq and permit the rapid withdrawal of U.S. forces there. Iran is the key here. The Iranians might also mistrust a re-emergent Russia, and while Tehran might be tempted to work with the Russians against the Americans, Iran might consider an arrangement with the United States — particularly if the United States refocuses its attentions elsewhere. On the upside, this would free the U.S. from Iraq. On the downside, the Iranians might not want —or honor — such a deal.
2. Enter into negotiations with the Russians, granting them the sphere of influence they want in the former Soviet Union in return for guarantees not to project Russian power into Europe proper. The Russians will be busy consolidating their position for years, giving the U.S. time to re-energize NATO. On the upside, this would free the United States to continue its war in

the Islamic world. On the downside, it would create a framework for the re-emergence of a powerful Russian empire that would be as difficult to contain as the Soviet Union.

3. Refuse to engage the Russians and leave the problem to the Europeans. On the upside, this would allow the United States to continue war in the Islamic world and force the Europeans to act. On the downside, the Europeans are too divided, dependent on Russia and dispirited to resist the Russians. This strategy could speed up Russia's re-emergence.
4. Rapidly disengage from Iraq, leaving a residual force there and in Afghanistan. The upside is that this creates a reserve force to reinforce the Baltics and Ukraine that might restrain Russia in the former Soviet Union. The downside is that it would create chaos in the Islamic world, threatening regimes that have sided with the United States and potentially reviving effective intercontinental terrorism. The trade-off is between a hegemonic threat from Eurasia and instability and a terror threat from the Islamic world.

We are pointing to very stark strategic choices. Continuing the war in the Islamic world has a much higher cost now than it did when it began, and Russia potentially poses a far greater threat to the United States than the Islamic world does. What might have been a rational policy in 2001 or 2003 has now turned into a very dangerous enterprise, because a hostile major power now has the option of making the U.S. position in the Middle East enormously more difficult.

If a U.S. settlement with Iran is impossible, and a diplomatic solution with the Russians that would keep them from taking a hegemonic position in the former Soviet Union cannot be reached, then the United States must consider rapidly abandoning its wars in Iraq and Afghanistan and redeploying its forces to block Russian expansion. The threat posed by the Soviet Union during the Cold War was far graver than the threat posed now by the fragmented Islamic world. In the end, the nations there will cancel each other out, and militant organizations will be something the United States simply has to deal with. This is not an ideal solution by any means, but the clock appears to have run out on the American war in the Islamic world.

We do not expect the United States to take this option. It is difficult to abandon a conflict that has gone on this long when it is not yet crystal clear that the Russians will actually be a threat later. (It is far easier for an analyst to make such suggestions than it is for a president to act on them.) Instead, the United States will attempt to bridge the Russian situation with gestures and half measures.

Nevertheless, American national strategy is in crisis. The United States has insufficient power to cope with two threats and must choose between the two. Continuing the current strategy means choosing to deal with the Islamic threat rather than the Russian one, and that is reasonable only if the Islamic threat represents a greater danger to American interests than the Russian threat does. It is difficult to see how the chaos of the Islamic world will cohere to form a global threat. But it is not difficult to imagine a Russia guided by the Medvedev Doctrine rapidly becoming a global threat and a direct danger to American interests.

We expect no immediate change in American strategic deployments — and we expect this to be regretted later. However, given U.S. Vice President Dick Cheney's trip to the Caucasus region, now would be the time to see some movement in U.S. foreign policy. If Cheney isn't going to be talking to the Russians, he needs to be talking to the Iranians. Otherwise, he will be writing checks in the region that the U.S. is in no position to cash.

Russia's Great-Power Strategy

February 14, 2007

By George Friedman

Most speeches at diplomatic gatherings aren't worth the time it takes to listen to them. On rare occasion, a speech is delivered that needs to be listened to carefully. Russian President Vladimir Putin gave such a speech over the weekend in Munich, at a meeting on international security. The speech did not break new ground; it repeated things that the Russians have been saying for quite a while. But the venue in which it was given and the confidence with which it was asserted signify a new point in Russian history. The Cold War has not returned, but Russia is now officially asserting itself as a great power, and behaving accordingly.

At Munich, Putin launched a systematic attack on the role the United States is playing in the world. He said: "One state, the United States, has overstepped its national borders in every way ... This is nourishing an arms race with the desire of countries to get nuclear weapons." In other words, the United States has gone beyond its legitimate reach and is therefore responsible for attempts by other countries -- an obvious reference to Iran -- to acquire nuclear weapons.

Russia for some time has been in confrontation with the United States over U.S. actions in the former Soviet Union (FSU). What the Russians perceive as an American attempt to create a pro-U.S. regime in Ukraine triggered the confrontation. But now, the issue goes beyond U.S. actions in the FSU. The Russians are arguing that the unipolar world -- meaning that the United States is the only global power and is surrounded by lesser, regional powers -- is itself unacceptable. In other words, the United States sees itself as the solution when it is, actually, the problem.

In his speech, Putin reached out to European states -- particularly Germany, pointing out that it has close, but blunt, relations with Russia. The Central Europeans showed themselves to be extremely wary about Putin's speech, recognizing it for what it was -- a new level of assertiveness from an historical enemy. Some German leaders appeared more understanding, however: Foreign Minister Frank-Walter Steinmeier made no mention of Putin's speech in his own presentation to the conference, while Ruprecht Polenz, chairman of the Bundestag Foreign Affairs Committee, praised Putin's stance on Iran. He also noted that the U.S. plans to deploy an anti-missile shield in Poland and the Czech Republic was cause for concern -- and not only to Russia.

Putin now clearly wants to escalate the confrontations with the United States and likely wants to build a coalition to limit American power. The gross imbalance of global power in the current system makes such coalition-building inevitable -- and it makes sense that the Russians should be taking the lead. The Europeans are risk-averse, and the Chinese do not have much at risk in their dealings with the United States at the moment. The Russians, however, have everything at risk. The United States is intruding in the FSU, and an ideological success for the Americans in Ukraine would leave the Russians permanently on the defensive.

The Russians need allies but are not likely to find them among other great-power states. Fortunately for Moscow, the U.S. obsession with Iraq creates alternative opportunities. First, the focus on Iraq prevents the Americans from countering Russia elsewhere. Second, it gives the Russians serious leverage against the United States -- for example, by shipping weapons to key players in the region. Finally, there are Middle Eastern states that seek great-power patronage. It is therefore no accident that Putin's next stop, following the Munich conference, was in Saudi Arabia. Having

stabilized the situation in the former Soviet region, the Russians now are constructing their follow-on strategy, and that concerns the Middle East.

The Russian Interests

The Middle East is the pressure point to which the United States is most sensitive. Its military commitment in Iraq, the confrontation with Iran, the Israeli-Palestinian conflict and oil in the Arabian Peninsula create a situation such that pain in the region affects the United States intensely. Therefore, it makes sense for the Russians to use all available means of pressure in the Middle East in efforts to control U.S. behavior elsewhere, particularly in the former Soviet Union.

Like the Americans, the Russians also have direct interests in the Middle East. Energy is a primary one: Russia is not only a major exporter of energy supplies, it is currently the world's top oil producer. The Russians have a need to maintain robust energy prices, and working with the Iranians and Saudis in some way to achieve this is directly in line with Moscow's interest. To be more specific, the Russians do not want the Saudis increasing oil production.

There are strategic interests in the Middle East as well. For example, the Russians are still bogged down in Chechnya. It is Moscow's belief that if Chechnya were to secede from the Russian Federation, a precedent would be set that could lead to the dissolution of the Federation. Moscow will not allow this. The Russians consistently have claimed that the Chechen rebellion has been funded by "Wahhabis," by which they mean Saudis. Reaching an accommodation with the Saudis, therefore, would have not only economic, but also strategic, implications for the Russians.

On a broader level, the Russians retain important interests in the Caucasus and in Central Asia. In both cases, their needs intersect with forces originating in the Muslim world and trace, to some extent, back to the Middle East. If the Russian strategy is to reassert a sphere of influence in the former Soviet region, it follows that these regions must be secured. That, in turn, inevitably involves the Russians in the Middle East.

Therefore, even if Russia is not in a position to pursue some of the strategic goals that date back to the Soviet era and before -- such as control of the Bosporus and projection of naval power into the Mediterranean -- it nevertheless has a basic, ongoing interest in the region. Russia has a need both to limit American power and to achieve direct goals of its own. So it makes perfect sense for Putin to leave Munich and embark on a tour of Saudi Arabia and other Persian Gulf countries.

The Complexities

But the Russians also have a problem. The strategic interests of Middle Eastern states diverge, to say the least. The two main Islamic powers between the Levant and the Hindu Kush are Saudi Arabia and Iran. The Russians have things they want from each, but the Saudis and Iranians have dramatically different interests. Saudi Arabia -- an Arab and primarily Sunni kingdom -- is rich but militarily weak. The government's reliance on outside help for national defense generates intense opposition within the kingdom. Desert Storm, which established a basing arrangement for Western troops within Saudi Arabia, was one of the driving forces behind the creation of al Qaeda. Iran -- a predominantly Persian and Shiite power -- is not nearly as rich as Saudi Arabia but militarily much more powerful. Iran seeks to become the dominant power in the Persian Gulf -- out of both its need to defend itself against aggression, and for controlling and exploiting the oil wealth of the region.

Putting the split between Sunni and Shiite aside for the moment, there is tremendous geopolitical asymmetry between Saudi Arabia and Iran. Saudi Arabia

wants to limit Iranian power, while keeping its own dependence on foreign powers at a minimum. That means that, though keeping energy prices high might make financial sense for the kingdom, the fact that high energy prices also strengthen the Iranians actually can be a more important consideration, depending on circumstances. There is some evidence that recent declines in oil prices are linked to decisions in Riyadh that are aimed at increasing production, reducing prices and hurting the Iranians.

This creates a problem for Russia. While Moscow has substantial room for maneuver, the fact is that lowered oil prices impact energy prices overall, and therefore hurt the Russians. The Saudis, moreover, need the Iranians blocked -- but without going so far as to permit foreign troops to be based in Saudi Arabia itself. In other words, they want to see the United States remain in Iraq, since the Americans serve as the perfect shield against the Iranians so long as they remain there. Putin's criticisms of the United States, as delivered in Munich, would have been applauded by Saudi Arabia prior to the 2003 invasion of Iraq. But in 2007, the results of that invasion are exactly what the Saudis feared -- a collapsed Iraq and a relatively powerful Iran. The Saudis now need the Americans to stay put in the region.

The interests of Russia and Iran align more closely, but there are points of divergence there as well. Both benefit from having the United States tied up, militarily and politically, in wars, but Tehran would be delighted to see a U.S. withdrawal from Iraq that leaves a power vacuum for Iran to fill. The Russians would rather not see this outcome. First, they are quite happy to have the United States bogged down in Iraq and would prefer that to having the U.S. military freed for operations elsewhere. Second, they are interested in a relationship with Iran but are not eager to drive the United States and Saudi Arabia into closer relations. Third, the Russians do not want to see Iran become the dominant power in the region. They want to use Iran, but within certain manageable limits.

Russia has been supplying Iran with weapons. Of particular significance is the supply of surface-to-air missiles that would raise the cost of U.S. air operations against Iran. It is not clear whether the advanced S300PMU surface-to-air missile has yet been delivered, although there has been some discussion of this lately. If it were delivered, this would present significant challenges for U.S. air operation over Iran. The Russians would find this particularly advantageous, as the Iranians would absorb U.S. attentions and, as in Vietnam, the Russians would benefit from extended, fruitless commitments of U.S. military forces in regions not vital to Russia.

Meanwhile, there are energy matters: The Russians, as we have said, are interested in working with Iran to manage world oil prices. But at the same time, they would not be averse to a U.S. attack that takes Iran's oil off the market, spikes prices and enriches Russia.

Finally, it must be remembered that behind this complex relationship with Iran, there historically has been animosity and rivalry between the two countries. The Caucasus has been their battleground. For the moment, with the collapse of the Soviet Union, there is a buffer there, but it is a buffer in which Russians and Iranians are already dueling. So long as both states are relatively weak, the buffer will maintain itself. But as they get stronger, the Caucasus will become a battleground again. When Russian and Iranian territories border each other, the two powers are rarely at peace. Indeed, Iran frequently needs outside help to contain the Russians.

A Complicated Strategy

In sum, the Russian position in the Middle East is at least as complex as the American one. Or perhaps even more so, since the Americans can leave and the Russians always will live on the doorstep of the Middle East. Historically, once the

Russians start fishing in Middle Eastern waters, they find themselves in a greater trap than the Americans. The opening moves are easy. The duel between Saudi Arabia and Iran seems manageable. But as time goes on, Putin's Soviet predecessors learned, the Middle East is a graveyard of ambitions -- and not just American ambitions.

Russia wants to contain U.S. power, and manipulating the situation in the Middle East certainly will cause the Americans substantial pain. But whatever short-term advantages the Russians may be able to find and exploit in the region, there is an order of complexity in Putin's maneuver that might transcend any advantage they gain from boxing the Americans in.

In returning to "great power" status, Russia is using an obvious opening gambit. But being obvious does not make it optimal.

Russia's Geopolitical Imperatives

September 18, 2007

AFP/Alexander Zemlianichenko
Russian President Vladimir Putin

Summary

The Kremlin is buzzing with rumors of further reshuffles, restructurings and dismissals by Russian President Vladimir Putin after the latest ejection of the prime minister and Cabinet on Sept. 12. During almost eight years in office, Putin often has used confusion and chaos to consolidate power over the once-unwieldy Russia. The only thing that is certain in all the disarray is that Putin is in the driver's seat, and he is determined to lead Russia back to its status as a "Great Power."

Analysis

Since Russian President Vladimir Putin unexpectedly ousted Prime Minister Mikhail Fradkov and his Cabinet on Sept. 12, leaks of reshuffles, restructurings and dismissals within the government, businesses and state institutions have abounded, leaving most politicians and power brokers wondering what Putin will change next. The Fradkov dismissal is just the latest in a long line of similar moves Putin has made since he came to power in 2000. The only certainty in the years of disarray and confusion is that Putin has a plan that runs through the calculated chaos and is using it to continue shaping Russia politically, economically and socially in order to restore the country's "Great Power" status.

In the 17 years since the Cold War ended, Russia's story has been one of precipitous and disastrous economic, political, military and demographic decline. This led to the widespread perception that Russia was no longer an influential global power and could be ignored. Putin's goal since taking power has been — as the first step in a grand plan to prepare Russia for future challenges — to reverse these crises and perceptions in order to inspire the respect Putin feels Russia still deserves. No one thought the former "Great Power's" devastating decline could be reversed, particularly not under a president who took the reins unexpectedly.

Moments of great and greater chaos have occurred regularly throughout Putin's presidency. Though each one left people baffled at the time, from a distance his moves make much more sense, especially in the context of Putin's strategy to maintain control and implement his view of Russia. Putin's unpredictability allowed him the freedom to make some painful and drastic changes inside and outside Russia in order to begin repairing the deep problems that forced Russia into obscurity.

Calculated Chaos

Early in his presidency, Putin shocked everyone by passing reforms at a breakneck speed. Days after his inauguration, he began removing the oligarchs from national political power. He completely scrapped the system that gave Russia 89 regional territories, each of which had its own power broker or oligarch and its own set of laws. (It was estimated that under former Russian President Boris Yeltsin, more than 20,000 regional laws were passed without the Kremlin's knowledge.) Putin created seven federal districts that each had its own federal representative appointed by the

president. Within his first year in power, Putin had assumed direct control of the overall administration of the country. Of course, this created disarray and fear among Russia's governors, whose resistance prompted Putin to scrap gubernatorial elections and handpick each instead.

Putin then began removing Yeltsin supporters from their influential positions in the government and big business, even though the "Old Guard" had helped Putin ascend to the presidency. In a radical shake-up in 2001, Putin ditched a slew of ministers who had been loyal to Yeltsin — including the defense, interior, atomic energy and security ministers — and began building his own team. Since the Cabinet had only been in place under Putin for a year, this move was unexpected and left people wondering how much further Putin would purge the government. Moreover, the shake-up revealed a theme: Putin's team would consist mostly of former security officials (customarily KGB, like Putin) and people who served with Putin in St. Petersburg's regional government (nicknamed the Petersburgers). The new president was placing people he had known and trusted in the past, as well as those who thought like him, in important posts.

But just as the government got comfortable under Putin, he began a new series of moves meant to solidify his hold on power and keep everyone guessing. Putin shook up the government again in 2004, naming the relatively unknown Fradkov as prime minister. Fradkov is neither a Petersburger nor a former spook; he is a banker allied to an oligarchic clan previously barred from the Kremlin. Putin had broken the mold again by creating a new group of technocrats faithful to him and completely unbalancing the recently rebalanced oligarchic power structure. Of course, the technocrats could not get too comfortable either, as illustrated by Putin's recent decision to replace Fradkov with new Prime Minister Viktor Zubkov.

Big Business

The most infamous group Putin has targeted is the oligarchs who rose to power by rallying behind Yeltsin and his politicians. In return, Yeltsin allowed the oligarchs to usurp many state assets in the early 1990s. Putin saw the oligarchs' rise and influence as a threat to Russia's national security, and early in his presidency, the oligarchs realized they were the next logical target for Putin's purges.

Not long before Putin's re-election, there was doubt about who wielded more power in Russia: the president or the most powerful of the oligarchs — Mikhail Khodorkovsky. A string of investigations and criminal charges diminished Khodorkovsky, his lieutenants and his giant oil firm Yukos. By mid-2005, Khodorkovsky was sitting in jail with a decade-long sentence and Yukos was being swallowed piece by piece by Putin's state-controlled energy champions Gazprom and Rosneft.

Other oligarchs fled after their initial clashes with Putin, such as billionaire Boris Berezovsky, a dominant economic force who controlled auto manufacturer Avtovaz, oil firm Sibneft and the airline Aeroflot. Some became very friendly with the Kremlin and Putin, willingly selling their valuable assets to state-controlled groups. For example, Roman Abramovich sold his oil firm Sibneft — after acquiring Berezovsky's stake — to state natural gas behemoth Gazprom in 2005.

The Military

During his first year in power, Putin also began eyeing the military for complete restructuring — something that horrified military leaders, who historically had enjoyed much political power. But the sinking of the Kursk submarine in 2000 and the military's inability to get the Chechen insurgency in hand were national

embarrassments for Russia, and Putin took them as clues that the military had a huge overhaul coming its way. The problem was that the military had largely decayed, not just in its capabilities but also in its foresight, since quite a bit of research and development had been abandoned. Also, the chaos surrounding the fall of the Soviet Union in the early 1990s left Russia with a military that was not only unaffordable but also in pieces and scattered around other former Soviet states. Russia's military was highly convoluted, backward and utterly unorganized — leaving it scrambling to gain any control, much less to have a strategic mindset.

The first sign of restructuring came in 2001, when Putin appointed the first civilian Russian defense minister: Sergei Ivanov. Though this outraged and confused the military leaders, there was no uprising against Ivanov because he and Putin were backed by the Russian Federal Security Service. The military establishment feared Ivanov and allowed Putin to begin restructuring the military and defense establishment.

Ivanov began reorganizing and purging the military's top posts and defense-related companies, reining in much corruption and unprofessionalism. The glut of high-ranking officers was scaled back, allowing Putin and Ivanov more control. Ivanov also began scaling back the countless defense manufacturers, vertically integrating them into large national champions — such as Rosoboronexport and United Aircraft Corp. — with a clear focus on specific projects and on functioning efficiently, maximizing productivity and quality, and minimizing waste and corruption. Also, Russia began actually pouring funds back into these defense companies, thus reviving manufacturing and production. This allowed for more military equipment, along with some new gadgets, such as the ballistic missile submarine Yuri Dolgoruky.

This has been one of the slowest changes Putin has had to make, though the military is one of Russia's most difficult, largest and most important sectors. Furthermore, Putin must illustrate that Russia is not trying to return to the Soviet military model but is planning and forming a modern military. This is not to say that the military is back to its former glory, but its terrible erosion and decline has been blocked and the turnaround is under way.

The Backlash?

Many ask where the backlash against Putin is. Those who have been hung out to dry are upset, but either Putin has masterfully intimidated them into silence or they have been forcefully silenced. This was seen recently in the takeover of energy company Russneft, whose owner, Mikhail Gutseriev, silently fled to Turkey and then the United Kingdom after charges were brought against him in August.

Moreover, the Russian people and many within government institutions have seen some very good things come out of Putin's consolidation of power. For example, the masses have seen Russia's abundant petrodollars pouring into social programs and construction projects, while the military has been kept content with new equipment. Many of these perks seem like quick fixes, but they have held off countermovements and revolutions thus far, and Putin's popularity within Russia exceeds 80 percent.

What Comes Next?

With each sweeping move, Putin has shown that Russia's decline is no more. This does not mean he is done, though. As Putin showed by appointing Zubkov as prime minister, he still has plenty of tricks up his sleeve, and there are still certain

geopolitical imperatives for Russia's resurgence. Putin's possible moves include:

- Further purges of the Kremlin's positions and people
- Balancing or wiping out the increasingly dangerous competition among the Russian energy companies
- Purging the highly tangled banking sector and pulling it directly under Kremlin control
- Consolidating the vast remaining companies in the defense industry
- Creating "national champions" outside of energy and defense, such as auto manufacturing, minerals, metals, diamonds and gold
- Clearing out the rest of the Caucasus militancy
- Breaking down ethnically autonomous regions, such as Bashkortostan and Tatarstan

Overall, Putin's moves have done what he wanted most: made Russia impossible to ignore. Though Russia has made quite a bit of noise since Putin came to power, much more is yet to come. But no matter what unexpected moves occur, Putin's path for Russia is clear, and he is determined to blow through all the commotion to keep the country's focus forward. Putin is definitely in control, and he will remain in charge whether or not he runs for re-election in 2008. Regardless of how much real progress his shake-ups are creating for Russia, the perception that Putin is creating a strong and intimidating Russia has made the country matter once again.

Russia: What Now?

July 4, 2006

By Peter Zeihan

For the past two weeks, the Kremlin has been issuing a flood of seemingly contradictory statements through officials such as Gazprom CEO Alexei Miller, deputy presidential administration heads Vladislav Surkov and Igor Sechin, Deputy Prime Ministers Dmitry Medvedev and Sergei Ivanov, Foreign Minister Sergei Lavrov and even President Vladimir Putin.

One day, Miller seemed to obliquely threaten European natural gas supplies; the next, Gazprom granted the Ukrainians another three months of exports at less than half European market rates. On another day, Lavrov proposed sharply limiting discussion at the upcoming Group of Eight (G-8) summit in St. Petersburg to preclude topics, such as Chechnya, that the Russians find uncomfortable; this was followed by a statement from Lavrov's office declaring no topic taboo. On another front, Ivanov waxed philosophic about the might of the Russian military and warned of Western encroachment, while Surkov noted that Russia would never modernize without robust and friendly relations with the West. At one point, the Russians could be seen aggressively lobbying for Iran's right to a full civilian nuclear program, and then just as empathically noting their concerns about nuclear proliferation.

These statements and others like them not only seem disjointed -- they *are* disjointed. These disconnects are the public symptoms of an underlying and systemic problem. Briefly stated, Russia -- after 25 years of the Andropov doctrine -- finds itself in a deepening crisis, with no immediate or effective solutions apparent.

The issues with which Russia grapples are multifaceted -- and they have only grown in scale since they were first recognized by the leaders of Andropov's generation.

Demographically, the country is in terrible shape: The population is growing simultaneously older, smaller and more sickly. The number of Muslims is growing, while the number of ethnic Russians is declining. Nearly all of the economic growth that has occurred since the 1998 financial crisis has stemmed from either an artificially weak currency or rising energy prices, and there are echoes of the Soviet financial overextension after the 1973 and 1981 oil price booms. NATO and the European Union -- once rather distant concerns -- now occupy the entire western horizon, and they are steadily extending their reach into a Ukraine whose future is now in play.

More recently, another set of concerns -- encapsulated in the START treaty -- have cropped up as well. The treaty, which took force in 1991 and obliges the United States and Russia to maintain no more than 6,000 nuclear warheads apiece, expires in 2009, and the United States is not exactly anxious to renew it. Among American defense planners, there is a belief that the vast majority of the Russian nuclear defense program is nearing the end of its reliable lifecycle, and that replacing the entire fleet would be well beyond Russia's financial capacity. From the U.S. point of view, there is no reason to subject itself to a new treaty that would limit U.S. options, particularly when the Russia of today is far less able to support an arms race than the Soviet Union of yesteryear.

With all of that, it is becoming clear to leaders in Moscow that something must be done if Russia is to withstand these external and internal threats. The government is casting about for a strategy, but modern Russian history offers no successful models from which to work.

The Andropov Doctrine

Modern Russian history, of course, dates from before the fall of the Soviet Union -- beginning with Yuri Andropov's rise to power in November 1982. As someone who was in charge of the KGB, in a state where information was tightly compartmentalized, Andropov came into office knowing something that did not become apparent to the rest of the world for years: Not only was the Soviet Union losing the Cold War, but it was dangerously close to economic collapse. The West had long since surpassed the Soviets in every measure that mattered -- from economic output to worker productivity to military reach. In time, Andropov was convinced, Moscow would fall -- barring a massive change in course.

Andropov's plan was to secure money, managerial skills and non-military technologies from the West in order to refashion a more functional Soviet Union. But the Soviets had nothing significant to trade. They did not have the cash, they lacked goods that the West wanted, and Andropov had no intention of trading away Soviet military technology (which, even 15 years after the Cold War ended, still gives its U.S. counterpart a good run for the money). In the end, Andropov knew that the Soviet Union had only one thing the West wanted: geopolitical space. So space was what he gave.

It was what subsequent leaders -- Gorbachev, Yeltsin, and Putin after them -- gave as well. The one common thread uniting Russian leaders over the past quarter-century has been this: the belief that without a fundamental remake, Russia would not survive. And the only way to gain the tools necessary for that remake was to give up influence. Consequently, everything from Cuba to Namibia to Poland to Afghanistan to Vietnam was surrendered, set free or otherwise abandoned -- all in hopes that Russia could buy enough time, technology or cash to make the critical difference.

This was the strategy for nearly 25 years, until the loss of Ukraine in the Orange Revolution raised the specter of Russian dissolution. The Russians stepped away from the Andropov doctrine, abandoned the implicit bargain within it, reformed the government under the leadership of pragmatists loyal to Putin, and began pushing back against American and Western pressure.

It has not gone altogether well.

The Crux

While the Russians have hardly lost their talent for confrontation when the need arises, the confrontations they have initiated have been countered. The Russians are attempting to push back against the rise of American influence in their region with any means possible, with the goal of distracting and deflecting American attention. But there is an element of self-restraint as well: The pragmatic leaders now in power realize full well that if the Kremlin pushes too hard, the very tools they use to preserve their influence will trigger reactions from the United States and others that will only compound the pressure.

In the past seven months, Moscow has temporarily shut off natural gas supplies in an attempt to force Western European powers to assist Russia in reining in portions of its near-abroad that Moscow viewed as rebellious. The response from the Europeans, however, has been to begin exploring ways of weaning themselves from Russian energy supplies -- something that was never contemplated during Cold War-era Red Army maneuvers. Meanwhile, Moscow has attempted to engage China in an alliance that would counterbalance the United States, and China has taken advantage of this overture to extend its own reach deep into Central Asia. Meanwhile, the Russians have tried using arms sales and diplomacy to complicate

U.S. efforts in the Middle East. However, they have found themselves being used as a negotiation tool by the Iranians, only to be discarded. In sum, Russia's weight does not count for nearly as much as it once did.

Watching the Kremlin these days, one has a sense that there is an intense argument under way among a group of old acquaintances -- all of them fully aware of the circumstances they face. This probably isn't far from the truth. Putin has cobbled the current government together by co-opting factions among the *siloviki*, reformers and oligarchs who would be beholden to him -- all of whom recognize the strengths and weaknesses of the ideologies of their predecessors.

For the first time in decades, those calling the shots in the Kremlin not only agree on the nature of Russia's problems and are not really arguing amongst themselves, but they also are no longer willing to subject their country to the false comfort of policies driven by ideology, national chauvinism or reformist idealism. This is the most unified and pragmatic government Moscow has known in a generation. But it is a unified and pragmatic government that is grasping at straws.

Russia's leaders all believe that the path the Soviet Union traveled led to failure, and thus they are committed to the logic, rationale and conclusions of the Andropov doctrine. Nevertheless, they also are all realistic and intelligent enough to recognize that this doctrine, too, has failed their country.

And so the Putin government is wrestling with a fundamental question: What now?

Russia's Options

With no good options available -- and all of the bad ones having been tried in some manner already -- there is a proliferation of reactive, short-term policies. Everyone who has some authority is experimenting on the margins of policy. Medvedev tinkers with Ukrainian energy policy, while Ivanov rattles the nuclear saber -- and Putin tries to make the two seems like opposite sides of the same coin while preparing for the G-8 talks. Kremlin officials are trying to coordinate, and there is little internal hostility -- but in the end, no one dares push hard on any front for fear of a strong reaction that would only make matters worse. The strategy, or lack thereof, generates immense caution.

Human nature, of course, plays a part. No one wants to be personally responsible for a policy that might result in a national setback; thus, government officials seek full buy-in from their peers. And it is impossible to get full backing from a group of intelligent men who all recognize the history and risks involved. Just because one knows that the long-term penalty of inaction is death does not mean there is no hesitancy about trying experimental cures.

But experimental cures are practically all that is left for Russia. Wielding energy supplies as a weapon will not buy Moscow greater power; that can achieve short-term goals, but only at the cost of long-term influence as customers turn to other solutions. And while a partnership with China is attractive by some measures, the Chinese want Russian energy supplies and military technology without the politico-military baggage that would come with a formal alliance. Moscow retains the capacity to generate endless headaches for Western, and particularly American, policymakers, but the costs of such actions are high and -- even considering the weakness of the current administration in Washington -- only rarely worth the consequences.

All of this leaves three possibilities for the pragmatists. One is for Putin's team to ignore history and everything they know to be true and play geopolitical Russian roulette. In other words, they can push for confrontation with the West and pray that the counterstrikes are not too horrible. The second is to do nothing -- fearing the consequences of all actions too much to take any -- or continue with the recent trend

of rhetorical spasms. Under this "strategy," the Russian government would succumb to the problems foreseen by Andropov a generation ago.

The third possibility is a leadership displacement. Just as Putin displaced Russia's oligarchs, reformers and *siloviki* because he felt their ideas would not translate into success for Russia, those power groups feel the same way about the Putin government. The option, then, is for one of these groups to somehow displace the current government and attempt to remake Russia yet again. Several caveats apply: It would have to be a group cohesive enough to take and hold power, committed enough to a defining ideology to ignore any deficiencies of that ideology, and either trusted or feared enough by the population to be allowed to wield power.

Russia's oligarchs are neither united nor trusted, and historically have placed self-interest far above national interests. The reformers, while united, are clearly not trusted by the populace as a whole, and the idealism of the group that implemented the disastrous shock therapy in the early 1990s is long gone.

The siloviki, however, are broadly cohesive and populist, and they have not allowed economics or politics to get in the way of their nationalism or ideological opposition to capitalism and the United States. Moreover, they have little fear of using the military club when the natives -- or the neighbors -- get restless.

Assuming Russia does not become paralyzed by fear, it appears destined to return to a model in which the nationalists, military and intelligence apparatuses call the shots -- a sort of Soviet Union with a Russian ethnic base. If this is the case, the only question remaining is: Who will lead the transformation?

With every passing day, Putin seems less fit for the role.

Realism in Russia

November 17, 2005

By Peter Zeihan

From an American perspective, the Eurasian landmass can be both an intimidating and endlessly invigorating place. Intimidating, because it is the only landmass on the planet save that of North America that has sufficient resources to nurture and give rise to a truly global power; invigorating, because the existence of many disparate powers there make the task of preventing a single power from arising relatively easy. The sheer size, internal geographic divides and myriad states and ethnic groups that are native to Eurasia are perhaps the strongest factor guaranteeing U.S. national strength -- and on a subconscious level, all U.S. policymakers realize that.

Within Eurasia, the perception is, of course, different -- and particularly in Russia, at the heart of the entire region. While the interconnections of North America's geographic features -- its plains, river systems and coasts -- promote development and political unification, Russia's endless tracts of land and sequestered river systems assist with neither.

As a massive territory with no easily defensible borders, Russia's geography has dictated major aspects of its political history: It has been, at various points, a conglomeration of fractured principalities (the era of Muscovy and Tartary), a region subjected to sweeping and brutal occupations (the Mongol occupation), and a native centralized tyranny that was able in various ways to subjugate the principalities (the tsarist era and the Soviet period).

The result is a culture that equates change with pain, and one that reflexively views the outsider as either a threat or as a parasite. It is a logic that is difficult to counter. On one hand, Russia's major interactions with outside powers -- whether Mongol, Polish, German or Islamic -- have not left it with sweet memories. On the other, it is obvious that Russia's suffering under outside powers was beneficial to others: For example, the Mongol occupation of Russia spared Europe a similar experience, while the Nazi invasion of Russia set the groundwork for the birth of the American-dominated West we know today.

The resulting cultural impact could be best described as a sense of besieged entitlement -- and never has it been more evident in Russian policy than since the Soviet collapse.

At several points in the past 15 years -- NATO's war against Belgrade, the introduction of U.S. forces to Uzbekistan, the EU accession of Finland and Sweden, and Ukraine's recent attempts at realignment, to name only a few -- Russia's initial resistance and defiance was followed by stunned disbelief.

In retrospect, all of these were events that could be expected as a once-dominant power weakened, but then why was Russian preparation for these battles so nonexistent? Why were Russia's reactions to critical losses limited to anger and rhetoric, as opposed to preparation for the future? The answer goes deeper than simply a lack of options -- Russia was, and remains, a powerful country with many tools for making its views known and its will reality.

What Russia has lacked, however, is an elite class that is capable of pushing beyond the bounds of what could be described as fatalistic paranoia. Put another way, the Russian leadership has suffered from a superiority complex based on an inferiority complex: Because Russia has suffered greatly, the argument would go, it is both

stronger and entitled to a greater role within the global community than it feels it has been afforded. While such a viewpoint can be psychologically comforting, it is frequently less than useful in maneuvering through the grand and often deadly game of geopolitics.

And so Russia has fallen back. At least partly as a result of a clouded worldview, it has lost influence and territory: Nicaragua, Syria, Mozambique, Angola, Vietnam, Poland, Latvia, Cuba, Serbia, Mongolia, Georgia, Ukraine. But worst of all, from the standpoint of a Russian, Moscow has yet to demonstrate it is capable of crafting a response consisting of anything more substantive than rhetoric.

Russia needs many things if it is to halt this seemingly unending slide. But perhaps the one thing it needs most urgently is a new point of view. And earlier this week, it appeared that changes under way at the Kremlin could be destined to give it just that.

On Nov. 14, two unusual Russian politicians -- Dmitry Medvedev and Sergei Ivanov -- were appointed as deputy prime ministers. Their rise signals a sharpening of Russian policy both at home and abroad, with the Kremlin beginning to take a clear-eyed view of its positions and policies around the world.

A New World View?

To understand the potential direction of Russian policy, it is important first to understand these two men.

First, Medvedev. The former presidential chief of staff, now first deputy prime minister, is certainly a pro-Western technocrat. But he is akin to neither the starry-eyed reformers who applied disastrous shock therapy in the 1990s, nor idealistic pro-Westerners in the mold of Grigory Yavlinsky who want to see Western democratic institutions grafted wholesale onto Russia. At 40, Medvedev is just old enough to fully comprehend how far Russia has fallen -- having been 24 when the Berlin Wall fell -- but just young enough to have a mindset radically different from his predecessors. Most critical is that he admires the West despite the fact that -- unlike Putin -- he has never worked abroad. His respect is rooted in the accomplishments of the West and what Russia potentially could gain from them, not out of the unrealistic desire of many of Russia's pro-Westerners to actually "join" the West.

In contrast with most reformers, Medvedev believes that the state should play a strong role in the economy -- particularly in key sectors such as energy. Medvedev was a key, if quiet, figure in the onslaught against Yukos, and he is chairman of the board for Gazprom, Russia's state natural gas monopoly -- which just happens to be the world's largest energy company. These are not the stances and actions of someone who believes that capitalism is a magic wand that will fix all of Russia's problems.

Ivanov, who was Russia's defense minister before being named deputy prime minister, is similar in his uniqueness. Like Putin, Ivanov spent the bulk of his career in the Federal Security Service (FSB), and both were stationed in Europe for a time. Thus, he, like Medvedev, has a healthy respect for military, economic, political, social and technological capabilities of the West. But where Medvedev sees opportunities in interactions with the West, Ivanov perceives threats. Thus, he is a magnet for the *siloviki* -- a group of foreign policy, military and intelligence personnel who want to see Russia restored to its former glory.

Yet while Russia's nationalists in general and the siloviki in particular consider him their best-known sympathizer, Ivanov is far more pragmatic than the average nationalist. Unlike many of the defense ministers who came before him, he is not concerned about NATO tanks rolling eastward -- realizing that the United States,

much less the rest of NATO, lacks that capacity. Instead, he worries about the steady expansion of Western influence -- which spread first to Central Europe, then the Baltics, the Balkans, the Caucasus, and now Ukraine. Ivanov views the West as more of a cultural and economic threat to Russia than as a military juggernaut.

Both Medvedev and Ivanov are pragmatists and patriots -- though they obviously still hold their own business interests as well -- and thus are more likely to occupy the middle ground that pure reformers or nationalists avoid.

Medvedev sees Western-style corporate governance as a sound ideal to impose on Russia's oligarchs -- but not at Gazprom, which he sees as a key to future foreign policy. Ivanov sees cooperation with NATO as a necessary evil, but more as a means of building a more efficient Russian military than out of any expectation of swaying NATO policy. And both men see China as an opportunity: It is a customer for Russian energy and weapons, and -- by forming a political alliance against the West -- a crucial potential partner in security policy. But, unlike the siloviki, they are also more likely to take a comprehensive view of the power to the east, noting the implications of its giant economy and China's recent "Northern Sword" military exercises, staged on Russia's southern border. It has not been lost on either that ethnic Chinese in the border region outnumber the Russians by more than ten to one.

In short, both see threats in every opportunity, and opportunities in every threat, making them the first competent, pragmatic, clear-eyed politicians to reach the top of Russia's political heap since the Soviet breakup.

Yet neither Medvedev nor Ivanov is a particularly strong candidate to succeed Putin, despite rife speculation on that score in the Russian press. Medvedev is Putin's protégé, Gazprom's chairman, and the Kremlin's grey cardinal, but so far he lacks a sizeable political following from which to independently launch his career. He well could cultivate such a resource in the next three years, but he does not have it yet.

Ivanov, meanwhile, is likely not someone to whom Putin would gladly hand the reins. Unlike Medvedev or Ivanov, Putin is an instinctual Westernizer -- to the degree that the Russian press has often quipped: Putin Joins West, Russia May Follow.

So why advance Ivanov into greater prominence? Two reasons. First, Ivanov has the ability to either unleash or hold back the nationalist tide, a capacity that Putin would be foolish to ignore. Second, should Putin's goal of Westernizing come to naught (something that must have at least crossed his mind as Ukraine peeled away), Russia would be forced into direct confrontation to the West. If Russia is to be ruled by a nationalist, Putin would prefer that it be ruled by a nationalist who is capable of viewing the world without the preconceptions that have cost Moscow so much.

While this shift has significant implications for Russian policy, it is important not to overplay what has occurred. The rise of Medvedev and Ivanov is an important first step in a shift that Putin is trying to engineer -- but not the shift in sum. That said, it is clear that the rise of these two men will influence policy in more than simply subtle ways -- particularly since their promotions coincided this week with other events of note.

Russian Policy: Through a Prism of Pragmatism

Another aspect of Putin's Cabinet reshuffle was the unceremonious sacking of Konstantin Pulikovsky, Putin's envoy to the Russian Far East (and point-man for the Kremlin's North Korea policy), without the benefit of a follow-on position. And on the same day, the FSB arrested Igor Reshetin, general director of TsNIIMASH-Export company, and two of his deputies for (illegally) transferring space technology to the Chinese.

For the past decade, Russia's Far East policy has been quite simple: China is a natural ally of Russia and as such should be extended economic, political, military and technological favors as a means of solidifying the relationship.

This perception, has not, however, been reflected south of the Amur River. While the Kremlin treated China as an ally, Beijing has viewed Russia as an opportunity at best or a nuisance at worst -- but certainly not an equal. Wary of political strings Russia tends to attach to deals, China has been focusing on Kazakhstan as a key source of energy supplies, and sending its money there rather than to Russia. Meanwhile, Beijing is unofficially encouraging its citizens to migrate to Siberia, while also buying Russian hardware to upgrade its military capabilities. And China has steadily siphoned influence away in North Korea, leaving Russia largely an outside observer in the six-party nuclear negotiations. None of this would have been possible if Moscow had been taking a more realistic assessment of Beijing's motives and actions.

Between Reshetin's arrest, Pulikovsky's dismissal and Ivanov's rise, a full re-evaluation of Russia's Far East policy appears to be in the works -- if not the formation of a new policy that will no longer blindly assist China's rise without consideration of the long-term consequences for Russia.

Similarly, Russian policies in Central Asia are being re-evaluated, although here -- where Moscow's direct influence is much stronger -- the actions are bolder. A mutual defense treaty Putin signed in Tashkent on Nov. 14 signals light-years of change from the mutual hostility that characterized the bilateral relationship as little as two years ago. This is partly because of a shift within Uzbekistan itself: President Islam Karimov feels that the United States not only engineered the various color revolutions that have brought about government changes in Georgia, Ukraine and Kyrgyzstan, but that Uzbekistan was next on Washington's list.

Despite its many problems, Uzbekistan is the most powerful Central Asian state, and whoever has the most influence there can shape events throughout the region. Due to a much more proactive Russian stance -- influenced in no small part by Ivanov -- that player is no longer Beijing or Washington, but Moscow. In fact, not only is the airbase the United States set up in southern Uzbekistan for the Afghan war being dismantled on Tashkent's orders, but the Nov. 14 treaty raised the possibility of a Russian replacement.

Russian proactivity in Central Asia is not limited to the military sector or Uzbek geography. On Nov. 14, as so many other key changes were being announced, Gazprom -- which, remember, is chaired by Medvedev -- entered into a five-year deal that locks down control of all natural gas exported via Kazakhstan. A good chunk of Kazakhstan's oil may soon be flowing to China, but now Gazprom is swallowing all natural gas exported by all Central Asian states. Anyone who wants to purchase Central Asian natural will discover that they actually have to buy it from Gazprom. Which means from Medvedev -- and thus, from the Kremlin.

This change is likely to flare open some eyes across Europe -- particularly in the Baltics and Ukraine, where leaders are used to being able to purchase natural gas from Turkmenistan as a means of increasing their independence from Moscow. Now there is only one player in town, and that player sets all the prices. Russia has threatened for years to charge states that do not play by its rules more for natural gas, a development that would cripple most of them. Now there are no barriers whatsoever to stop Russia from following through as it sees fit.

Implications of a Russian Shift

Such policies will, of course, have consequences. China long has taken the existence of an amicably passive Russia as a given. A Russia that is openly suspicious -- or

even one that asks the occasional nervous question about "Northern Swords" -- is one that Beijing needs to figure into its planning in a very different way.

Relations with Europe are bound to get sticky as well. For instance, the question of Russia's accession to the World Trade Organization likely will move into limbo. The biggest point of contention is the role that Gazprom plays in pricing natural gas -- selling supplies domestically at one-fifth the rate of international sales. The Europeans want the indirect subsidies to end. A Russia that uses energy as a tool to pressure rivals -- particularly if those rivals are EU members -- while maintaining artificially cheap prices at home will generate considerable discomfort in Europe.

At this point, it is impossible to trace all of the potential ripples from changes now under way in Moscow. But what is clear is that, with the rise of Medvedev and Ivanov, Russia is gaining two leaders who both understand some of the roots of Russia's current weakness, and who have demonstrated an ability to think outside the traditional Russian box.

Their ascendance indicates a creeping re-evaluation of Russia's position. It is a change that will manifest in all of Russia's relations -- particularly in areas where the Russian position previously has been driven by hopes or fears rather than cool, pragmatic calculations.

V-E Day: A Call to Action for the Russian Nation?

May 11, 2005

Summary

World War II and V-E Day in Russia are more about deep-rooted feelings throughout the country. Given this, and the way events have unfolded during the commemoration of the 60th anniversary of V-E Day in Moscow, the Russian people -- feeling offended and seeing their World War II victory as their only, but almighty, source of morale -- could be awakening and preparing to take their country's fate into their own hands if Russian President Vladimir Putin does not make a quick decision on Russia's course.

Analysis

Russian President Vladimir Putin -- and the Russian nation itself -- is at a crossroads. Putin must decide soon on Russia's future course. Not only is he coming under increased -- and potentially unbearable -- pressure from abroad that requires definite answers on Russia's future, but the Russian nation's patience is running out.

If Putin continues to procrastinate on measures urgently needed to revive the country, the Russian people will have to act to escape geopolitical -- and perhaps even literal -- death as a nation. In light of Russia's continued existence and even resurgence at times in spite of losses in some of the bloodiest events of the 20th century -- including World War II -- it is hard to believe that the Russian nation would fade away quietly. And with internal and external pressure building at an accelerated rate, a decision on Russia's fate cannot be delayed for long.

The 60th V-E Day celebrations, held May 8-10 in Moscow, appear to be serving as a powerful catalyst for awakening the Russian people. This effect might not be noticeable in media reports or in Russia's large cities; but in small Russian villages and towns and among impoverished Russian workers, the powerful emotions tied to both World War II and the V-E Day commemoration seem to be combining to form a trigger to try to revive the ailing Russia.

To understand exactly why V-E Day could serve as a rallying point for Russia, consider this: For the Russians, the World War II victory over Nazi Germany was by far a defining event. It represents the country's moment of highest glory and highest sacrifice, and the significance of that victory is in the Russians' veins. No understanding of Russia is complete without understanding this point.

Every family -- literally -- in Russia lost loved ones in World War II. These casualties led many Russians to be brought up as orphans or in incomplete families -- a factor that affected several generations of Russians and delayed Russia's progress in all spheres. This is why Russians say V-E Day is a celebration, but they say it with tears in their eyes.

The war was not only an enormous sacrifice for the whole nation; it also was the nation's greatest effort as a whole to rise to a deadly occasion -- to face an invasion by what was then the world's best army, and win at any cost. Early in the war, Russian soldiers threw themselves under enemy tanks to blow them up, Russian pilots guided their burning planes onto German land combat positions, and soldiers fought while completely surrounded with no hope of survival. Later in the war, while driving the Germans back, Russian soldiers who had run out of grenades jumped onto fortified German machine-gun positions to block bullets with their bodies to allow their comrades to proceed, and Russian pilots out of ammunition rammed enemy planes with their own. Courage was by no means limited to the military,

either; in spite of the German forces' burning 600 villages and their entire populations in Belarus alone, massive resistance continued among civilian populations.

Younger generations of Russians grew up with an unusually intimate understanding of the war because they were constantly surrounded by reminders. During the Soviet period, the Great Patriotic War was the subject of many films and books and was commonly referred to in day-to-day life. Whole cities that witnessed their defenders' mass heroism during the war -- Kiev, Volgograd (then Stalingrad) and others -- were designated "Hero Cities" and were revered by the people. War memorials and fallen soldiers' graves were -- and still are -- prominent features in nearly every town in Western Russia. After the monuments to Josef Stalin and Vladimir Lenin were pulled down, the war monuments remained to serve as a powerful source of inspiration for the Russians' moral strength.

Given the importance of V-E Day in Russia, think of how the Russians feel when, during the commemoration of that victory, representatives from other countries begin focusing on Russia's occupation of neighboring territories after the war rather than on Russia's contribution to the victory in Europe. Furthermore, former German allies from the Baltics and Western Ukraine have managed to escape the West's condemnation in spite of their glorifying SS Division veterans. For example, a monument to the Estonian veterans of the 20th SS Division -- which became infamous for mass executions of civilians -- was done with state honors, with Estonia's prime minister in attendance, in Estonia's capital of Tallinn on the eve of this V-E Day. This apparently went unnoticed by Western media.

But much Russian anger is directed inside Russia itself. Sources in all strata of Russian society say that pro-U.S. liberals, who remain a tiny minority within Russia and appear to be disdained or hated by many, have portrayed V-E Day in their media outlets in such a way that Russian anger is boiling. For example, grani.ru -- arguably the most radically liberal, pro-U.S. media Internet news agency in Russia -- has a headline that reads: "How [Russian] Nation -- Victor Raped German Women." Russians are angry at the slant of the article -- some Russian soldiers did in fact commit these acts in Germany in 1945, but their commanders took steps to prosecute them; furthermore, Russian women faced the same atrocities at the hands of German soldiers from 1941 to 1944. However, what provokes the most ire is that the media outlet puts the blame on the whole nation. So in the Russians' eyes, the report is an insult to the entire country.

Besides the pro-U.S. liberals, Putin himself is a target of anger for many Russians. For the V-E Day celebrations, the Russian president turned central Moscow into a closed-off city; Russians nicknamed it the "Green Zone," after central Baghdad, where nobody can go without U.S. military permission. Except for a select few loyal to Putin, the Russian people could not attend a military parade and were not let into Red Square, where Russians celebrated their victory in 1945 and thereafter. This gives the appearance that Putin is celebrating Russia's greatest victory in the company of foreign leaders -- some of whom are perceived as unfriendly to Russia -- while isolating himself from the people who elected him.

It seems that the V-E Day celebrations are contributing to the disappearance of the Russian people's belief and trust in Putin. His isolation during the ceremonies cannot help but contribute to a feeling of alienation between Putin and the people.

Stratfor believes that gradually, but certainly -- and helped by the V-E Day celebrations -- Russians might begin thinking about taking the fate of their country

into their own hands. This would be a scary prospect for Putin, but given Russia's current catastrophic state, such action would not be about Putin -- it would be about the Russian nation and its survival.

Russia: After Ukraine

December 11, 2004

By Peter Zeihan

The Russian defeat in Ukraine is nearly complete.

In presidential runoff elections, the Ukrainian government's candidate, Prime Minister Viktor Yanukovich, won the official ballot. However, protests launched by opposition candidate Viktor Yushchenko over alleged election fraud -- combined with strong international pressure -- caused the results to be overturned. New elections will be held Dec. 26, and Yushchenko is widely expected to win. Ukrainian President Leonid Kuchma, in an effort to deny Yushchenko the powers that he himself has enjoyed, succeeded in forcing the Ukrainian opposition to accept constitutional amendments that will transfer some presidential powers to the Parliament, but these changes will take effect only after the next parliamentary elections in 2006 -- elections in which the opposition already is celebrating victory.

But the biggest loser in the election was not Yanukovich or Kuchma -- his political master -- or even the oligarchic clans that sponsored him. It was Russian President Vladimir Putin.

Not only has the Ukraine Supreme Court made a public mockery of Putin's international proclamations of the election's "fair" nature, but Kuchma and the oligarchic interests supporting him have all but abandoned Yanukovich. That has left Russia as the only serious entity hanging a hope on the now-"vacationing" Yanukovich.

Ukraine is not the only place where Putin has found geopolitical egg on his face of late; Russian geopolitical defeats in the past four years have come fast and furious.

Putin's desire not to be a focus of American rage after the Sept. 11 attacks guided him to sanctioning a strong U.S. military presence in Central Asia -- a presence that is extremely unlikely ever to leave. Moscow's efforts to get Washington to label the Chechens as terrorists were successful, but at the price of the United States committing to taking care of the issue itself; there are now U.S. military trainers indefinitely stationed in Georgia. In the background, both the European Union and NATO have expanded their borders steadily and now almost the entirety of the Central European roster of the Warsaw Pact is safely within both organizations -- and out of Russia's reach.

All of this pales, however, in comparison to Ukraine, Russia's ancestral home. The 10th- to 13th-century entity of Kievian Rus is widely considered to the birthplace of today's Russia. But Moscow's queasiness over losing Ukraine is far from merely the anxiety of emotional attachment.

Not to put too fine a point on it, but without Ukraine, Russia's political, economic and military survivability are called into question:

· All but one of Russia's major infrastructure links to Europe pass through Ukraine.
· Three-quarters of Russia's natural gas exports pass through Soviet-era pipelines that cross Ukraine.
· In most years, Russia has imported food from Ukraine.
· Eastern Ukraine is geographically part of the Russian industrial heartland.
· The Dnieper River, the key transport route in Russia's Belarusian ally, flows south through Ukraine -- not east Russia.

· With a population of just under 50 million, Ukraine is the only captive market in the Russian orbit worth reintegrating with.
· The Black Sea fleet -- Russia's only true warm-water fleet -- remains at Sevastopol on Ukraine's Crimean Peninsula because it is the only deep-water port on the entire former Soviet Black Sea coast.
· A glance at a population density map indicates just how close Russia's population centers are to the Ukrainian border, and how a hostile Ukraine would pinch off easy Russian access to the volatile North Caucasus, a region already rife with separatist tendencies.
· Moscow and Volgograd -- Russia's two defiant icons of World War II -- are both less than 300 miles from the Ukrainian border.

It would not take a war to greatly damage Russian interests, simply a change in Ukraine's geopolitical orientation. A Westernized Ukraine would not so much be a dagger poised at the heart of Russia as it would be a jackhammer in constant operation.

The significance of the loss only magnifies the humiliation. Like the failed submarine-launched ballistic missile tests of Putin's re-election campaign, this operation had Putin as its public face. He traveled twice to Ukraine to personally -- if indirectly -- campaign for Yanukovich, and Kremlin spin doctors who successfully ushered in Putin's second term provided much of the brains behind the prime minister's political campaign.

Putin has lost more than face; he also has lost credibility at home in his wider foreign and domestic policy goals. In the aftermath of the Sept. 11 attacks, Putin overruled opposition within Russia's national security apparatus to align with Washington. The immediate costs included -- among other things -- Russian pre-eminence in the Caucasus and Central Asia.

Putin anticipated -- and grudgingly accepted -- this loss in anticipation of having time and U.S. sponsorship to trigger a Russian renaissance. Putin needed the Americans to get off his back about things such as human rights, press freedoms and Chechnya. The unofficial agreement was simple: Russia would assist the United States in the war on terrorism, and in exchange U.S. criticism of Russian domestic policies would be muted. It is a deal that continues to this moment.

With the United States satisfied, Putin proceeded with his plan, the opening stage of which was to establish himself as the unquestioned leader of Russia as both a state and a civilization.

First, Putin defined the problem. Russia is in decline -- politically, strategically, economically and demographically. The Commonwealth of Independent States, the only international organization that Moscow can rely upon to support it (and, incidentally, the only one it dominates) is moribund because of lack of interest. The Americans are in Central Asia, and the other former Soviet republics are squirming out from under Moscow's grasp. Talk of a Russian-led Eurasian Economic Community that would reform the Soviet economy remains largely talk. Everything from Russia's early warning satellite system to its rank-and-file army is collapsing, with 90,000 troops unable to pacify Chechnya even after five years of direct occupation. HIV and tuberculosis are spreading like wildfire, and the death rate stubbornly remains nearly double the birth rate, hampering Russia's ability even to field a nominal army or maintain a conventional work force.

Second, Putin realized that before he could reverse the decline, he had to consolidate control. One of Boris Yeltsin's greatest mistakes was that he lacked the authority to implement change. More to the point, no one feared Yeltsin, so the men who

eventually became oligarchs robbed the state blind, becoming power centers in and of themselves.

Putin spent the bulk of his first term reasserting control. The once-unruly (and heavily oligarch-dominated) press has been subjugated to the state's will. Regional governors are now appointed directly by the president. Nearly all tax revenues flow into federal -- not regional -- coffers. The oligarchs, particularly now that the Yukos drama is moving toward a resolution, are falling over each other to pay homage to Putin (at least publicly).

Putin systematically has worked to consolidate political control in the Kremlin as an institution and himself as a personality, using every development along the way to formalize his control over all levels of government and society. The result is a security state in which few dare oppose the will of the president-turned-czar.

From here, Putin hoped to revamp Russia's economic, legal and governmental structures sufficiently so that rule of law could take root, investors would feel safe and the West would -- for its own reasons -- fund the modernization of the Russian economy and state. Put another way, Putin was counting on his pro-Western orientation to be the deciding factor in ushering in a flood of Western investment to realize Russia's material riches and economic potential.

Putin's problem is that revamping the country's political and economic discourse required a massive amount of effort. The oligarchs, certainly not at first, did not wish to go quietly into that good night, and the Yukos crisis -- now in its 17th month -- soaked up much of the government's energy. During this time the Kremlin turned introspective, understandably obsessed with its effort to hammer domestic affairs into a more manageable form. Moreover, as Putin made progress and fewer oligarchs and bureaucrats were willing to challenge him, they also became too intimidated to act autonomously. The result was an ever-shrinking pool of people willing to speak up for fear of triggering Putin's wrath. The shrinking allotment of bandwidth forced Russia largely to ignore international developments, nearly collapsing its ability to monitor and protect its interests abroad.

This did not pass unnoticed.

Chinese penetration into the Russian Far East, European involvement in the economies of Russia's near abroad and U.S. military cooperation with former Soviet clients are at all-time highs. As Putin struggled to tame the Russian bear, Moscow racked up foreign policy losses in Central Asia, the Baltics, the Balkans and the Caucasus. Uzbekistan, Tajikistan and Kyrgyzstan all became U.S. allies. Serbia formally left Russia's sphere of influence, Georgia welcomed U.S. troops with open arms and ejected a Russian-backed strongman from one of its separatist republics, and the three Baltic states and the bulk of the Warsaw Pact joined both NATO and the European Union. And now, Ukraine is about to take its first real steps away from Russia.

In short, Putin achieved the necessary focus to consolidate control, but the cost was the loss of not just the empire, but with Ukraine, the chance of one day rebuilding it.

More defeats are imminent. Once Ukraine adopts a less friendly relationship with Russia, the Russian deployment to Transdniestria -- a tiny separatist republic in Moldova kept alive only by Russian largesse -- will fade away. Next on the list will be the remaining Russian forces at Georgian bases at Akhalkalaki and Batumi. Georgia already has enacted an informal boycott on visa paperwork for incoming soldiers, and the United States has begun linking the Russian presence in Georgia and Transdniestria to broader Russian security concerns.

Once these outposts fall, Russia's only true international "allies" will be the relatively nonstrategic Belarus and Armenia, which the European Union and United States can be counted upon to hammer relentlessly.

To say Russia is at a turning point is a gross understatement. Without Ukraine, Russia is doomed to a painful slide into geopolitical obsolescence and ultimately, perhaps even nonexistence.

Russia has three roads before it.

· Russia accepts the loss of Ukraine, soldiers on and hopes for the best.

Should Putin accept the loss of Ukraine quietly and do nothing, he invites more encroachments -- primarily Western -- into Russia's dwindling sphere of influence and ultimately into Russia itself, assigning the country to a painful slide into strategic obsolescence. Never forget that Russia is a state formed by an expansionary military policy. The Karelian Isthmus of Russia's northwest once was Finnish territory, while the southern tier of the Russian Far East was once Chinese. Deep within the Russian "motherland" are the homelands of vibrant minorities such as the Tatars and the Bashkirs, who theoretically could survive on their own. Of course the North Caucasus is a region ripe for shattering; Chechens are not the only Muslims in the region with separatist desires.

Geopolitically, playing dead is an unviable proposition; domestically it could spell the end of the president. Putin rode to power on the nationalism of the Chechen war. His efforts to implement a Reaganesque ideal of Russian pride created a political movement that he has managed to harness, but never quite control. If Russian nationalists feel that his Westernization efforts have signed bit after bit of the empire away with nothing in return, he could be overwhelmed by the creature he created. But Putin is a creature of logic and planning.

Though it might be highly questionable whether Putin could survive as Russia's leader if this path is chosen, the president's ironclad control of the state and society at this point would make his removal in favor of another path a complicated and perhaps protracted affair. With its economy, infrastructure, military and influence waning by the day, time is one thing Russia has precious little of.

· Russia reassesses its geopolitical levers and pushes back against the West.

Russia might have fallen a long way from its Soviet highs, but it still has a large number of hefty tools it can use to influence global events.

If Putin is to make the West rethink its strategy of rolling back Russian influence and options -- not to mention safeguard his own skin -- he will have to act in a way to remind the West that Moscow still has fight left in it and is far from out of options. And he will have to do it forcefully, obviously and quickly.

The dependence upon Ukraine goes both ways. While Ukraine's south and east are not majority Russian, those regions are heavily Russofied. Should a Yushchenko-led Ukraine prove too hostile to Moscow, splitting a region that is linguistically, culturally and economically integrated into Russia off from Ukraine would not prove beyond Russia's means.

Also on the Ukrainian front, Russia has the energy card to play. Kiev's primary source of income is transit fees on natural gas and oil. Russia supplies about one-quarter of all European consumption. Tinkering with those supplies -- or simply their delivery schedules -- would throw the European economies into frenzy.

Russia could use its influence with Afghanistan's Northern Alliance to make the United States' Afghan experience positively Russian. Sales of long-range cruise missiles in India or Sovremenny destroyers complete with Sunburn missiles to China

would threaten U.S. control of the oceans. Weapons sales to Latin America would undermine U.S. influence in its own backyard. The occasional quiet message to North Korea could menace all U.S. policy in the Koreas. And of course, there is still the Red Army. It might be a shadow of its former self, but so are its potential European opponents.

All of these actions have side effects. The U.S. presence in Afghanistan limits Islamist activities in Russia proper. India is no longer a Cold War client; it is an independent power with its own ambitions which might soon involve a partnership with the United States. Excessive weapons sales to China could end with those weapons being used in support of an invasion of the Russian Far East. Large-scale weapons sales to Latin America require Latin American cash to underwrite them. Russian meddling in North Korea would damage relations with China, Japan and South Korea as well as the West. And a Russian military threat against Europe, if it could be mustered, would still face the U.S. nuclear umbrella.

Such actions would also have consequences. The West might often -- and vigorously -- disagree within itself, but there has not been a Western war in nearly three generations. The West still tends to see Russia as the dangerous "other," and by design or coincidence, Western policy toward the former Soviet Union focuses on rolling back Russian influence, with Ukraine serving as only the most recent example. Russian efforts to push back -- even in what is perceived as self-defense -- would only provoke a concerted, if not unified, response along Russia's entire economic, political and geographic periphery.

Russia still might have options, but it did lose the Cold War and has fallen in stature massively. In the years since the Cold War, Western options -- and strength -- have only expanded. Even if Russian efforts were so successful that they deflected all foreign attention from it, Russia would still be doomed. Russia has degraded too far; simply buying time is not enough.

· Russia regenerates from within.

Unlike the United States, which has embraced change as part of daily life, Russia is an earthquake society. It does not evolve. Pressures -- social, political, economic -- build up within the country until it suffers a massive, cataclysmic breakdown and then revival. It is not pleasant; often as a result of Russia's spasms, millions of people die, and not always are they all Russian. But in the rare instances when Russia does change, this is invariably how it happens.

Ironically, the strength of the Soviet period has denied Russia the possibility of foreign events triggering such a change. Russia, as the Union of Soviet Socialist Republics' successor state, has nuclear weapons capable of reaching any point on the globe. As such, a land invasion of Russia is unthinkable.

That simple fact rules out a scenario such as what happened after World War I. Massive defeat by the Central Powers might have triggered the Bolshevik Revolution, but that did not directly result in the constitution of the Soviet Union. Forging Russia into a new entity took another invasion on multiple fronts. Foreign sponsorship of the White armies during Russia's civil war -- and the direct involvement of hundreds of thousands of foreign troops -- was necessary to instill a sense of besiegement sufficient to make the Russians fight back and create a new country. The "mere" loss of Ukraine during World War I was simply not enough. Russia did not merely need to be defeated, humiliated and parsed -- Russia itself, not simply Ukraine, had to be directly occupied.

As long as Russia has nukes, that cannot happen.

If Russia is to choose this third path, it must trigger its reformation by itself from wholly domestic developments.

Perhaps it could be done by some sort of natural catastrophe, but to be effective the catastrophe would need to be sufficient to mobilize the entire Russian population. Russian society's muted response to the Beslan massacre -- in which Chechen militants killed 350 Russian citizens, half of them children -- indicates that terrorism will not be a sufficient stimulus. Depopulation caused by HIV might prove a trigger, but by the time the effects are obvious, there would not be much of a Russia left to revive.

That leaves the personal touch of a Russian leader to shake the state to its very core.

Most likely, Putin is not the man for the job. He is, among all else, from St. Petersburg. He's sees Russia's future in the West, particularly the European West -- but only on Russia's terms. Of course, this is not how realignment of civilizations works. Ask the Spanish (who took a leave of absence from the West during the Franco years), or the Greeks (who have shuttled between West and East), or the Poles (forced separation), or the Romanians (never really in the West) or the Turks (wanting, but not too desperately, to join), or -- in a few years -- the Ukrainians (who really have no idea what they are signing up for). To join the West you must change; the West does not change to join you.

Putin also is a gradualist. Russia cannot even attempt the necessary internal renaissance until such time as the oligarchs are liquidated -- not merely reshuffled, as is happening currently. That necessitates a Russian upheaval on a scale for which Putin does not appear to have the stomach. Putin has been in command for four years, and in that time he has liquidated four oligarchs: Boris Berezovsky, Vladimir Gusinsky, Rem Vyakhirev and Mikhail Khodorkovsky.

Four oligarchs in four years. Not exactly revolutionary.

Making matters worse, all the assets of these four have either been expropriated to other private oligarchs or shuffled into the hands of a growing class of state oligarchs such as Gazprom CEO Alexei Miller.

Actually eliminating the oligarchs as a class (which, incidentally, controls nearly 70 percent of the country's economy) will require a massive national spasm complete with a complete scrapping and reformation of the country's legal structure, up to and including the constitution. Investors who have been spooked by Russia's anti-oligarchic efforts have not seen anything yet.

But just because Putin is not the spy for the job does not mean Russia is not capable. Russian leaders have done this before. Peter the Great did it. Ivan the Terrible did it. Joseph Stalin did it. It tends not to be pretty.

Czech Republic: Russia's Increasing Intelligence Activities

September 25, 2008

Summary

Security Information Service, a Czech counterintelligence service, reported Sept. 25 that Russian intelligence operatives' activities in the Czech Republic have increased. This comes as no surprise, as the Federal Security Service and its foreign intelligence branch the SVR have become valuable tools for the Kremlin to use during Russia's resurgence.

Analysis

A Czech counterintelligence service, Security Information Service (BIS), said in its 2007 Annual Report released on Sept. 25 that Russian intelligence operatives' activities in the Czech Republic have increased. Specifically, BIS reported that Russian agents are involved in actively trying to rally public opinion and politicians against the proposed U.S. radar installations in the Czech Republic that are part of the U.S. European ballistic missile defense system. The report goes on to indicate that Russian organized crime (OC) is heavily involved in bribing and funding various businessmen and "advisers to state officials" as well as persons "with extensive client ties to certain former and current politicians and civil servants" in the Czech Republic.

Stratfor has followed the rise in Federal Security Service (FSB) activities, from its branching out to the realms of politics, finance and industry to its significant role in the planning and execution of the Russian intervention in Georgia. It comes as a complement to the Russian resurgence that the activities of the FSB, and its foreign intelligence branch the SVR, would increase and become one of the key strategies in the Kremlin's arsenal.

During the Cold War the Soviet Union excelled at using military proxies and left-wing radicals across the world. While the ideological bonds between Moscow and the world's leftist militants may no longer exist, the lure of Russian cash and operational training is still a strong pull for radical elements the world over.

Overt support of radical elements is not necessarily in Russia's interest, particularly in the Central European countries where even the radical left can be extremely anti-Russian. However, the SVR can funnel material and operational support to leftist groups, civil society nongovernmental organizations that oppose an increased U.S. military presence, various university clubs, anti-globalists, politicians and businessmen through intermediaries. The SVR could also mobilize the large and successful Russian OC elements in Central Europe and the Balkans to do its bidding — everything from funding anti-American and anti-NATO civil society groups to bribing and pressuring select politicians to potentially even assassinations targeting high-value anti-Russian political and financial targets.

The Kremlin could also covertly support anti-Russian extremist groups in countries with large population of Russians (think the Baltics), neo-Nazi movements and the

radical right groups. While most of these groups are nationalist and overtly anti-Russian, their rise and increased activity would be an excuse for the Kremlin to either directly intervene to protect the Russian population, or to use the apparent rise and threat of neo-Nazism as an excuse to make an appeal to leftist groups for greater collaboration.

The Czech Republic is a prime target for Russian intelligence operations because the population is not knee-jerk anti-Russian, unlike the Polish and Balts. Memories of 1968's Prague Spring are still fresh, but most Czechs' position on Russia is a lot more nuanced than that of their neighbors. Furthermore, the Czech leftist movement has been strong for most of the century, and was in large part already on the political scene even before the Iron Curtain descended on Central Europe. This explains the considerable public opposition to the U.S. radar installation; 44 percent of Czechs voiced opposition to the installation in July, with only 35 percent expressing support.

Prague is also a haven for Russian OC and murky Russian business interests, adding a lever that Moscow could use to both fund and exert pressure on politicians and civil society groups. The BIS report indicated that in fact Russian intelligence operatives were using businessmen and OC links to directly bribe various politicians' advisers and some politicians themselves, although no actual evidence was cited. However, considering that the current government of Prime Minister Mirek Topolanek has been embroiled in a number of corruption and bribery scandals (and may not survive until the end of the year because of them), the BIS report is certainly not beyond imagining. Furthermore, it should be noted that many Russian OC groups have prominent members who are former KGB.

The issue of the U.S. radar base has also been problematic for Topolanek's government, which has been unstable since coming to power in January 2007 — continuing a trend of unstable Czech governments that began in the mid-1990s. Topolanek's ruling coalition depends on votes outside of the coalition to stay in power (the ruling coalition has 100 seats in the 200-seat parliament), and new elections are seemingly always around the corner. The opposition to Topolanek's center-right coalition is led by the leftist Social Democrats and the Communists. A leftist government would not be considered pro-Russian — no configuration of parties in the Czech Republic would ever be pro-Russian — but it would also be highly unstable.

The treaty with the United States over the radar base has already been signed, and even a leftist government would most likely push through with it. However, by using the strategies described above, the Russians could mobilize the civil society, particularly groups such as Greenpeace and the "No Bases Initiative," to disrupt the implementation of the treaty through protests — something the Czechs certainly know how to do well. The Russians could also look for ways to mobilize groups — particularly by using the U.S. radar base issue — for anti-government activity. An unstable government opens up more avenues through which the Russians could exert pressure in the Czech Republic, and since the government's stability is not expected to improve (even with new elections), Russian intelligence operatives can be expected to continue finding the Czech theater of operations a very fruitful one.

Russia: Reading the Naval Deployment to Venezuela

September 22, 2008

Summary

Russian warships set sail Sept. 22 on a deployment that is to include naval exercises in Venezuela in November. While some of the group's composition is known, many questions remain unanswered concerning its route and destinations.

Analysis

Related Links

A group of Russian warships put to sea Sept. 22 en route to Venezuela for naval exercises slated for November. Reports suggest that the journey to Venezuela will cover some 15,000 nautical miles — nearly triple the distance between the Northern Fleet's headquarters at Severomorsk and Caracas — and ultimately will include ports of call in a number of countries over the course of several months.

The deployment will be closely watched by other powers, particularly the United States, hoping to glean information about the state of Russia's navy — but it may also have other political ramifications.

Related Links

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- Russia: Future Naval Prospects
- Russia: The Challenges of Global Reach
- The Black Sea: A Bottled-Up Russian Fleet

The 24,000-ton Pyotr Velikiy (099) — or Peter the Great — will lead the group. The last of the Kirov-class nuclear-powered battle cruisers to be completed, the ship is one of the crowning achievements of Soviet surface warship design in all its innovation and excess. By any modern standard, literally bristling with both offensive and defensive weapons (including 20 supersonic SS-N-19 "Shipwreck" anti-ship missiles), the Pyotr Velikiy is the largest serving surface combatant in the world that is not an aircraft carrier. However, sea trials in the mid-1990s

were marred by a series of fatal mishaps, and it has spent the vast majority of its time moored alongside the pier.

The one other warship known to be in the small group is the Admiral Chabanenko (650), the only Udaloy II-class guided-missile destroyer to be completed. Though also armed with supersonic anti-ship missiles, the Udaloys are principally anti-submarine warfare ships. It also accompanied Russia's sole aircraft carrier, the Admiral Kuznetsov, on its Mediterranean deployment earlier this year. The Chabanenko reportedly is one of the most active warships in the Russian fleet.

Both ships were commissioned around a decade ago, in each case more than a decade after construction initially began. They were some of the last hulls laid down before the collapse of the Berlin Wall.

There is always the potential for the ships to be accompanied by a nuclear-powered attack submarine from the Northern Fleet, though the proficiency and serviceability of Russia's nuclear submarines remains an open question. What is known is that in company with these two combatants are at least two support ships. One will likely be capable of providing underway replenishment, while some have suggested that the other is an ocean-going tug — one that would be capable of towing the Pyotr Velikiy or Admiral Chabanenko if either should prove unable to finish the journey.

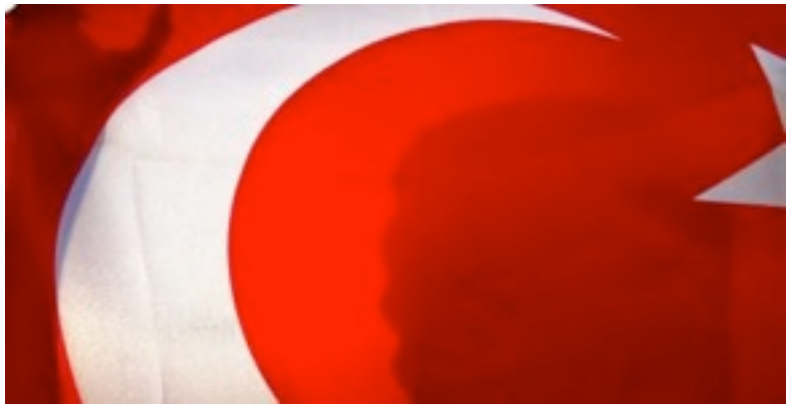
This was a point much derided by U.S. State Department spokesman Sean McCormack at a news conference Sept. 17, during which the official U.S. position seemed to be simply to dismiss the entire deployment. But though it understates the case, McCormack's response in fact highlights the reality that all eyes will be on the ships. There are two reasons for this — one military and one political.

First, observers are watching for major maintenance issues or trouble along the way. Like the accidental death of two Russian sailors in a fire on the Marshal Shaposhnikov (543) during exercises in the Pacific Ocean on Sept. 18, the Russian navy's mishap rate during deployments and exercises will provide clues as to its current state of effectiveness.

The other question is when the group will actually arrive in Venezuela and where it will stop along the way. Even at modest speed, the group has plenty of time to arrive well ahead of schedule — and before the U.S. elections in November. Some reports have also suggested that the group could transit the Strait of Gibraltar and operate in the Mediterranean Sea — perhaps taking the place of another scheduled deployment by the Admiral Kuznetsov. A 15,000-nautical-mile journey to Venezuela leaves many possibilities — including an opening for a visit to Syrian ports — even before the ships arrive in Caribbean waters.

Russia, Turkey: A Reduction in Tensions

September 19, 2008



Summary

Events have indicated that Moscow has decided to take a softer approach with Turkey. Whether this works depends on how much Russia is willing to concede to the Turks in the Caucasus, and how much patience Turkey has for further Russian moves against the West.

Analysis

Recent developments suggest the Russians have at least temporarily decided to go easy on the Turks. How long this cooling down of tensions will last will depend on how much tolerance Ankara has for further Russian aggression.

The Aug. 8 Russian invasion of Georgia naturally precipitated a standoff between the Russians and the Turks. Turkey, a NATO member with a historic foothold in the Caucasus, was not happy to see the Russians taking aggressive action in the region — especially action that cut off the Baku-Tbilisi-Ceyhan pipeline and hurt Turkish energy revenues. The Turks reminded Moscow of the risks of angering Ankara by permitting a NATO naval buildup in the Black Sea in late August. The Russians promptly responded by holding up a large amount of Turkish goods at various Russian border checkpoints to put the squeeze on Turkish exports.

But as Stratfor pointed out, the Russians were playing a very risky game in provoking Turkey. As the gatekeeper to the Black Sea, Turkey is NATO's key to cutting to the Russian underbelly with the Western alliance's superior naval forces. The Turks have recently gone on a diplomatic frenzy to reassert their influence in the Caucasus and undermine Russian power in the region, even going so far as to engage longtime foe Armenia. In the Middle East, the Turks are just as busy talking to the Iranians and keeping the Syrians close to keep the Russians from meddling too close to Turkey. Turkey still has a range of options — from restricting Russian disruptions of the transport of Russian energy through the Black Sea to riling up ethnic minorities in the Russian Federation — at its disposal should the Russians push Ankara too far.

And so it appears the Russians have chosen to placate the Turks for the time being. Two recent developments point in this direction.

First, the previously mentioned trade spat between Turkey and Russia reportedly was resolved Sept. 18. According to Turkish Deputy Prime Minister Hayati Yazici, Turkey and Russia signed a protocol bringing an end to the "customs crisis."

Second, Turkish newspapers reported Sept. 19 that Ankara and Moscow have signed a $100 million agreement for 800 anti-tank guided missiles (ATGMs). For years a crucial Cold War ally of Washington, Turkey has a military heavily outfitted with U.S. — and to a lesser extent Western European — hardware. The international ATGM market is fairly broad, and Ankara's more traditional suppliers also have late-model ATGMs available for sale. In other words, there is no clear military need for Turkey to get these ATGMs from the Russians.

While the deal is not unprecedented (the Turks field a great many Russian-built BTR-80 wheeled armored personnel carriers), it is somewhat anomalous for Turkey to be signing big defense deals with Russia against this revived Cold War backdrop. It is not yet clear which ATGM the Russian arms monopoly Rosoboronexport will deliver to the Turks, but Moscow does offer an ATGM system for the Russian-built BTR series. If that system proves to be the one just purchased, it would make Russia the logical choice — if not the only eligible supplier.

But at this point, given what we know, this is another instance in which all obstacles seemed to have suddenly melted away. Above all else, we notice the timing of this arms deal.

While it appears that Turkey is entertaining Russian offers for cooperation, this apparent respite could prove to be short-lived, depending on Russia's next moves. With hints of the Russians already making moves in the Middle East through covert activity in Lebanon and talk of arms deals to the Iranians, the Turks (along with the Israelis) are on guard. Moreover, the Europeans are quite intentionally playing up the idea that Turkey is central to NATO strategy against Russia, and that Turkish-European relations must be protected at all costs.

For Turkey to take any big steps in smoothing over things with Russia, it will expect Moscow to cede significant influence to the Turks in the Caucasus. This is particularly true in Azerbaijan, where Turkey's foothold is the strongest and where it can access Caspian Sea energy reserves. For Turkey to have direct access to Azerbaijan, it must bring Armenia under its wing. From the Russian point of view, however, this could prove to be a nonnegotiable point. As much as the Russians do not wish to get drawn into a geopolitical battle with the Turks, Moscow has a strategic need to consolidate its influence in the Caucasus.

Turkey will have a difficult balancing act to play in the coming weeks and months, as conflicts will inevitably arise between its commitment to NATO and its separate dealings with Russia (Turkey's largest trading partner). Russia, meanwhile, will carefully weigh the risks of offending Ankara as it plans its next moves against the West.

Lebanon, Russia: Reports of a Cold War Redux

September 15, 2008

Summary

Lebanon reportedly has witnessed a notable increase in the presence of Russian intelligence officers. The increase suggests a return to traditional Russian Cold War tactics in Moscow's struggle with the Washington.

Analysis

Russian intelligence officers have markedly increased their presence in Lebanon in recent weeks, a reliable source in the Lebanese military revealed to Stratfor. The source claims a large number of Russian intelligence officers have been moving into the Russian Embassy complex in Beirut. The Russians apparently are justifying their increased presence to Lebanese security officials by claiming the United States is providing Georgian and Chechen militants material aid to target Russian interests abroad.

A large number of Chechen militants were forced to relocate after a massive crackdown by the Russians that ended in late 2006. Recognizing that it was far too dangerous to continue operating in Russia, many of them made their way to Afghanistan, Iraq, Jordan, Turkey and Lebanon, as evidenced by the number of Chechens who turned up dead or arrested in those countries in recent years.

Russian claims that the United States is using these anti-Russian insurgents from the Caucasus to attack Russian interests in places like Lebanon are dubious, however. There is no evidence at present that these militants have become assets of Western intelligence agencies, particularly when the United States itself has an interest in working with pro-U.S. Arab regimes in the region to contain this militant threat.

Instead, the more interesting story is that Russian intelligence officers are reportedly bulking up their presence in Beirut, which was one of the hottest Cold War hubs for spooks on both sides of the Iron Curtain to ramp up militant assets. The Soviet Union had a carefully orchestrated policy in the Middle East during the Cold War mainly consisting of developing relationships with a slew of left-wing militant groups and nationalist movements designed to sow chaos in the region and undermine regimes friendly to the United States.

Syria, which shared a close defense relationship with the Soviets, played a major role in assisting the Soviets in arming, funding and training groups in the region, mainly left-wing groups in the Palestinian camp like the Palestine Liberation Organization, the Popular Front for the Liberation of Palestine, the Popular Front for the Liberation of Palestine-General Command and the Democratic Front for the Liberation of Palestine. The Soviets also provided support for Shiite groups in Lebanon like the Amal Movement and Hezbollah, as well as the Jumblatt Druze militia.

The August war in Georgia brought to light a Russia that was not afraid to turn back to traditional Cold War tactics in its struggle with the United States. Recent Russian activity in Nicaragua, Venezuela and Cuba has already evoked memories of the United States battling Soviet-sponsored, left-wing armed movements across Latin America. The Middle East is no exception to this rule, and in a place as fractious as

Lebanon, the Russians will have no shortage of groups to turn to in creating more headaches for Washington.

If the source's information on the influx of Russian intelligence officers into Beirut is true, the Levant most likely will soon see an uptick in violent activity against Western interests by shadowy groups. It will be important to watch how Syria reacts to an increased Russian presence in Lebanon. On the one hand, the Syrians could choose to return to their Cold War alliance with the Russians — though likely far more limited this time around — in favor of having the backing of a great power against the United States and Israel. On the other hand, Syria may not be thrilled at the thought of the Russians sowing instability on its very profitable doorstep, and may see an opportunity in opening up to Israel and the West by cooperating against such Russian activity.

Either way, Israel will be on alert for Russian movements in the Levant. Thus far the Israelis have been extremely cautious with the Russians, making clear their willingness to freeze arms shipments to the Georgians in exchange for a Russian commitment to stay out of the Middle East. If the Russians violate this understanding, the Israelis will have no choice but to get involved.

Georgia, Russia: South Ossetia and Abkhazia's Options

September 11, 2008

Summary

Eduard Kokoity, president of the breakaway Georgian republic of South Ossetia, said Sept. 11 that the republic intends to join with North Ossetia, a Russian republic, and thus become part of the Russian Federation. Russia rebuked this remark immediately. Sergei Bagapsh, president of Georgia's other breakaway region of Abkhazia, said that Abkhazia would remain independent and seek association with Russia through the Commonwealth of Independent States and possibly the Union State of Russia and Belarus. These remarks reflect the Kremlin's desire to keep portraying its actions in Georgia as humanitarian in nature and not an attempt to reclaim former Soviet territory.

Related Links

- The Medvedev Doctrine and American Strategy
- Russia: Recognition for Georgia's Breakaway Regions
- Russia: The Georgian Pandora's Box
- The Russo-Georgian War and the Balance of Power

Analysis

The president of the Georgian breakaway republic of South Ossetia, Eduard Kokoity, said Sept. 11 that South Ossetia intends to unite with the Russian republic of North Ossetia and thus join the Russian Federation. The statement was shortly followed by a denial from Russian Foreign Minister Sergei Lavrov, who said directly that "South Ossetia is not going to join anything" — a statement then confirmed by Kokoity, who claimed that his original statement had been "misunderstood." Speaking at the same forum as Kokoity, Abkhaz President Sergei Bagapsh said that Abkhazia would remain independent, seeking association with Russia through the Commonwealth of Independent States (CIS) and possibly the Union State of Russia and Belarus.

The South Ossetian statement is problematic for the Kremlin. It contradicts Russia's assertion that its intervention in Georgia was precipitated by Tbilisi's aggression and that Moscow's intentions were therefore humanitarian. Instead, it suggests that Russia's original intent was to grab back former Soviet territory. It is therefore no surprise that Lavrov was so quick and firm in his rebuke and that the Abkhaz president immediately offered the Moscow-approved and, most likely, dictated alternative: to join the CIS and then apply to join the Union State of Russia and Belarus.

The loose "Union State" is a supranational organization, similar in theory to the European Union, whose intent is to provide political, social and economic integration (at the moment, simply between Russia and Belarus). At various times, Kazakhstan, Moldova and even Serbia — during the 1999 showdown with NATO — expressed interest in joining the union.

North Ossetia is a republic within the Russian Federation, while South Ossetia is still *de jure* a Georgian province. Ossetians, a Caucasian ethnic group that speaks an Iranian language dialect, make up the majority in both. In his statement, Kokoity

was adamant that unification with North Ossetia would be the only way for South Ossetia to "keep the oath of our ancestors" made to the Russian Empire in 1774 and for Ossetians to "survive as an ethnic group." From the South Ossetian perspective, unification with North Ossetia would guarantee the permanence of its split with Georgia and give it the legitimacy and security that a formal union with Moscow would entail.

The Kremlin, however, has never backed unification with either Abkhazia or South Ossetia. For all intents and purposes, Moscow controls both fully, and thus direct unification is unnecessary. Furthermore, the Kremlin does not want yet another ethnically united and strong republic in the Caucasus (think Chechnya) — especially one that is as enthusiastically nationalist as a united Ossetia would be.

The last thing Moscow wants is its intervention in Georgia looking like a 19th century-style land grab. From the beginning, Russia's carefully crafted strategy has been to pin the blame for its intervention on Georgian aggression — and, according to Moscow, genocide — in its initial invasion of South Ossetia. It is Moscow's intention to present itself as a protector of small countries yearning for independence, much as NATO did during the 1999 intervention in Yugoslavia. A formal overt union with either of the Georgian breakaway republics would therefore jeopardize the Kremlin's propaganda effort.

Abkhazia's desire to ask to join the CIS as an independent entity is therefore much more along the lines of what the Kremlin has planned for the two republics. It is no coincidence that Bagapsh made his statement at the same forum as Kokoity; the Kremlin probably scrambled to have him state the proper way to act as a Russian-backed "independent" state. Abkhazia joining the CIS and subsequently the loose Union State of Russia and Belarus would maintain the veneer of legitimacy that Abkhazia is still an independent state — one to whose aid Russia came in order to thwart Georgian "aggression."

The Russian empire has gone through many periods of expansion and retraction. Following its zenith of power as the Soviet Union, it hit a low point during the 1990s. The Kremlin will most likely look to strengthen the Union State in the near future and thus begin a new period of resurgence and territorial expansion. The Union State would be a perfect vehicle through which to formalize Russia's *de facto* control over its periphery. Russia would therefore be able to expand territorially and look as though it is following a supranational model established by the European Union rather than carrying out a land grab.

Germany, Finland: Choosing a Course on Russia

September 10, 2008

Summary

The German and Finnish defense ministers are meeting in Helsinki on Sept. 10 to discuss European security issues — which, of course, means Russia. Germany and Finland are two countries that remember the Cold War with a particular lack of fondness, but that have a choice about how to respond to Russia's current resurgence. Each is weighing the choice of whether to cooperate with Moscow or confront it — but either way, it is a decision they want to make together.

Analysis

German Defense Minister Franz Josef Jung traveled to the Finnish capital of Helsinki on Sept. 10 at the invitation of his Finnish counterpart, Jyri Hakamies, for a two-day working visit during which the two were expected to discuss European security issues. Jung is also set to meet with Finnish parliament speaker Sauli Niinisto and Foreign Minister Alexander Stubb, who also chairs the Organization for Security and Cooperation in Europe.

At this moment in history, "European security issues" means more or less one thing: what to do about Russia. Following its war in Georgia in August, Moscow's power is visibly on the rise again after nearly two decades in which the West essentially treated Russia as if it were irrelevant.

To Germany and Finland, however, Moscow's wishes are quite relevant. During the Cold War, both of them existed right on the interface between the Soviet Union and the West. Most European states have a clear-cut course of action in response to a rising Russia, but Berlin and Helsinki face a more complex choice: Do they make peace with Moscow at the risk of alienating Western allies, or do they choose confrontation with Russia and risk following a familiar and none-too-pleasant path?

Both countries have unhappy memories of the Cold War, to say the least: Germany was divided and occupied, while Finland — which shares a long border with Russia proper — was allowed to determine its own economic and political system but was forbidden from exercising a foreign policy independent of Russia (it was, as the saying goes, Finlandized). After the fall of the Soviet Union, Germany was reunited under the aegis of NATO and the European Union, while Finland joined the EU with due dispatch and is in the process of getting approval for internally debating the value of NATO membership.

Now, with Russian power on the upswing again, the two countries are unique among European nations in that they face a real choice between Russia and the West. They are well-integrated into Western institutions, and Germany in particular has something of a geographic buffer separating it from Russia, which gives it some room for maneuver if it should choose confrontation — though as history has already shown, it does not take Russian forces long to drive across the North European plain

if they should choose to do so. (Most of the countries to Germany's east, meanwhile, will not be able to resist Russia without German help — though the idea of having German troops stationed in Poland might not exactly be a best-seller in Warsaw.)

However, for both Germany and Finland, historical, geographical and economic links make cooperation with Moscow a genuine option — and possibly, depending on their assessment of Russia's prospects, a rational one. Should one should choose cooperation and the other choose confrontation, the latter would face the full fury of the Russian bear. This reality makes German-Finnish cooperation on the Russian question likely, whether accommodation or conformation is chosen.

The lack of Western action in Georgia, despite weeks of fiery rhetoric, has raised once again the old Cold War question of whether U.S. security guarantees actually have any meaning when push comes to shove. While traumatized by the Cold War, the Finns and Germans have learned better than others how to deal with a resurgent Russia. They will not have a knee-jerk reaction either way, but rather a well-considered approach to dealing with the Kremlin. For the moment, however, Germany and Finland know that neither can confront Russia effectively if the other does not — hence the intense meetings in Helsinki. Whichever choice they make, they will need to make it together.

Russia: A Naval Foray to the Caribbean

September 8, 2008

Summary

Russia is planning to send a task force from its Northern Fleet to the Caribbean Sea in November to conduct joint exercises with the Venezuelan navy — exercises Russia insists were planned before the Georgian incursion. In any case, the 5,000-nautical-mile journey may be a sign that Russia plans to assert itself next in the U.S. near-abroad.

Related Links

- Russia: Future Naval Prospects

Analysis

The Russian navy confirmed Sept. 8 that a task force from its Northern Fleet would deploy to the Caribbean Sea in November and conduct joint exercises with the Venezuelan navy. Moscow insists that this was all planned before the Russian invasion of Georgia in early August, but since then rumors have re-emerged about the possibility of Russia's basing maritime patrol aircraft in Venezuela. Given the renewed Russian assertiveness, these developments bear close observation.

According to the Russian navy, the group would consist primarily of the 24,000-ton nuclear-powered Pyotr Velikiy (Peter the Great), the last of the Kirov-class battle cruisers — the largest surface combatants since the 57,000-ton U.S. Iowa-class battleships. She is heavily equipped with a variety of offensive and defensive weapons systems, and her 20 SS-N-19 "Shipwreck" supersonic antiship missiles would mark a rare shift in the threat environment of the western Atlantic and Caribbean. The Pyotr Velikiy would be accompanied by one to four auxiliary support vessels.

The 5,000-nautical-mile journey from the Barents Sea would leave the Pyotr Velikiy with no safe harbor for most of its transit other than the Canadian and U.S. eastern seaboards, should it need to pull in for emergency maintenance. But Moscow would be unlikely to condone the deployment unless it is reasonably confident in the ship's ability to endure that transit uneventfully. Nevertheless, the transit highlights the Russian navy's inherent vulnerability to U.S. naval and air power and the weakness of its logistical links to Russia (most of the transit would likely be monitored by U.S. land-based P-3 Orion maritime patrol aircraft).

For its part, the Venezuelan navy has yet to take delivery of its newest naval toys. The lead ships in a pair of new patrol-vessel classes are both scheduled for commissioning in 2009, and Caracas has yet to take delivery of the Kilo-class patrol submarines it has reportedly ordered from Moscow. Older frigates have recently undergone modernization, as have its two patrol submarines, although their proficiency remains unclear.

Nevertheless, plenty of sound and fury is expected over even the most basic of naval maneuvers come November.

Unconfirmed rumors have endured (denied by the Russian navy in July) of Russian maritime patrol aircraft being based in Venezuela. Although significantly farther from U.S. territory than Cuba, the Caribbean is still territory Washington considers exclusively its own, and U.S. warships and land-based fighters could easily hold any Russian surface group or aircraft at risk in the Caribbean — even without deploying to airfields in Puerto Rico.

Of course, the whole point of the Russian maneuver would not be a military presence that could survive a shooting war. The Kremlin is playing a larger geopolitical game here. Naval exercises could be just the start. A few maritime patrol aircraft based in Venezuela might follow. The United States would then find itself back in a Cold War scenario where an outside power has military forces in the Western Hemisphere — perhaps militarily insignificant forces, but enough to represent a tectonic geopolitical shift. More significant would be the potential stationing of a few submarines in Cuba or Venezuela that could threaten shipping through the Panama Canal and Gulf of Mexico. In three to five years, a significant increase in the number of new hulls entering service in the Russian navy may become apparent, significantly increasing Russia's naval bandwidth.

This is not to suggest that the Pentagon would have trouble managing such a scenario, and it is certainly not to suggest that it would absorb resources on the order and scale of naval deployments to the Middle East. But what it would do is further stress a U.S. Navy already struggling to keep its numbers up in terms of ships and submarines. It would tug U.S. defense spending back toward anti-submarine warfare and related capabilities that have suffered of late, while Southern Command and the newly reactivated 4th Fleet would clamor for more forces and funding. The Pentagon's budget is, of course, vast. But a Russian military presence in the Western Hemisphere would tug at U.S. purse strings, and such a security problem for Washington would come at comparatively little cost to Moscow.

All that is confirmed at this point are Russian plans to conduct joint naval exercises with Venezuela in the Caribbean in November. But beneath the rhetoric and bluster could be a move by Moscow to reshape Washington's strategic environment. By deploying military units to the U.S. near-abroad, Russia would force the United States to hold them at risk. It would also be a reminder that Russia, too, can tinker in other people's backyards.

Russia: Dipping into the Revenue Candy Jar

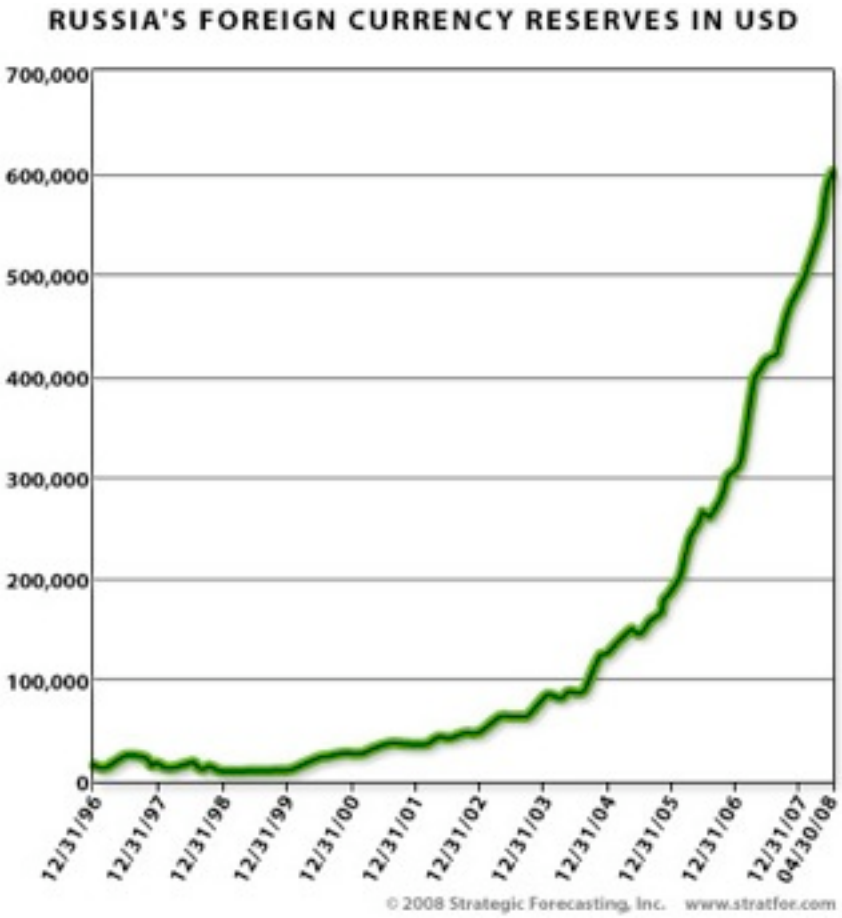
September 4, 2008

Summary

The Russian government has embarked on a spending spree after years of frugality under the leadership of Vladimir Putin. In the coming years, Moscow faces the risk of overextension — the bane of the Soviet Union — unless the Kremlin keeps its ambitions manageable.

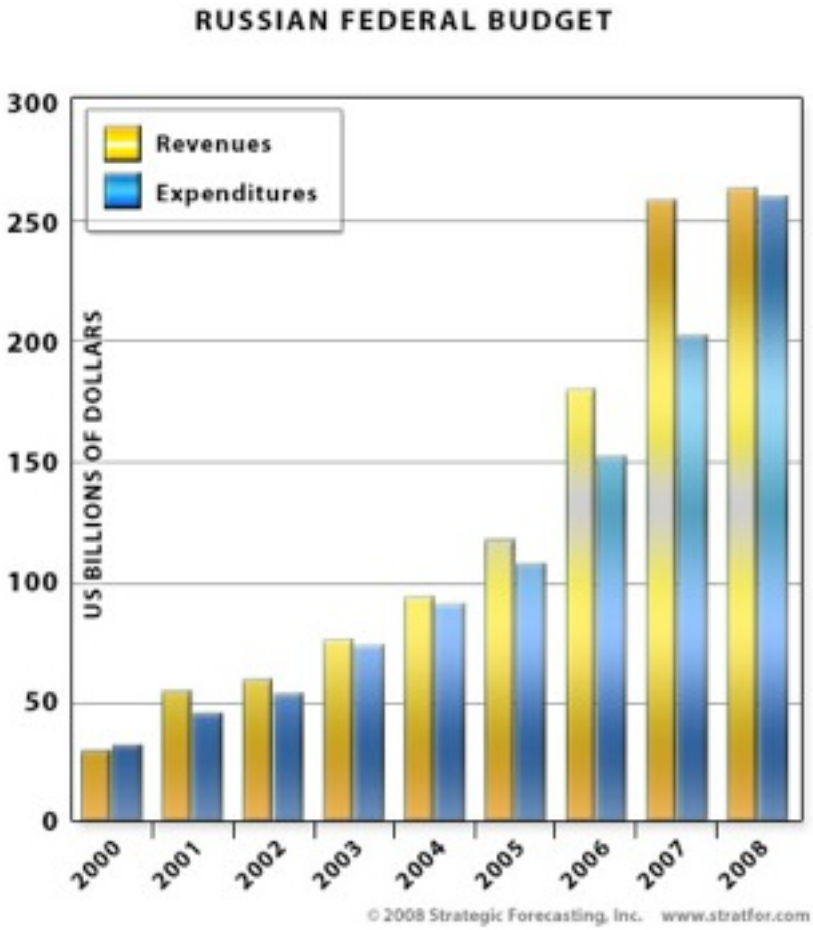
Analysis

At $600 billion, Russia's capital reserves are the third largest in the world, behind China and Japan. Meanwhile, revenues are streaming in from Russia's highly demanded raw materials and energy. Now, after years of biding its time and saving during the tight-fisted Vladimir Putin presidency, Russia has suddenly begun spending cash. Putin, now the prime minister, has decided that the time is ripe for Russia to undertake a number of expensive projects as well as to upgrade essential energy infrastructure to maintain cash flows.



New spending, however, has begun to deflate the cushiony budget surplus Russia has maintained since 2000. The Russian government's budgetary expenditures are set to increase by 38 percent, from $261 billion in 2008 to $360 billion in 2009, whittling away at 2007's nearly $50 billion dollar budget surplus and catching up to total revenues by 2010. According to the government's latest budget, major areas of expenditure include national defense, "nationwide issues," law enforcement, the economy, infrastructure development, "interbudget transfers" and, paradoxically, "off-budget expenses." Many of these costs are growing, some by more than 20 percent year-on-year. Add in the recent war in Georgia (estimated as costing $16.1 billion) and the implications the war brings for increased Russian spending in the former Soviet Union to consolidate power in its near abroad, then the leap in

Russia's 2009 budget makes sense — as do the less drastic but still significant projected leaps of 14 percent in 2010 and 10 percent in 2011.



Yet the new spending spree entails that Moscow must once more face the risk of overextension, which, over the course of decades, proved to be the Soviet Union's tragic flaw. In the aftermath of the Arab oil embargo in the 1970s, the Soviets were rudely awakened by the power that Saudi Arabia drew from its oil reserves. Starting from scratch, the Soviets ramped up development projects and production to begin reaping the full harvest of their own petroleum deposits. At the same time, the Soviet Union used the massive revenues to stretch its tentacles abroad, subsidizing its allies from the Middle East to the Caribbean and propping up otherwise poorer regimes such as Cuba, Nicaragua, Mali and Mozambique. This game became too expensive for the Soviets to maintain when oil prices suddenly dropped in the 1980s. All the pipelines,railroads and production facilities that Moscow had not finished constructing in Siberia, the Caucasus and Central Asia were suddenly abandoned, along with massive arms caches and military hardware. The lavish subsidies it lost on satellite states became a bitter pill for the Kremlin to swallow.

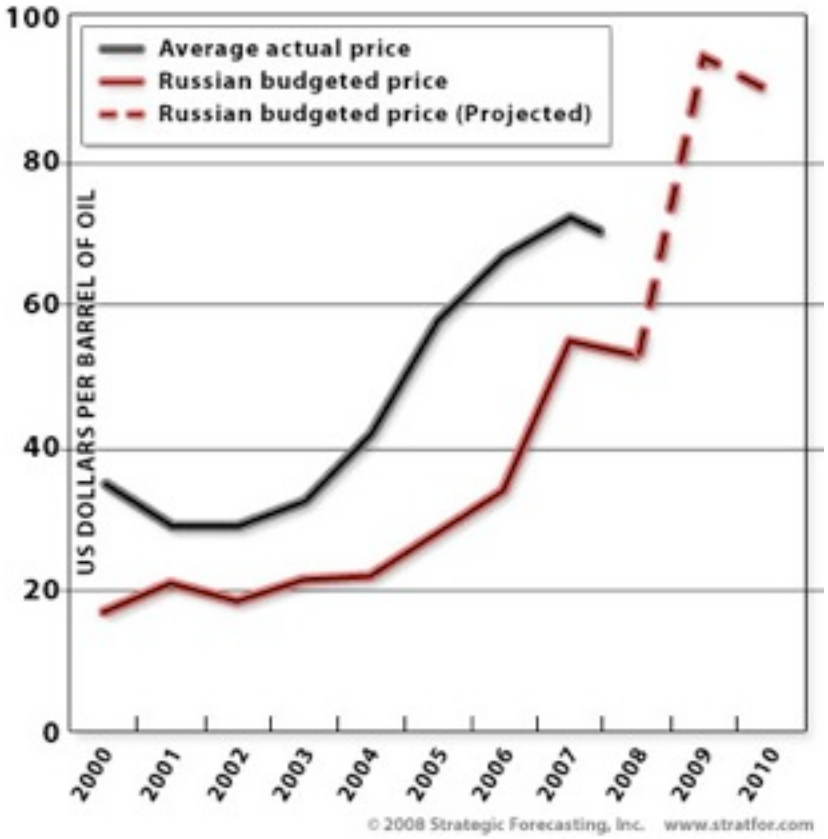
Modern Russia depends greatly on oil and natural gas exports to fill the government's coffers — as did the Soviet Union. Today, the energy sector provides fully one half of government revenues. And since Putin rose to power in 2000, the government has kept up a healthy budgetary surplus by predicting oil prices conservatively and budgeting accordingly. In 2007, however, this began to change, as Putin felt that Russia had reached the point where it could afford to begin spending on improvements at home and reclaiming its international stature. Not only were the finances right, but he was granted a window of opportunity by the United States' absorption in its Middle Eastern campaigns. Russia has taken further advantage of this window in 2008 with its decisive actions in the Caucasus, and 2009 promises the steepest increase in expenditures yet.

But Russia's increasing assertiveness depends in great part on the mountain of reserves it has built up from high commodity and especially energy prices. If global energy prices precipitously drop, half of Russia's budgeted revenues could suddenly evaporate. Therefore, Moscow can only hope that its prediction for the next three years comes true: up from only $34 per barrel in 2006 and $55 in 2007, Russia's new budget predicts that oil will cost $95 per barrel in 2009, descending gently to $88 per barrel in 2011. With such high predictions for the cost of oil, the Kremlin seems to have forgotten the volatility of oil prices and the vulnerability inherent in

spending too much to attempt big things quickly.

Fortunately for Russia, however, the Kremlin's ambitions are far more manageable this time around, making a Soviet-style collapse unlikely even if energy prices do plummet. Unlike the Soviet Union, Putin's Russia has not extended itself into the far reaches of the world to wage proxy wars against the United States. Instead, it has stuck close to home, reserving major energy and infrastructure projects for former Soviet Union countries. These countries cannot escape their geographical proximity to Russia, or their susceptibility to its political will; hence, expensive Russian investments into their societies and economies will not simply vanish if Russia is forced to withdraw or cut back on spending. Moreover, even if energy prices do fall, Russia's massive rainy-day fund alone will be able to buoy the country for at least two years.

WORLD OIL PRICES AND RUSSIAN BUDGETED PRICES



So far, there is no hint that Russia hopes to restart the Soviet strategy of sending massive subsidies to proxies on different continents. It has opened up lines of communication — and offered tokens — to Venezuela and Cuba recently. And Nicaragua has made a bid for Russian cooperation. Russia will also continue to deal with Middle Eastern allies such as Iran. But none of these activities show any sign of growing into full-scale regime-propping. As long as Putin and his followers avoid the urge to overextend themselves, they will be able to weather a sudden drop in prices. And if prices climb according to their predictions, the revenue might allow them to achieve big things within their periphery.

Cuba, Russia: Assertive Once More in Latin America

September 4, 2008

Summary

Russia sent 200 tons of humanitarian aid to Cuba on Sept. 4 in the wake of Hurricane Gustav. Though the aid by no means constitutes a full-scale reversion to the Cold War-era Russo-Cuban relationship, it is the first concrete sign that Russia means to make its presence felt in Latin America.

Analysis

Russian planes landed in Havana on Sept. 4 with the first delivery of 200 tons of humanitarian supplies to aid the hurricane-ravaged island. According to reports by Cuban newspaper Granma, Cuban President Raul Castro received a phone call from Russian President Dmitri Medvedev the morning of Sept. 3 in which Medvedev reiterated Russian solidarity with Cuba and promised hurricane aid.

For Russia, the wreckage left behind by Hurricane Gustav in Cuba has created an opportunity for Moscow to exert its growing global assertiveness in the backyard of the United States. With its strategic location at the mouth of the Caribbean basin and its long history as a junior partner to the Soviet Union, Cuba is a key state for Russia's efforts to increase pressure on the United States. More broadly, the move represents a concrete move for Russia in its efforts to expand influence in Latin America and throughout the world.

Following the Russo-Georgian war, several Latin American countries stepped forward to support Russia. Nicaragua became the first country to recognize the independence of Georgian breakaway regions South Ossetia and Abkhazia on Sept. 3. Meanwhile, Caracas and Havana have both been instrumental in circulating rumors that Russia could locate a military base in Cuba and/or Venezuela.

So far, much of the talk has been just that — and for good reason. Actually attempting to host a base in Latin America would be logistically problematic, expensive and would entail significant military vulnerability. But a center of operations is not the only option for Russia. Following the pattern of the Soviet

Cold War tactics in Latin America, Russia can also leverage small amounts of aid and support across the region to generate instability.

The humanitarian aid is a welcome relief for Cuba — and not just for help recovering from Hurricane Gustav. Until now, it has not been clear that Russia would be willing to put any money toward securing Cuba as an ally. But with this move, though relatively small and largely symbolic, Russia is sending the message that it actually intends to follow up on rhetoric and aid allies in need.

And this is of critical importance to Havana. As Cuba attempts to reframe its strategic relationships in the aftermath of the collapse of its relationship with the Soviet Union, it is must balance its economic needs with its political history. Despite the hostile tenor of Cuban-U.S. relations over the past half century, an end to the U.S. embargo against Cuba would be the greatest boon to the island state. Thus, Cuba must skeptically view any new relationships that threaten Cuba's progress toward better relations with the United States and an end to the U.S. trade embargo. It is the United States — not Russia — that Havana has an inescapable geographic proximity to, and whose economic might holds the greatest promise for truly revitalizing Cuba if a rapprochement can be reached.

For Cuba, a Russian alliance brings the danger of completely alienating the United States. This is particularly threatening if Russia is unable to become a full-scale partner for Cuba — and to date there are very few indications Russia would be willing to spend the money that Cuba needs. Russia certainly will not restart its some $6 billion-per-year subsidies that supported the Cuban state during the Cold War.

Though humanitarian supplies by no means constitute a full-scale reversion to the Russo-Cuban relationship, they are the first concrete sign that Russia means to make its presence felt in Latin America. The true tenor of Russia's intentions, however, will not be clear until we see sustained economic (not just humanitarian) aid to Cuba. At that point, the United States may have no choice but to sit up and take notice.

Russia: Western Businesses and the Return of the Cold War Mentality

September 2, 2008

Summary

The Russian resurgence evinced by its intervention in Georgia on Aug. 8, combined with the United States' possible responses to Moscow's newfound strength, could put some U.S. and Western companies operating in Russia and Russia-friendly countries at risk of being targeted by the Kremlin and its associates. U.S. and Western firms could face threats of various kinds from Russian intelligence, the judiciary, regulatory bodies, organized crime, nationalist groups and Russian businesses.

Analysis

The Russian resurgence showcased by Moscow's intervention in Georgia on Aug. 8, combined with the potential U.S. responses to Russia's actions, could put U.S. companies operating in Russia and countries supportive of Russia (Belarus, Armenia, eastern Ukraine and potentially some Central Asian countries) at some risk of being targeted by the Kremlin and associated groups as a Cold War mentality begins to resurface in U.S.-Russian relations. Unlike during the Cold War, significant numbers of U.S. companies are operating in Russia today, representing an easy target for possible retaliation should U.S.-Russian tensions increase.

Following the collapse of the Soviet Union, U.S. and Western businesses rushed into Russia in the early 1990s. Russia offered a virgin market with plenty of opportunities, great infrastructure — compared to most undeveloped markets — and a starved pool of consumers looking to enjoy their newfound liberty by exercising their freedom to consume. However, from the very start life has been hard for U.S. and Western businesses in Russia. From the beginning of the hectic privatization period, Russian industry was broken, decaying and divided up by former politicians, organized criminals and various oligarchs. Thus, running a business in Russia means learning to navigate the often indiscernible links between government, organized crime and business rivals — and the Kremlin can make this as easy or hard as it likes.

The tactics that the Kremlin could use against Western and particularly U.S. businesses could range from overt uses of government power — such as actions by the Federal Security Service (FSB) or regulatory agencies and the judiciary — to less obvious strategies such as using the powerful Russian organized crime network or nationalist groups. Russian oligarchs and businessmen could also use Russia's anti-Western mood to go after their Western competition.

The FSB as a Lever

The Kremlin is worried that foreign companies will be used to distribute Western political propaganda, general influence and branding that will stifle domestic competitiveness. From Moscow's (not altogether paranoid) perspective, U.S. firms are staging grounds for foreign spies. Former Russian President and current Prime Minister Vladimir Putin previously was a KGB operative who in the 1980s was in

charge of business and technology espionage — a tactic that served the KGB well and that the FSB continued with vigor even as Cold War ended. This trend is likely to continue; FSB activity regarding Western companies could even intensify as political tensions between the United States and Russia increase.

Strategies could vary from increased surveillance and harassment to infiltration and the direct physical targeting of Western executives and employers. U.S. companies could also find themselves facing opposition from environmental and health-related nongovernmental organizations set up by the FSB and consumer boycotts initiated either openly by the Kremlin or through intermediaries.

Regulatory Agencies and the Judiciary

One of the Kremlin's favorite overt tactics against Western businesses is to use the Russian federal environmental agencies, like Rosprirodnadzor, to pressure companies by citing environmental damage caused by Western — usually energy — projects. The Kremlin is not actually concerned about the environment, but rather uses regulatory agencies like Rosprirodnadzor as a tool to target its political and economic competitors. Such a tactic was used to pressure Royal Dutch/Shell into divesting itself from the $22 billion Sakhalin 2 project in December 2006 and also against Chevron Corp. on its Caspian Pipeline Consortium project.

U.S. businesses could therefore see Russian federal regulators such as Rosprirodnadzor — and the federal veterinary and plant health regulator Rosselkhoznadzor or the Federal Migration Service — as main sources of direct pressure that can use environmental and food health and safety as an excuse to attack U.S. and Western companies, ultimately leading to litigation.

As tax, migration, environmental and health regulatory bodies attack foreign companies on separate grounds, the Russian federal and state level judiciaries will be the ones ultimately bringing court cases against Western companies. Most of these court cases will have predetermined outcomes and will give the Western businesses few options but to submit to the eventual ruling.

Organized Crime

As a more indirect tactic the Kremlin could outsource its pressure tactics to Russian organized crime and nationalist movements.

Russian organized crime is notorious for its involvement in business, and no foreign company operating in Russia can ignore its presence if it wants to survive. The Russian underworld was a strong force even during the Soviet era, operating lucrative smuggling operations of Western luxury goods, operations that allowed organized criminals to seize the day (and most Soviet industry) as the Soviet state collapsed in the early 1990s.

Russian organized crime pervades Russian society and is very active abroad. It is active in everything from the advanced financial "white-collar" crime to protection rackets within the country. It is also a reality for any business operating in Russia. Protection and security provided by Russian organized crime — essentially racketeering — is so prevalent for foreign businesses that they customarily set aside 10 percent of their monthly profits for such "services." Certain groups also offer a multitude of services that can range from personnel protection to clearing of competition.

The Kremlin, politicians and FSB also have many links to Russian organized crime and can use those contacts to pressure Western businesses. Strategies could range

from raising protection prices to conducting targeted attacks against employees of Western companies that the government later blames on organized crime.

Nationalist Movements

The Kremlin could also encourage various nationalist movements to pressure U.S. businesses, through either consumer boycott campaigns or direct attacks. The wave of nationalism inside Russia is still growing, and the government has no plans or desire to rein it in. Various nationalist groups — particularly groups like the Nashi and Pobeda youth groups — could therefore be used indirectly as tools to pressure U.S. businesses inside Russia.

The larger Nashi group is a Kremlin-controlled youth group with a membership of between 100,000 and 150,000. Most Nashi organized activities have to date targeted — with very little violent events — foreign political representatives, such as embassies, diplomats and international organization offices, although individual members of the Nashi have taken matters further. It would not be a stretch for the Nashi to reorient its activities from the political and diplomatic targets to the more business-oriented. Members could easily make it very difficult for consumers to frequent Western businesses by conducting activities like protests and sit-ins outside restaurants and stores, and they could start boycotts of Western products.

Whenever the United States makes a political move against Russia the safety of Americans and American symbols inside of Russia are at risk. Therefore, there could be a shift in how American and Western companies brand themselves, with much less emphasis being placed on their country of origin.

McDonalds is the prime example of this nationalist outburst — not altogether surprising, as McDonalds is a target for anti-U.S. sentiment from France to the Middle East. Its restaurants were most recently targeted in February 2007 in St. Petersburg, although attacks were seen during the Kosovo War in 1999. It is not clear if the most recent attack was the work of nationalist groups, but the rise of targeted attacks against U.S. businesses is certainly something that cannot be discounted. Whether their actions come as directives from the Kremlin or not, U.S. companies doing business in Russia should take nationalist groups into account.

Russian Business Interests

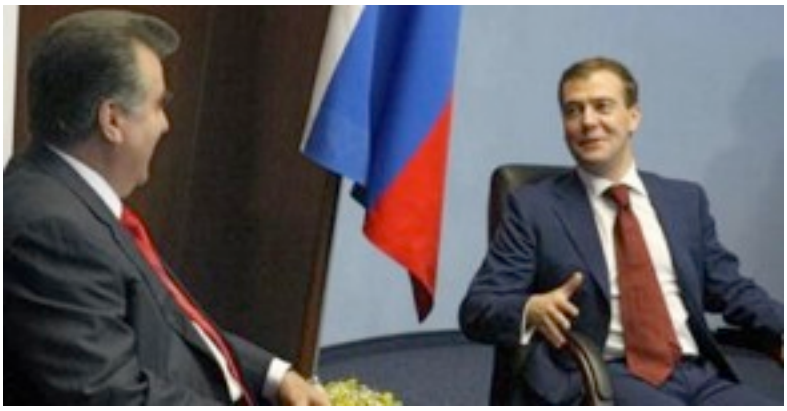
However, it is not just the Kremlin that will use the increased tensions between Russia and the United States to raise pressure on Western businesses. Russian oligarchs competing with Western companies could use the anti-Western mood to make it difficult for their direct competitors to operate in Russia or to force their Western financiers to abandon control of joint ventures (without recouping their investments, of course). Oligarchs could use their links to organized crime to do this overtly, but they could also pressure Russian companies working with Western companies as third parties — particularly for transportation, information technology and communication — to stop cooperating or else lose business with the oligarchs' conglomerates. Oligarchs could also use their links with the Russian state to elicit pressure on Western companies. There are likely to be more cases like that of the joint U.K.-Russian venture TNK-BP, in which Russian oligarchs used everything from the Federal Migration Services to direct FSB-launched raids on offices and tax audits to try to force U.K. firm BP out of the venture.

U.S. businesses in Russia should therefore expect to be targeted and might want to review their policies and adopt those used often in the Middle East, particularly in terms of personnel safety. Russia's nationalist movements have more freedom to operate — and are often directly linked to the Kremlin, like the Nashi group — than

during Soviet times. Furthermore, U.S. and Western firms in the former Soviet Union are more visible — and therefore far easier targets — than they ever were during the Cold War.

Tajikistan: Reconsidering Russia

August 29, 2008



Summary

Russia and Tajikistan agreed Aug. 29 to expand Russia's military presence at Tajikistan's Gissar airport. Though it appeared that Tajikistan was moving toward the United States after the fall of the Soviet Union, Tajikistan now appears to be reconsidering.

Analysis

Following talks between Russian President Dmitri Medvedev and Tajik President Emomali Rakhmon on Aug. 29, the two countries have agreed to expand Russia's military presence at Tajikistan's Gissar airport. Both countries already use this location, though Russia has nominal forces there.

Since the fall of the Soviet Union, Tajikistan had been steadily moving toward opening relations with the United States and capping Russia's influence in the country. Now that Russia has proven that it is ready to fight for control over its former states, however, Tajikistan is reconsidering who it needs to be looking toward for security.

Tajikistan lost the lottery geographically. This was partially because of former Soviet leader Josef Stalin, who intentionally sabotaged the futures of the Central Asian states by redrawing the maps so the region's densest population centers — which lie in an area called the Fergana Valley — would be split among three states: Uzbekistan, Kyrgyzstan and Tajikistan. Though Tajikistan controls the access to the valley, it is separated from the rest of Tajikistan by two mountain ranges. This has left the country fractured and weak internally.

Adding to the internal fractures, Tajikistan is surrounded by other impoverished and highly unstable states. Tajikistan also has a perennial territorial dispute with Uzbekistan and Kyrgyzstan, and shares an 800-mile border with Afghanistan. Tajikistan does share a border with the political and economic powerhouse China, though their shared border is the region where Beijing is concerned and reacting to militancy flowing from Central Asia

to China. For its part, Iran has kept a close relationship with the ethnically Persian Tajik, injecting a certain amount of religiosity not normally seen in Central Asia.

Rakhmon has ruled Tajikistan with an iron fist since the fall of the Soviet Union. He uses all the techniques and skills the world would expect from a post-Soviet apparatchik, though he does this to balance the warlords who run most of the country. Legally, the desperately poor country survives on its aluminum (which Russia controls) and cotton exports (which are in decline). The main wealth of the country is from drug smuggling, however, both grown domestically and imported from Afghanistan. Afghan drug lords regularly cross the borders, though Russian forces are supposedly stationed there to prevent such activity.

It is precisely Tajikistan's geographic position and fragility that has Moscow and Washington playing tug-of-war for control of the Central Asian state. The United States has two motives for pushing into Tajikistan. It is a good base for the Americans to get into Afghanistan, especially since Uzbekistan kicked the United States out of the Karshi-Khanabad base in 2005. Tajikistan also stands in the way of Russian influence rolling south or Chinese influence rolling west through Central Asia.

Moscow's plans are very similar to Washington's, in that Russia wants to ensure that it has control over its southern flank of former Soviet states. Also, Tajikistan is a good base should Russia choose to ever meddle in Afghanistan again, something that terrifies the United States. Unsurprisingly, it is more difficult for Russia to exert influence in the Central Asian states that it does not border. At present, Russia has an air base in Nurek and controls parts of the Dushanbe airport. Russia also has thousands of border patrolmen in the country.

Despite all this, Tajikistan seemed to be leaning more toward the United States starting in 2005, when Uzbekistan evicted the U.S. military. Dushanbe had held intensive discussions with Washington about allowing the United States to use either Tajikistan's airport in the capital or the bases in Kurgan-Tyube or Kulyab. Soon afterward, Tajikistan raised the rent on the Russian bases as well, against Moscow's wishes. A tipping point in U.S. relations for Tajikistan appeared to be approaching.

Tajikistan was looking for a new security guarantor mainly because Moscow had started to become increasingly meddlesome in the country's drug trade. Washington had shown little interest in controlling or stopping the Tajik drug trade, while stemming the flow of drugs from Afghanistan to Tajikistan before they reach Russia is a national security matter for Moscow. This is largely because the volume of drugs moving through Russia not only is creating a pool of addicts now estimated to exceed

6 million — something the government is highly concerned about given Russia's demographic issues. Russian organized crime has also pushed for more control over the drug trade inside Tajikistan instead of just controlling the trade once it reaches Russia or Europe.

The Tajik government became increasingly split over fears that choosing Washington could lead to a security and political crisis. The United States had shown little interest in the domestic security of Uzbekistan and Kyrgyzstan when unrest broke out in those countries despite U.S. bases in both, so many in Tajikistan feared the U.S. push for regime change in the region could target Rakhmon and his allies.

It was this split that has delayed the United States from taking the Tajik proposal. Now the tide has turned between Russia and the United States after the Russian military action in Georgia. And Moscow and all the former Soviet states that had been flirting with Washington are rethinking their position.

Dushanbe knows that Russia holds most of the cards in the region compared to the United States. Russia already has a military presence in Tajikistan, and controls much of its security, especially on its borders. Russia could cut or severely hamper the drug trade through Tajikistan. Russia has been one of the only countries heavily investing in aluminum, one of Tajikistan's only other resources. Russia has been investing in the country's energy infrastructure. And Russia holds the strings to half of the government.

It would therefore be fairly easy for Russia to destabilize Tajikistan via economic, political or security levers. And this is something Dushanbe seems to recognize, prompting Tajikistan to allow its former master once again to call the shots.

Geopolitical Diary: Turkey's Options

August 29, 2008

With Cold War tensions building in the Black Sea, the Turks have gone into a diplomatic frenzy. Turkish Foreign Minister Ali Babacan had his phone glued to his ear on Thursday speaking to his U.S., British, German, French, Swedish and Finnish counterparts, as well as to the NATO secretary-general and various EU representatives. The Turks are also expecting Georgian Foreign Minister Eka Tkeshelashvili to arrive in Istanbul on Aug. 31. And Russian Foreign Minister Sergei Lavrov is due to arrive for a separate meeting with Turkish leaders early next week.

The Turks have a reason to be such busy diplomatic bees. A group of nine NATO warships are currently in the Black Sea ostensibly on routine and humanitarian missions. Russia has wasted no time in sounding the alarm at the sight of this NATO buildup, calling on Turkey — as the gatekeeper to the Dardanelles and Bosporus straits between the Black and Mediterranean seas — to remember its commitment to the Montreux Convention, which places limits on the number of warships in the Black Sea. As a weak naval power with few assets to defend itself in this crucial frontier, Russia has every interest in keeping the NATO presence in the Black Sea as limited and distant as possible.

Turkey is in an extremely tight spot. As a NATO member in control of Russia's warm-water naval access to the Black Sea, Turkey is a crucial link in the West's pressure campaign against Russia. But the Turks have little interest in seeing the Black Sea become a flashpoint between Russia and the United States. Turkey has a strategic foothold in the Caucasus through Azerbaijan that it does not want to see threatened by Moscow. The Turks also simply do not have the military appetite or the internal political consolidation to be pushed by the United States into a potential conflict — naval or otherwise — with the Russians.

In addition, the Turks have to worry about their economic health. Russia is Turkey's biggest trading partner, supplying more than 60 percent of Turkey's energy needs through two natural gas pipelines (including Blue Stream, the major trans-Black Sea pipeline), as well as more than half of Turkey's thermal coal — a factor that has major consequences in the approach of winter. Turkey has other options to meet its energy needs, but there is no denying that it has intertwined itself into a potentially economically precarious relationship with the Russians.

And the Russians have already begun using this economic lever to twist Ankara's arm. A large amount of Turkish goods reportedly have been held up at the Russian Black Sea ports of Novorossiysk, Sochi and Taganrog over the past 20 days ostensibly over narcotics issues. Turkish officials claim that Turkish trucks carrying mostly consumer goods have been singled out for "extensive checks and searches," putting about $3 billion worth of Turkish trade in jeopardy. The Turks have already filed an official complaint with Moscow over the trade row — with speculation naturally brewing over Russia's intent to punish Turkey for its participation in the Baku-Tbilisi-Ceyhan pipeline and to push Ankara to limit NATO access to the Black Sea.

But the Russians are playing a risky game. As much as Turkey wants this conflict to go away, it still has cards to play — far more than any other NATO member — if it is pushed too hard. As Turkish State Minister Kursat Tuzmen darkly put it, "We will disturb them if we are disturbed. We know how to disturb them." If Turkey gets fed up with Russian bullying tactics, there is little stopping it from allowing an even

greater buildup of NATO warships in the Black Sea to threaten the Russian underbelly.

The Turks could also begin redirecting their energy supply away from the Russians, choosing instead to increase their natural gas supply from Iran or arrange for some "technical difficulties" on the Blue Stream pipeline. The Russians also ship some 1.36 million barrels per day of crude through the Black Sea that the Turks could quite easily blockade. These are the easier and quicker options that Turkey can employ. But there are some not-so-quick and not-so-easy options for Turks to consider as well, including riling up the Chechens in the northern Caucasus or the Turkic peoples in Central Asia and within the Russian Federation to make trouble for Moscow.

These are not options that Ankara is exactly eager to take, but they remain options, and will be on both the Turkish and Russian foreign ministers' minds when they meet in the coming days.

Geopolitical Diary: The Black Sea and Reviving the Cold War

August 26, 2008

Russia began the week with a blunt message to the West: You may need us, but we don't need you.

First, Russian President Dmitri Medvedev told the Russian press that NATO isn't sincere in its desire to cooperate with Russia, and therefore Russia is prepared to completely break ties with the Western military alliance. According to Medvedev, even if NATO chooses to cut ties with Russia, "nothing terrible will happen" to Moscow.

Second, Russian Prime Minister Vladimir Putin announced that World Trade Organization membership no longer interests Moscow. He added that Russia would soon be pulling out of several WTO-related agreements, thereby paving the way for Russia to formally withdraw its membership bid after more than a decade of negotiations.

Third, the Russian Duma and Federal Council unanimously approved a nonbinding resolution calling for the recognition of the Georgian breakaway regions of South Ossetia and Abkhazia. Though this is largely a symbolic gesture for now, the Russians are making clear that they can turn the Kosovo precedent on the West in a snap.

In yet another blow to the West, Azerbaijan shipped approximately 200,000 barrels of crude to Iran on Monday. This is no ordinary economic transaction; Azerbaijan is the origin of the Baku-Tbilisi-Ceyhan pipeline that circumvents Russia and transports Caspian oil to the West. A recent pipeline explosion combined with Russian military action in Georgia effectively have knocked the pipeline offline, leaving Baku with no choice but to look south and sell to Iran to maintain some level of oil income. This energy deal runs completely counter to U.S. strategy to keep Iran in a financial stranglehold. Through both direct and indirect means, Russia has simultaneously thrown a monkey wrench into the West's plans to evade Russian energy bullying tactics while undermining Washington's pressure policies against Iran.

The Russians are getting increasingly bolder in their actions against the West, taking full advantage of the fact that NATO can do little to seriously undermine Russia's moves in the Caucasus. But Russia is not invincible — especially when it comes to Russian defenses against the West in the Black Sea.

The Black Sea is absolutely critical to Russian defense. Though NATO does not currently have the capability to project power through land forces against Russia, it does have the naval assets to give the Russians pause. Already, nine Western warships (including U.S., Polish, Spanish, Turkish, and token Bulgarian and Romanian vessels) have made their way into the Black Sea in the name of humanitarian aid for Georgia. Russia is accusing the West of building up a NATO strike group in this body of water with which to threaten Russia's hold on the Caucasus, and perhaps beyond.

The Russians simply cannot allow an increased NATO presence in this particular body of water to remain unanswered. The Black Sea is an important buffer for what is a direct line to the Russian underbelly, the Ukrainian plains and the land bridge that extends between the Black and Caspian Seas. Russia is well-aware of its weaknesses when it comes to defending this crucial frontier. The Black Sea, and the Aegean beyond it, essentially comprises a NATO lake. Controlled by Turkey through the Dardanelles, the Turkish and U.S. naval presence combined could easily overwhelm

the Russian Black Sea Fleet. The last thing Moscow wants is a U.S. naval strike force in the Black Sea threatening Moscow's control of the Caucasus, crucial for its logistical and supply links to Russian troops in Georgia.

And so, the Russian response is already beginning to take effect. The Black Sea Navy flagship "Moskva" sailed from Sevastopol today, and the Russians are likely to deploy more of their current — albeit limited — naval assets out of the Crimean Peninsula. Such moves are only likely to give NATO forces more cause to beef up their naval presence in the Black Sea, further contributing to the Kremlin's sense of insecurity.

At that point, the next logical step for the Russians is to start spending some of their three quarters of a trillion dollars in reserves on covert operations that would force the United States to split its attention. It was not too long ago that the Russian intelligence powerhouse excelled in starting up fires in Latin America, Africa, Europe and the Middle East to keep the West preoccupied. In the Cold War days, the Russian FSB and KGB were neck-deep in backing groups like the Sandinistas in Nicaragua, the Red Brigades in Italy and the Palestine Liberation Organization across the Middle East. Names and ideologies have since shifted, but it is not beyond the Russian FSB to spread its tentacles once again into certain areas of the world where it can poke and prod the West.

This type of tit-for-tat escalation defined the Cold War. Now that the Black Sea has come into play, we are now just a few short steps from having this fracas in the Caucasus fully revive those Cold War tensions. Russia may have been looking for a relatively risk-free option to confront the United States with the war in Georgia. But now that we are seeing hints of a NATO naval build-up in the Black Sea, the Russians may be getting more than they asked for.

Russia: The Georgian Pandora's Box

August 25, 2008

Summary

The Russian Duma and Federal Council on Aug. 25 unanimously approved a nonbinding resolution calling for the recognition of the Georgian breakaway regions of South Ossetia and Abkhazia. While the option of recognizing the regions gives Russia a card to play against the West, granting formal recognition would create a secessionist stir within Russia's borders — a risk Moscow is not likely to take.

Analysis

The Russian Duma and Federal Council on Aug. 25 each unanimously approved a non-binding resolution calling for the recognition of the independence of Georgia's two breakaway regions of South Ossetia and Abkhazia.

Even if Russian President Dmitri Medvedev signs off on the resolution, it still will not be a formal recognition of the secessionist regions, because the resolution is nonbinding. But it does give Russia room to work with the international community (including the United Nations) on shaping the regions' final borders, and it indicates how much leverage Russia can use against Georgia and the West.

Russia was expected to play the recognition card because, in its defense, Moscow is just following what the West did in February when it recognized Kosovo's independence from Serbia, despite disapproval from Russia and others. Russia repeatedly warned the West that if Moscow's wishes on the Kosovo issue were ignored, Russia would change its position on South Ossetia and Abkhazia, thus formally shattering the territorial integrity of an aspirant to NATO.

If Russia were to officially recognize South Ossetia and Abkhazia, the effects on Georgia would be great. The two regions are already de facto independent; they have political and economic infrastructures separate from Georgia's. But Georgia depends on certain parts of each of the regions for key transportation infrastructure, such as the port of Sukhumi in Abkhazia for imports. Also, if the city of Gori ends up as part of Russia or South Ossetia, Georgia will effectively split into four parts.

Each of the two regions has also expressed the wish to join Russia officially if they gain independence. This would expand Russian territory deep into Georgia.

Europe is highly concerned that Russia could recognize secessionist regions in other countries. Although Europe recognized Kosovo, it had control of the security situation there. There are countless other secessionist regions — Transdniestria in Moldova, for example — that were already stirring because of Kosovo's independence and could really light up if they see Russia as a new guarantor of independence.

But Europe's concerns hinge on whether Russia will actually formally recognize Abkhazia and South Ossetia — an event that would cause the largest problems for Russia itself. The possibility of that recognition is a good bargaining chip, but should Russia follow through it would create a dangerous domino effect within Russian borders.

Russia has more than a dozen secessionist regions, many of which are powerful and organized. Moreover, some of these regions could attract strong foreign support — a situation the West could use to destabilize Russia or get Moscow involved in another set of wars within its own territory. Russia's sheer size makes it very difficult to control most of the country's secessionist regions. The Kremlin has worked very hard in the past few years to clamp down on the most volatile places, like Chechnya, Ingushetia and Dagestan, but there is always the possibility that these regions could flare up again very quickly.

As much as Russia would love to throw a curveball to Georgia and the West and simply recognize Abkhazia and South Ossetia, it would be a dangerous move for Moscow — and Medvedev is taking that fact into consideration.

Germany: Merkel's Choice and the Future of Europe

August 20, 2008

Summary

As countries the world over begin reassessing their relationships with a resurging Russia and a bogged-down United States, Germany in particular has some tough choices to make. While Germany has a place in the European Union and NATO, Stratfor sources have said that Russia has offered Germany a security agreement — and German Chancellor Angela Merkel knows how vulnerable her country is to Russia.

Analysis

As countries around the world rethink their positions and ties with the resurgent Russia and the bogged-down United States, one of the countries with the largest dilemma is Germany. Unlike many former Warsaw Pact or Soviet states that were forced to adjust dramatically and quickly to a Russia on the move, Germany's geographic location, ties to Moscow and history as a leader and divider of Europe make it the next state to have to make a tough decision. Berlin will have to decide whether it wants to continue acting like an occupied state and relying on the NATO-Washington security guarantee, or act on its own and make its own security pacts with Moscow. In the past, Germany and Russia traditionally have cooperated when they were not at war with each other — something that makes geopolitical sense but terrifies the rest of Europe.

The world changed Aug. 8 as Russia proved its strength when it launched a military campaign in Georgia and the West did not come to Tbilisi's aid. Moscow's muscle-flexing in its former Soviet state forced many countries to reassess their positions immediately by either solidifying their ties to Russia — like Armenia and Belarus — or turning to Washington to guarantee its security — like Poland. Naturally, former Soviet and Warsaw Pact countries were the first ones to react; not only are they closer to Russia, they also have the most to gain or lose in the short term.

But during the Cold War, one country — Germany — was divided between NATO and the Warsaw Pact. This put it in a very different position from most of Europe. During that time, a defeated Germany not only was split and occupied, but also was not allowed to field a meaningful independent foreign or military policy. Instead, all of its energies were harnessed into the European Union and NATO. During the decade following its reunification, Germany has slowly crawled its way back to being a *normal* state allowed to have an opinion.

Today's Germany closely resembles pre-World War II Germany; it is economically and politically strong, unified and unoccupied, which means it can actually decide whether to align with Russia or the West instead of having the choice made for it, as it was in 1949. Moreover, the awakening Germany is one of three major powers left in Europe today (the other two being France and the United Kingdom), and it has been looking to reprise its role as Europe's natural leader. It makes sense for Berlin to claim this title by dint of population, location and economic heft.

Of the major European powers, Germany is the one with the difficult decision to make between Russia and NATO. It is a member of the latter, and it makes sense to stick to its current alliances. But Germany never really made the decision to join NATO. Only half of Germany was part of the alliance during the Cold War (as decreed by the United States); after German reunification, East Germany joined NATO when Russia was weak and chaotic. Germany had no choice but to continue its Western alliances after the Cold War.

But with Russia regaining strength, Germany stands on the front lines of whatever Moscow has planned. Germany is vulnerable to Russia on many fronts. It has a very deep memory of what it feels like to have the Russians easily march across the northern European plain to German territory, which led to the Soviet occupation of half the country for four decades. Germany and Russia are also currently each other's largest trading partners, and Russia provides more than 60 percent of Germany's natural gas.

So Berlin is now reassessing its allegiances to Washington and NATO, which would keep the country locked into the policies it made as an occupied state. Or Germany could act like its own state and create its own security guarantee with Russia — something that would rip NATO apart. Berlin does not have to make a decision right now, but it does need to start mulling its options and the consequences.

Rumors are floating around Moscow that a discussion between the Kremlin and Berlin on such a topic is occurring — not that a deadline has been presented, just that a dialogue on the issue is under way. Of course, such a discussion would be tightly guarded until Berlin actually made a decision. On Aug. 15, as the war between Georgia and Russia wound down, German Chancellor Angela Merkel met with Russian President Dmitri Medvedev in Sochi, but the meeting was highly tense (as shown during their press conference).

Germany acted peculiar during the entire Georgian-Russian conflict. When the war began, Berlin issued a fluff statement on "needing to find a solution" between the

two states; however, as the war escalated, Merkel fell silent on the issue. Many within the German government released statements in favor of either Russia or Georgia, but it is Merkel who calls the shots in the country — and she was waiting for her meeting with Medvedev before speaking. Merkel is an interesting leader to have in Germany at this stage because she is the first German chancellor born in East Germany. This leads her to be more critical and firm against the Russians, but nonetheless she understands how vulnerable her country is right now. Germany may be an economic powerhouse, but it is still militarily weak, so its security is in the forefront of its mind.

Stratfor sources in Moscow have said that Medvedev has offered Merkel a security pact for their two countries. This offer is completely unconfirmed, and the details are unknown. However, it would make sense for Russia to propose such a pact since Moscow knows that, of all the European countries, Germany is the one to pursue — not only because of the country's vulnerabilities and strong economic ties with Russia but because the two have a history of cozying up to each other.

While such an alliance might sound like a stretch in today's U.S.-dominated world, there are two things to consider. First, like Russia, Germany is wary of Washington's strengthening presence in Europe. The United States already has the United Kingdom as its closest ally, France has returned to the NATO fold, and Washington is gaining the allegiance of many Central European states — all of which undercuts Germany's dominance on the continent. This is not to say that Germany is ready to ditch NATO just yet, especially since Berlin has no military heft. However, Berlin must at least be considering how to balance the U.S. presence in Europe.

Second, most of the world thought it impossible for Germany and Russia to ally in the 1930s, but the Molotov-Ribbentrop Pact (the treaty of nonaggression between Germany and the Soviet Union) confirmed the two countries' tradition of turning to each other when both are not at war or occupied. This was not the first Russo-German treaty, but actually the third, after the League of the Three Emperors in 1872 and the Treaty of Rapallo in 1922.

These two considerations together should cause concern in most of Europe. Since Germany and Russia are the two big powers on the block and want to keep any other power (like the United States) from their region, it would make sense for Berlin and Moscow to want to forge an agreement to divide up the neighborhood — such as the Molotov-Ribbentrop Pact, which had secret protocol dividing the independent countries of Finland, Estonia, Latvia, Lithuania, Poland and Romania into either the Nazi or Soviet spheres of influence. Most of those countries have since sided with Washington, but if Germany and Russia make some sort of deal, it will be open season on American influence in Europe.

All of this is not to say that Berlin is about to flip on the West. It has time to mull its decision. The point is that Germany is not the solid rock of NATO and the European Union that the West assumes it is. Russia's recent actions mean that history is catching up with the Germans and that a choice will eventually come. Everything depends on Berlin's choice between maintaining its dependence on the United States or flipping the entire balance structure in Europe by striking a deal with Russia. Berlin has been itching to reassert itself as a real and unbound power on the continent once again. However, though it has new economic and political strength, Germany is in many ways more vulnerable than it has been in more than 60 years. Berlin's choice will shape the future of Europe and possibly the world.

Ukraine: Yushchenko, Timoshenko and Kiev's Future

August 19, 2008

Summary

Ukrainian President Viktor Yushchenko reportedly is pushing for an investigation of Prime Minister Yulia Timoshenko that could see treason charges against the latter. Far from mere political drama, the rumors reflect deeper concerns over the future of Ukraine's allegiance.

Analysis

Rumors are flying in Kiev that Ukrainian President Viktor Yushchenko is pushing for an investigation of Prime Minister Yulia Timoshenko that could result in charges of state treason and political corruption. While at first glance this might look like the typical drama of Ukrainian politics — which typically leads to near-constant government turnover — things are far more serious this time, with concerns over the future of Ukraine's allegiances at stake.

Ukraine's political theater was turned on its head Aug. 8 when Russia proved via its military campaign in Georgia that it was capable of crushing a country on its periphery. Since then, debate in Ukraine has shifted from sparring over egos to a very serious discussion on whether Ukraine should side with the West or with Russia. The internal struggle between pro-Russian and pro-Western forces — as well as the debate within the latter's Orange Coalition — has taken a sharp turn, and it looks as if the government could break once again. But that is the least of Kiev's problems.

Yushchenko, who has taken the lead on anti-Russian moves in Ukraine, has formally condemned Russia military "aggressions" against Georgia. He has also allowed Georgian President Mikhail Saakashvili's family to stay at his home in Ukraine for their protection. And on Aug. 15 he announced that he wants urgent talks on whether Ukraine should continue hosting Russia's Black Sea fleet in the Crimean Peninsula, given that Moscow used that fleet to help in its Georgia campaign. Yushchenko is also still insisting that Ukrainian membership in NATO is his top priority. In short, Yushchenko appears to be trying every way possible to antagonize Russia while looking for security and political guarantees from the West.

His typical partner on such items is Timoshenko, who also was one of the leaders of the pro-Western Orange Revolution in 2004. Since then, the two have had a rocky relationship, as both struggled to control the Orangists. Now the split appears official: not only are the two moving against each other, but Timoshenko appears to have turned away from Yushchenko's pro-Western agenda.

The change might seem out of character for the premier, given her long-tumultuous history with the Kremlin — many Russian leaders have refused to meet with her because of her anti-Russian rhetoric — but Timoshenko has recognized the reality of a resurgent Russia and is hedging her bets with Moscow. She has refused to allow Ukraine's parliament to adopt an anti-Russian stance, and has declared that she will not allow Ukrainian authorities to evict the Russian fleet or ban it from moving in Ukrainian waters. Timoshenko also refused to be part of the official delegation that went to Tbilisi on Aug. 9.

There are two reasons for Timoshenko's sudden flip. First, she understands that Ukraine is heading for a serious divide that will see the country either fall back fully into the Russian fold or split apart. The country as a whole simply cannot keep pushing toward the West — Moscow has firmly said it will not allow this, and has proven through its Georgian operation that it can back up its word with force.

Second, Timoshenko is a political survivor — by any means necessary. She has thrown a number of political allies under the bus and changed her position many times to survive politically. She is a good ally for the Kremlin to seek in its bid to break the Orange Coalition and weaken pro-Western support. At a meeting between Timoshenko and Russian Prime Minister Vladimir Putin on June 28 to discuss energy — a particularly thorny topic between the two countries — both sides surprisingly came out with nothing but praise regarding Russo-Ukrainian relations.

Stratfor sources have hinted that a deal was struck between the two, under which Moscow would politically and financially support Timoshenko's bid for the late 2009 or early 2010 presidential election if she broke the coalition, prevented Yushchenko from passing anti-Russian measures and began to pull Orangist supporters to the pro-Russian side. This does not mean that Putin or Russia actually care about Timoshenko herself at the moment, rather that they see her as the easiest target to weaken the pro-Westerners or possibly break the government — and in the longer run, to have one of their people in Ukraine's top position.

For Russia, it does not matter who is the personality running Ukraine as long as that person is listening for Moscow's orders. Russia is willing to back Timoshenko as long as she proves useful in Moscow's move to pull Ukraine back into its former master's orbit.

Azerbaijan: The Stark New Energy Landscape

August 15, 2008

Summary

Russia's military defeat of Georgia puts Azerbaijan in a difficult position. With all of its existing energy export routes now back under Russian control, Baku faces a stark set of choices that may force it to reach an accommodation with Moscow.

Analysis

Azerbaijan is losing some $50 million to $70 million per day due to the closure of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Caspian Energy Alliance said Aug. 14, adding that Baku's total losses from the closure amounted to some $500 million. The 1 million barrel per day (bpd) BTC line, which passes from Azerbaijan to Turkey via Georgia, was shut down Aug. 6 following an attack on the Turkish part of the line, claimed by a Kurdish separatist group. If not for that attack, however, it might well have been shut down anyway amid the military conflict in Georgia that began two days later.

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Azerbaijan exports oil and natural gas to Western energy markets via three pipelines — all of which pass through Georgia, and all of which experienced cutoffs in the past several days. Two of them — the BTC and the 150,000 bpd Baku-Supsa — carry oil. The Baku-Tbilisi-Erzurum line carries natural gas at 9 billion cubic meters per year. The pipelines were built to provide a transport route for Caspian Sea energy to reach Western markets without having to pass through Russia, which controls the majority of pipeline infrastructure into Europe. Now that Russia has established a firm military presence in Georgia, however, it is highly likely that all three lines will continue to operate, or not, at the pleasure of the Kremlin.

This puts Azerbaijan in a predicament. With its export routes to the West blocked by the Russian presence in Georgia, Baku is carefully considering its options. Though other potential pipeline routes exist, they are plagued with problems that could prove insurmountable. Azerbaijan may have no real option but to try to reach some sort of accommodation with Moscow.

Initially, Baku was excited by the conflict in Georgia's South Ossetia region because it provided a possible blueprint for dealing with Azerbaijan's own restive separatist enclave of Nagorno-Karabakh — and for potentially imposing a new military reality on Baku's regional rival, Armenia. If successful, such a campaign could have allowed Baku to use Armenian territory for a new energy export route. Sources tell Stratfor that, following the Georgian military's Aug. 8 invasion of South Ossetia, Azerbaijan's leadership convened an emergency meeting at which they reportedly gave serious consideration to invading Nagorno-Karabakh, contingent on the eventual success of the Georgian operation.

However, the Georgian offensive not only failed, it resulted in the Russian invasion of Georgia proper — which has effectively suspended Tbilisi's ability to control its own territory. Russia also used air bases in Armenia to assist in the Georgian intervention, which marked a significant change in the dynamic between Baku and Yerevan. Russia keeps military assets in both Azerbaijan and Armenia, and sells weapons to both — indeed, part of Moscow's strategy in the Caucasus is to ensure that the two rivals remain distracted by their tense relations — but from Baku's perspective, the Russian decision to activate its assets in Armenia means Moscow is choosing sides. However possible it might have been for Azerbaijan to invade its neighbor, it has suddenly become inconceivable.

For Baku, this is the worst-case scenario. Its energy lifelines, intended to circumvent Russian territory, are now under the overt control of the Kremlin, while its alternative of forcing a new path through Armenia is completely taken out.

Baku also suddenly found itself trying to block the flood of Azeri volunteers heading to Georgia to fight the invading Russians. Azerbaijan's government did not want to provoke Russia, especially with Russian tanks only a couple of hundred miles from Baku itself. For that matter, with a presidential election set for Oct. 15, Azeri President Ilham Aliyev does not want a security crisis on his hands. Even though Azerbaijan has been using its energy revenues to build up its military in recent years, it is nowhere near ready to defend itself from a Russian invasion. Its security situation is in many ways even more dire than that of Georgia (or even Ukraine).

Turkey, Baku's strongest ally in the region, theoretically would not stand by if Russia invaded Azerbaijan — but then, Ankara has been silent on the Russian intervention in Georgia. To the Azeris, this is a sign that they cannot depend on the Turks to commit themselves to a fight with Moscow if push should come to shove. Also, now that Georgia is under effective Russian military control, the only route for Turkish aid to Azerbaijan is cut off — neither Iran nor Armenia would provide passage.

With the Russians in control of Georgia and with domination of Armenia out of the picture, Azerbaijan's only other feasible export route would be southward through Iran, hooking into existing Turkish pipeline infrastructure or sending exports out via the Persian Gulf. The problem with this option is one of timing: Any move into Iran would have to wait for an accommodation between Tehran and the United States over Iraq, which appears to be getting ever nearer. At $50 million in losses per day, however, Azerbaijan does not have the time to wait for these pieces to fall into place and *then* build a new pipeline into Iran. A Russian move to cut off all three pipelines going through Georgia would make the cost unbearable. Baku counts on its energy export revenues in order to maintain military parity with Armenia, so a sharp drop in funding could quickly become a national security issue.

That leaves one other option, which from Baku's perspective is the least desirable but the most realistic: seeking accommodation with Russia.

Russia now effectively controls the entire already-built energy transport infrastructure between Baku and Western markets. Russia could accommodate

transport of Azeri energy through Georgia for the right price. That price would be both financial and political: Azerbaijan would need to align with Moscow on matters of import in order to keep the pipelines open. Baku also could ship its natural gas through Russia proper via pipelines such as Baku-Rostov-on-Don, which used to provide Azerbaijan with natural gas supplies before it became a net exporter. There also is the Baku-Novorossiysk oil pipeline, which has a capacity of nearly 200,000 bpd, although very little Azeri crude normally goes through it.

Azerbaijan has tried to avoid shipping its energy exports through Russian pipelines while other feasible options were open. But Baku may have to reconsider now that Russia holds all the cards.

Geopolitical Diary: Countermoves to a Russian Resurgence

August 15, 2008

Poland and the United States announced an agreement on Thursday to station elements of a U.S. ballistic missile defense (BMD) system permanently on Polish territory. As part of the deal, Poland will also be provided with Patriot air defense batteries and an as-yet-unspecified number of U.S. Army personnel.

The world is only beginning to feel the ripples from the Kremlin's decision to decisively exercise military power in Georgia. Moscow has now demonstrated that it is just as willing to use military tools as it is to use economic tools (it is the world's single largest energy producer) and political tools. In short, Russia is back as an active player on the regional stage. And, as the Polish BMD deal indicates, other states have opinions on how to deal with that. Around the world, other states are considering their options.

Most of the countries of Central Europe — and especially the strategically vulnerable Baltic states — want the same thing that Poland seems to be getting: an explicit deployment of U.S. ground forces on their turf. The idea being that Russia will think long and hard about doing something to them if U.S. forces are not only precommitted to their defense as NATO allies but already physically on station in their territory. We expect many more such deals to be worked out in the weeks and months to come as the United States and NATO essentially shift their Cold War-era deployments several hundred miles to the east.

In Western Europe, the concern is of a slightly different type. While many share the Central Europeans' concern about Russian military power, none are any longer frontline states. Their concern is more economic. Many European states — most notably, Germany — rely on Russian natural gas exports to keep their economies going. While the Central Europeans are looking for American deployments, the Western Europeans are more likely to funnel their efforts into finding alternative sources of natural gas, or alternatives to natural gas itself. Those that have the technology will also simply try to use less natural gas.

In the Arab world, the players that matter are Saudi Arabia and the other Arab Gulf states. These players see Russia primarily as an economic competitor. They also have a pre-existing hammer with which to beat the Russians. Arab oil money was essential to the development of the anti-Soviet Afghan mujahideen in the 1980s and the second Chechen insurgency in 1999. All of these states have helped crack down on those movements' ideological progeny — al Qaeda — since the 9/11 attacks. However, all retain the ability — and the money — to turn the tap back on should the United States be willing.

Iran and Turkey are more complicated. Neither of the states always sees eye to eye with the Americans, but neither particularly cares for a resurgent Russia.

Iran, Turkey and Russia border the Caucasus. And none wants to see one of the other two become ascendant. Russian domination would threaten Turkey's energy supplies. Russia's fondness for sparking separatist conflicts in its rivals would raise complications for heterogeneously populated Iran.

But, at the same time, Turkey and Iran (much less the United States) are not natural partners against Russia. The Caucasus has long been a bit of a free-for-all, with geopolitical alliances shifting irregularly. Just as Russia has political, economic and

military tools to bring to bear along its entire periphery, both Iran and Turkey can do the same in the Caucasus. It is going to be a very messy region.

China has even more mixed feelings. It would dearly love to tap Central Asia's energy resources, but is concerned about clashing with pre-existing Russian interests. China is not so much threatened by Russia as it is desperate to avoid adding any more challenges to its already burgeoning list. There is a logic to China attempting to extend its influence north and west, but only if Russia is otherwise occupied. In essence, China wants to pretend that nothing has changed — unless Russia finds itself besieged by everyone else, at which point Beijing would love to take advantage.

All of these responses are potentially effective ones, but what they all have in common is that they cannot be applied overnight. It takes time to build a base and deploy troops to Poland. Shifting one's economy away from natural gas requires substantial — and expensive — restructuring. Whipping up a Third Chechen War cannot be done in a weekend. Ankara and Tehran simply figuring out their options will take weeks. And China is loath to take the lead on anything regarding Russia right now.

Russia, in contrast, has gotten its energy exports — and income — to post-Cold War highs. Its military is gunning for a fight, and politically it is once again unified. The Kremlin does not require prep time to make its next moves.

The challenge for all of those seeking to contain a Russian resurgence is as simple to state as it is complex to initiate: to do so quickly enough and with enough partners that a Russia with two free hands cannot pre-empt.

U.S., Saudi Arabia: Holding the Chechen Card

August 14, 2008

Summary

The United States is stretched too thin to get involved in conflicts in Russia's periphery at the moment. However, in the covert world, the United States could cooperate with Saudi Arabia to stir up separatist sentiments in Russia's Muslim regions — including Chechnya — to keep Moscow occupied.

Analysis

Though Washington has issued a lot of tough talk calling on Russia to halt its military aggression against Georgia, there is little hiding the fact that the United States currently lacks the capability to intervene in conflicts that break out in the Russian periphery while U.S. forces are absorbed in Iraq and Afghanistan.

It will take some time before the United States frees itself up from the Middle East to effectively confront the Russians in Eurasia, but there are other options in the covert world that U.S. intelligence can employ to keep the Russians occupied. Such a strategy would likely involve three key ingredients: Chechens, Tatars and Saudis.

Russia's internal security largely depends on its ability to contain Muslim separatist aspirations in its two main belts of Muslim populations: one in the mountainous northern Caucasus (which includes Chechnya, Ingushetia and Dagestan) and the other along the western side of the Ural Mountains (which includes Tatarstan and Bashkortostan). Chechnya borders the former Soviet state of Georgia, which is always ready and willing to support (as it has in the past) a Chechen insurrection against Moscow to weaken the Kremlin's grip in the Caucasus. Tatarstan, in the Volga-Ural region, controls all of the Siberian oil, gas, road, rail and transport routes.

Chechnya posed its biggest threat to Russia's internal security during the Chechen wars of 1994-1996 and 1999-2004. Saudi Arabia, the United States and Turkey — all of whom had a vested interest in keeping Russia heavily preoccupied after the fall of the Soviet Union — helped fuel these wars by providing support to the Chechen rebels. Saudi Arabia in particular led this effort by implanting the Wahhabist doctrine and providing financing, arms, supplies, guerrilla training and moral support to Chechen militants. The bulk of Saudi support to the Chechens was funneled in through charities and humanitarian aid in the region.

Sept. 11, 2001, however, changed all that. Once confronted by the al Qaeda menace, Washington — and later Riyadh and Ankara — started regarding the Chechen rebels (or at least those who had a favorable view of religious — as opposed to nationalist — militancy) as terrorists. They reduced their support for the Chechen militancy and lent verbal support to Moscow in battling the insurgency, all in the hopes of weakening the jihadist movement and gaining Russia's support in the global battle against terrorism. By 2007, Moscow declared the Chechen war officially over after bribing, training and co-opting a large number of former Chechen rebels into Russian regular forces to combat the insurgency.

Though Russia has derived a great deal of satisfaction from crushing the Chechen rebellion, there is a good probability that its recent actions in Georgia will spawn another Chechen headache.

The United States likely will look to Riyadh in its search for tools and allies to thwart Russia's resurgence in Eurasia. Saudi Arabia and Russia are natural geopolitical rivals; both are major competing energy powers who have resisted each other in Cold War proxy battles in the Muslim world. Indeed, a legion of well-trained Arabs, mostly Saudis, who fought against the Soviets in Afghanistan ended up fighting alongside Chechens in Russia in the 1990s.

With the objective of further undercutting Saudi support for Chechens and delegitimizing the Chechen rebels that resisted coming under Moscow's control, Russia has spent the past few years reaching out to Saudi Arabia politically and economically. This includes sending pro-Moscow Chechen President Ramzan Kadyrov on highly publicized state visits to Riyadh to underscore the loss of Saudi support for the Chechen militancy.

But after watching Russia's recent power surge in Georgia, the Saudis now share a common interest with Washington in keeping the Russians at bay. And with the Saudis now making roughly $1 billion a day on oil revenues, Riyadh has ample cash to spare to revive its links with Islamist militants in the Russian Federation.

Saudi support is not only limited to Chechnya, however. The republic of Tatarstan also is a prime candidate for a covert strategy that aims to inflame Russia's Muslim minorities. This Muslim belt is key because it separates the ethnically Russian portions of Russia from sparsely populated Siberia and runs through all of Russia's transport networks (road, rail and pipeline). If Tatarstan, which has become more independent in developing its vast oil wealth, revved up a resistance movement against Moscow, Russia would have no choice but to focus its efforts on quashing the rebellion at home rather than spreading its influence abroad.

The Islamist militant card is a tempting option for Washington and Riyadh, but Russia is better equipped this time around to contain any such threat coming its way. In Chechnya, Russian Prime Minister Vladimir Putin has Kadyrov to keep a handle on the situation. Kadyrov currently has firm control of the highly trained special forces battalions inside Chechnya — the Vostok ("east") and Zapad ("west") battalions. The young Chechen president is immensely popular in the region — even if that reputation was earned through brute force and fear — and knows his life depends on

him not betraying his commitment to Putin to keep Chechnya under control. In fact, Kadyrov announced Aug. 8 that his Chechen forces were ready to "volunteer" to aid Russia in fighting Georgian troops. That said, money talks in this region, and there are a fair number of dissenters in Chechnya who would turn against Kadyrov for the right price. Even Kadyrov himself has proven he can be bought. With Kadyrov as the keystone of the current Chechen power structure, his removal (and he has had a fair share of death threats) could very quickly cause the region to go up in flames.

In Tatarstan, the Russians already have a plan in store if or when the Tatar government attempts to stage a rebellion against Moscow. The Kremlin's plan involves overthrowing the current Tatar government and installing Interior Minister Rashid Nurgaliyev as head of the Tatar Republic. Nurgaliyev is ethnic Tatar, but he is also former KGB and (we are told) personally committed to Putin. The Kremlin believes that, given Nurgaliyev's Tatar ethnicity, the political fallout from installing him as leader would be manageable. Stratfor sources claim Nurgaliyev has already been working with Russian Interior Forces to prepare for a crackdown inside the republic in preparation for this plan, should it be necessary.

Disciplining Tatarstan and/or Chechnya will be a bloody affair, but the Kremlin believes it can clamp down on these republics nonetheless should the situation warrant. The main concern in Moscow's eyes is preventing any rebellion in Tatarstan from spilling over into fellow Muslim republic Bashkortostan and giving other Muslim rebels in Chechnya, Ingushetia and Dagestan reason to come to the aid of their brothers. Cooperation among Russia's Muslim republics is not unprecedented. In fact, during the Chechen wars in the 1990s, a large number of Tatars fought alongside Chechen rebels against Russian forces.

Ramping up Muslim fighters in Chechnya and Tatarstan is a logical step for the United States to take in coordination with its Saudi allies. If Washington and Riyadh do decide to play the Islamist militancy card, however, Moscow will be ready for it.

Geopolitical Diary: From Tbilisi to Tehran, History Resumes

August 14, 2008

For the past few days, history was being made in Georgia. Now it is about politics. History was made as the Russians engaged in their first significant conflict outside their borders since the end of the Cold War. Now we are down to the politics of implementing the reality the Russians have created. It is clear now that neither Europe nor the United States is prepared to challenge that reality. South Ossetia and Abkhazia will remain independent and under Russian control. The Georgians will be left with the task of accommodating themselves to two political realities. The first is that the Russians remain a powerful presence. The second is that they can expect no meaningful help from the outside. Georgian politicians are hurling defiance now, and demonstrations supporting the government are filled with passion. Passion comes and goes. Georgia's new reality will remain for a long time.

In many ways, this episode is over. The question now is what comes next. What is next is what was last: Iran. A little more than a week ago, a deadline set by the United States for an answer from Iran on freezing its uranium enrichment passed without a clear answer from Iran. The next step, according to the United States, is asking the U.N. Security Council to impose new sanctions on Iran. For that to happen, the Russians must not veto. Just as important, they must be prepared to participate in those sanctions. And even more important, the Russians must not, from the U.S. point of view, provide Tehran with new weapons — particularly air-defense systems more sophisticated than the Russians have provided to any Middle Eastern country. Such systems would, contrary to rumor, pose a challenge to U.S. air power should the United States wish to launch an air campaign in Iran, and would erode the value of the threat of those airstrikes as a negotiating tool.

There are other issues. The United States relied on Russia to provide support during the invasion of Afghanistan in 2001. The Northern Alliance, the Russian-supported coalition on which the United States based its invasion, has evolved. But Russian influence there is not insignificant. The United States does not need a hostile power undermining relations inside of Afghanistan or making it difficult for the United States to maintain its bases in Central Asia in some of the countries of the former Soviet Union.

The Russians could not completely undermine U.S. policy in the region, but they could make it substantially more difficult. And the last thing the United States needs is any more difficulty in the region as it deals with Iran, a deteriorating situation in Afghanistan and a potential crisis in Pakistan. At this historic moment, the United States needs the Russians much more than the Russians need the United States — a point that the Russians were undoubtedly aware of at the beginning of this adventure.

The United States has adopted a careful line, from the president on down, on Georgia. The rhetoric has been tough, but threats and actions nonexistent. Apart from promising humanitarian aid delivered by the U.S. military, the United States has not suggested any countermeasures. The reason the Americans are not being tougher is that they need the Russians in whatever scenario they plan to pursue on Iran and the rest of the region. Therefore, the Americans are content to let the politics unfold without challenging the historic event. They were happy to see French President Nicolas Sarkozy negotiate the political resolution. They did not want to take the tough meeting Sarkozy had with Russian leaders.

The Americans want to put this behind them as quickly as possible so they can get on with Iran. They cannot afford to alienate the Russians. So this will pass into history. But while the next act is Iran, the one after that is Ukraine, the Baltics and the rest of the former Soviet Union. The Ukrainians are setting new rules on Russian flights over their country. But they know, as does the rest of the region, that so long as the United States is focused on the Middle East, they are on their own, save for rhetoric. The window of opportunity that we have spoken of so many times remains open. Russia has tested it and it likes what it sees. We will now see whether Russia intends to continue its historic lesson — and whether it intends to deliver one to the Americans in Iran.

The Russo-Georgian War and the Balance of Power

August 12, 2008

By George Friedman

The Russian invasion of Georgia has not changed the balance of power in Eurasia. It simply announced that the balance of power had already shifted. The United States has been absorbed in its wars in Iraq and Afghanistan, as well as potential conflict with Iran and a destabilizing situation in Pakistan. It has no strategic ground forces in reserve and is in no position to intervene on the Russian periphery. This, as we have argued, has opened a window of opportunity for the Russians to reassert their influence in the former Soviet sphere. Moscow did not have to concern itself with the potential response of the United States or Europe; hence, the invasion did not shift the balance of power. The balance of power had already shifted, and it was up to the Russians when to make this public. They did that Aug. 8.

Let's begin simply by reviewing the last few days.

On the night of Thursday, Aug. 7, forces of the Republic of Georgia drove across the border of South Ossetia, a secessionist region of Georgia that has functioned as an independent entity since the fall of the Soviet Union. The forces drove on to the capital, Tskhinvali, which is close to the border. Georgian forces got bogged down while trying to take the city. In spite of heavy fighting, they never fully secured the city, nor the rest of South Ossetia.

On the morning of Aug. 8, Russian forces entered South Ossetia, using armored and motorized infantry forces along with air power. South Ossetia was informally aligned with Russia, and Russia acted to prevent the region's absorption by Georgia. Given the speed with which the Russians responded — within hours of the Georgian attack — the Russians were expecting the Georgian attack and were themselves at their jumping-off points. The counterattack was carefully planned and competently executed,

and over the next 48 hours, the Russians succeeded in defeating the main Georgian force and forcing a retreat. By Sunday, Aug. 10, the Russians had consolidated their position in South Ossetia.

On Monday, the Russians extended their offensive into Georgia proper, attacking on two axes. One was south from South Ossetia to the Georgian city of Gori. The other drive was from Abkhazia, another secessionist region of Georgia aligned with the Russians. This drive was designed to cut the road between the Georgian capital of Tbilisi and its ports. By this point, the Russians had bombed the military airfields at Marneuli and Vaziani and appeared to have disabled radars at the international airport in Tbilisi. These moves brought Russian forces to within 40 miles of the Georgian capital, while making outside reinforcement and resupply of Georgian forces extremely difficult should anyone wish to undertake it.

The Mystery Behind the Georgian Invasion

In this simple chronicle, there is something quite mysterious: Why did the Georgians choose to invade South Ossetia on Thursday night? There had been a great deal of shelling by the South Ossetians of Georgian villages for the previous three nights, but while possibly more intense than usual, artillery exchanges were routine. The Georgians might not have fought well, but they committed fairly substantial forces that must have taken at the very least several days to deploy and supply. Georgia's move was deliberate.

The United States is Georgia's closest ally. It maintained about 130 military advisers in Georgia, along with civilian advisers, contractors involved in all aspects of the Georgian government and people doing business in Georgia. It is inconceivable that the Americans were unaware of Georgia's mobilization and intentions. It is also inconceivable that the Americans were unaware that the Russians had deployed substantial forces on the South Ossetian frontier. U.S. technical intelligence, from satellite imagery and signals intelligence to unmanned aerial vehicles, could not miss the fact that thousands of Russian troops were moving to forward positions. The Russians clearly knew the Georgians were ready to move. How could the United States not be aware of the Russians? Indeed, given the posture of Russian troops, how could intelligence analysts have missed the possibility that the Russians had laid a trap, hoping for a Georgian invasion to justify its own counterattack?

It is very difficult to imagine that the Georgians launched their attack against U.S. wishes. The Georgians rely on the United States, and they were in no position to defy it. This leaves two possibilities. The first is a massive breakdown in intelligence, in which the United States either was unaware of the existence of Russian forces, or knew of the Russian forces but — along with the Georgians — miscalculated Russia's intentions. The second is that the United States, along with other countries, has viewed Russia through the prism of the 1990s, when the Russian military was in shambles and the Russian government was paralyzed. The United States has not seen Russia make a decisive military move beyond its borders since the Afghan war of the 1970s-1980s. The Russians had systematically avoided such moves for years. The United States had assumed that the Russians would not risk the consequences of an invasion.

If this was the case, then it points to the central reality of this situation: The Russians had changed dramatically, along with the balance of power in the region. They welcomed the opportunity to drive home the new reality, which was that they could invade Georgia and the United States and Europe could not respond. As for risk, they did not view the invasion as risky. Militarily, there was no counter. Economically, Russia is an energy exporter doing quite well — indeed, the Europeans

need Russian energy even more than the Russians need to sell it to them. Politically, as we shall see, the Americans needed the Russians more than the Russians needed the Americans. Moscow's calculus was that this was the moment to strike. The Russians had been building up to it for months, as we have discussed, and they struck.

The Western Encirclement of Russia

To understand Russian thinking, we need to look at two events. The first is the Orange Revolution in Ukraine. From the U.S. and European point of view, the Orange Revolution represented a triumph of democracy and Western influence. From the Russian point of view, as Moscow made clear, the Orange Revolution was a CIA-funded intrusion into the internal affairs of Ukraine, designed to draw Ukraine into NATO and add to the encirclement of Russia. U.S. Presidents George H.W. Bush and Bill Clinton had promised the Russians that NATO would not expand into the former Soviet Union empire.

That promise had already been broken in 1998 by NATO's expansion to Poland, Hungary and the Czech Republic — and again in the 2004 expansion, which absorbed not only the rest of the former Soviet satellites in what is now Central Europe, but also the three Baltic states, which had been components of the Soviet Union.

The Russians had tolerated all that, but the discussion of including Ukraine in NATO represented a fundamental threat to Russia's national security. It would have rendered Russia indefensible and threatened to destabilize the Russian Federation itself. When the United States went so far as to suggest that Georgia be included as well, bringing NATO deeper into the Caucasus, the Russian conclusion — publicly stated — was that the United States in particular intended to encircle and break Russia.

The second and lesser event was the decision by Europe and the United States to back Kosovo's separation from Serbia. The Russians were friendly with Serbia, but the deeper issue for Russia was this: The principle of Europe since World War II was that, to prevent conflict, national borders would not be changed. If that principle were violated in Kosovo, other border shifts — including demands by various regions for independence from Russia — might follow. The Russians publicly and privately asked that Kosovo not be given formal independence, but instead continue its informal autonomy, which was the same thing in practical terms. Russia's requests were ignored.

From the Ukrainian experience, the Russians became convinced that the United States was engaged in a plan of strategic encirclement and strangulation of Russia.

From the Kosovo experience, they concluded that the United States and Europe were not prepared to consider Russian wishes even in fairly minor affairs. That was the breaking point. If Russian desires could not be accommodated even in a minor matter like this, then clearly Russia and the West were in conflict. For the Russians, as we said, the question was how to respond. Having declined to respond in Kosovo, the Russians decided to respond where they had all the cards: in South Ossetia.

Moscow had two motives, the lesser of which was as a tit-for-tat over Kosovo. If Kosovo could be declared independent under Western sponsorship, then South Ossetia and Abkhazia, the two breakaway regions of Georgia, could be declared independent under Russian sponsorship. Any objections from the United States and Europe would simply confirm their hypocrisy. This was important for internal Russian political reasons, but the second motive was far more important.

Russian Prime Minister Vladimir Putin once said that the fall of the Soviet Union was a geopolitical disaster. This didn't mean that he wanted to retain the Soviet state; rather, it meant that the disintegration of the Soviet Union had created a situation in which Russian national security was threatened by Western interests. As an example, consider that during the Cold War, St. Petersburg was about 1,200 miles away from a NATO country. Today it is about 60 miles away from Estonia, a NATO member. The disintegration of the Soviet Union had left Russia surrounded by a group of countries hostile to Russian interests in various degrees and heavily influenced by the United States, Europe and, in some cases, China.

Resurrecting the Russian Sphere

Putin did not want to re-establish the Soviet Union, but he did want to re-establish the Russian sphere of influence in the former Soviet Union region. To accomplish that, he had to do two things. First, he had to re-establish the credibility of the Russian army as a fighting force, at least in the context of its region. Second, he had to establish that Western guarantees, including NATO membership, meant nothing in the face of Russian power. He did not want to confront NATO directly, but he did want to confront and defeat a power that was closely aligned with the United States, had U.S. support, aid and advisers and was widely seen as being under American protection. Georgia was the perfect choice.

By invading Georgia as Russia did (competently if not brilliantly), Putin re-established the credibility of the Russian army. But far more importantly, by doing this Putin revealed an open secret: While the United States is tied down in the Middle East, American guarantees have no value. This lesson is not for American consumption. It is something that, from the Russian point of view, the Ukrainians, the Balts and the Central Asians need to digest. Indeed, it is a lesson Putin wants to transmit to Poland and the Czech Republic as well. The United States wants to place ballistic missile defense installations in those countries, and the Russians want them to understand that allowing this to happen increases their risk, not their security.

The Russians knew the United States would denounce their attack. This actually plays into Russian hands. The more vocal senior leaders are, the greater the contrast with their inaction, and the Russians wanted to drive home the idea that American guarantees are empty talk.

The Russians also know something else that is of vital importance: For the United States, the Middle East is far more important than the Caucasus, and Iran is particularly important. The United States wants the Russians to participate in sanctions against Iran. Even more importantly, they do not want the Russians to sell weapons to Iran, particularly the highly effective S-300 air defense system. Georgia is a marginal issue to the United States; Iran is a central issue. The Russians are in a

position to pose serious problems for the United States not only in Iran, but also with weapons sales to other countries, like Syria.

Therefore, the United States has a problem — it either must reorient its strategy away from the Middle East and toward the Caucasus, or it has to seriously limit its response to Georgia to avoid a Russian counter in Iran. Even if the United States had an appetite for another war in Georgia at this time, it would have to calculate the Russian response in Iran — and possibly in Afghanistan (even though Moscow's interests there are currently aligned with those of Washington).

In other words, the Russians have backed the Americans into a corner. The Europeans, who for the most part lack expeditionary militaries and are dependent upon Russian energy exports, have even fewer options. If nothing else happens, the Russians will have demonstrated that they have resumed their role as a regional power. Russia is not a global power by any means, but a significant regional power with lots of nuclear weapons and an economy that isn't all too shabby at the moment. It has also compelled every state on the Russian periphery to re-evaluate its position relative to Moscow. As for Georgia, the Russians appear ready to demand the resignation of President Mikhail Saakashvili. Militarily, that is their option. That is all they wanted to demonstrate, and they have demonstrated it.

The war in Georgia, therefore, is Russia's public return to great power status. This is not something that just happened — it has been unfolding ever since Putin took power, and with growing intensity in the past five years. Part of it has to do with the increase of Russian power, but a great deal of it has to do with the fact that the Middle Eastern wars have left the United States off-balance and short on resources. As we have written, this conflict created a window of opportunity. The Russian goal is to use that window to assert a new reality throughout the region while the Americans are tied down elsewhere and dependent on the Russians. The war was far from a surprise; it has been building for months. But the geopolitical foundations of the war have been building since 1992. Russia has been an empire for centuries. The last 15 years or so were not the new reality, but simply an aberration that would be rectified. And now it is being rectified.

Georgia, Russia: The Twilight Hour

August 12, 2008

As dusk settled Monday over Tbilisi, the capital of the former Soviet state of Georgia, Russian forces were only 40 miles away. After five brief and brutal days of fighting, the Russian army — in league with its proxies — had gutted the Georgian army and destroyed the Georgian air force and navy. Ports are ruined, occupied or blockaded. Roads are barred. Russian advances have in effect split the country into three parts and prevented any interested parties from intervening on Georgia's behalf.

No one, however, is trying to intervene. There are very few countries that maintain expeditionary forces, and those that do are overcommitted and unable to reinforce the Georgians. Even if troops had been available it is unlikely that they could have reached the battle in time to have made a difference. The Georgians stand alone, and soon they will fall.

The Soviet collapse of 1992 launched a 10-year process of disintegration. Political, economic, military and especially demographic decline set in, eating at the Russian empire from within. During those dark days Moscow lost operational control of most of its own territory, to say nothing of its former provinces and satellites.

Of those provinces and satellites, there were nine that did not spare the horses in their attempts to join the West. Eight succeeded and now belong to both NATO and the European Union. For a variety of reasons, Georgia is the one that failed. As Russia regained its balance and strength after its post-Cold War fall, it became obvious that sooner or later Russia would strike down its small southern neighbor that had the insolence to defy the Kremlin's will.

But in Georgia's twilight hour, Stratfor's gaze is not particularly riveted on Tbilisi. Georgia's fate is more or less sealed. At dawn either the bombs will fall and the tanks will advance and depose the Georgian government by force, or a siege will begin that will depose it in time. Either way, the government of what is currently known as Georgia will evolve into a form that slavishly respects Russian wishes. The only reason Russian officials have not said they will enforce "regime change" is because they feel the term is too American. Whatever the nomenclature, the details of how this change happens pale in comparison to what such a change represents.

Instead, Stratfor's gaze is shifting westward, to those states that only recently escaped the Russian grip and "successfully" joined the West: Estonia, Latvia, Lithuania, Poland, the Czech Republic and Slovakia (formerly Czechoslovakia), Hungary, Romania, and Bulgaria. They have grown and prospered in NATO and the European Union, but their position remains fragile. They are all small states, and collectively — much less alone — they are no match for a strengthening Russia.

And so now we are in a race against time. Moscow will soon attempt to flood its power into the region while the West will try to reinforce its newest members against that flood. In the long run, there is little doubt in our mind as to how the conflict will end. Russia's geography is too big to be easily developed, its ability to directly threaten the United States too limited, and its demographics too poor to ever return Russia to the greatness of its past.

But between Georgia's twilight today and Russia's twilight tomorrow, there is an entire chapter of history to be written. That chapter will chronicle the struggle for those European nations that thought they had been lucky enough to outrun the winds of history.

Ukraine: Heading Toward a Redefinition

August 11, 2008

Summary

The conflict in Georgia and its breakaway region of South Ossetia is leading Ukraine toward another transformation. Kiev's reactions to Moscow's involvement in Georgia indicate that large political changes are going on within Ukraine as the country works to redefine itself in light of Russia's military action in Georgia.

Analysis

As the Russian-Georgian military conflict moves into a new phase, Ukraine is one of the countries watching Moscow's moves most closely. Through its military success in Georgia, Moscow proved once again that it is the dominant power in its periphery — a periphery that had been heavily infiltrated by Western powers. This is creating a shift in Ukrainian politics, particularly as pro-Russian politicians watch how the pro-Western Orange Coalition government handles the new situation in Russia's near abroad.

Ukraine has had a particularly tumultuous time since the fall of the Soviet Union. After the 2004 Orange Revolution, Kiev aligned itself with the United States and its NATO alliance. Since then, Ukraine has fought internally over how to keep itself pro-Western while its very large former master began a resurgence. This sort of internal instability has played itself out multiple times since the Orangists took over, with the Ukrainian government breaking apart, early elections being called and new prime ministers being named. The problem has always been that Ukraine is one of the largest buffers between a West that is pushing its influence eastward and a strengthening Russia that wants to push back. One of the several battles between the West and Russia in Ukraine was seen in early 2006, when Ukraine — under its pro-Western government — stood up to Russia in a dispute over natural gas supplies that flowed through Ukraine to Europe. The result was a New Year's energy cutoff to Ukraine that ended up leaving a dozen European countries in the dark.

This single event signaled a slew of changes. Russia began to use its enormous energy wealth and Europe's dependence on it as a tool against the West and those countries, like Ukraine, that allied with Western powers. The event also changed how many European powers mediate between Ukraine and Russia in order to ensure their own energy supplies.

For Ukraine, the event ended up breaking up the government once again and, for the first time since the Orange Revolution, a pro-Russian prime minister — Viktor Yanukovich — was put in place to try to balance Ukraine's pull between the West and Russia. That government did not last, of course, but the struggle to keep a balance is still in full swing.

This brings us to the current issue: Russia's successful military campaign against Georgia and the actions that Ukraine took in response. Most countries on Russia's periphery stayed quiet during the Georgian-Russian conflict, recognizing that Russia

has proved it can operate in those buffer countries. But Ukraine made some moves that show a larger change is under way in the country.

First, South Ossetia has claimed that among the dead Georgian forces is a group of Ukrainian mercenaries and tank crews. If this is true and the Ukrainian government is proved to have sent them, it will undoubtedly prompt Russia to turn its sights on Kiev. But the reports are still sketchy, and it is not clear if the dead Ukrainians were acting on their own or not.

The more interesting Ukrainian move during this conflict came when the country's Foreign Ministry warned Russia that it would bar Russian ships from returning to the Russian base in Ukraine's Crimea if they deployed off the coast of Georgia, like other Russian navy ships had done. The statement came just when it looked like both the Russian and Georgian sides were starting to talk about negotiations — which of course would inevitably lead to Russia not needing to deploy any more ships. Ukraine's statement was a dangerous one, because the government, its factions and the people inside the country all know that Russia could easily turn its attentions to Ukraine. The timing of the statement makes it seem as if the Foreign Ministry was looking to appear (for a domestic audience) as if it were standing up to Russia, at a time when the threat had no real backing behind it.

But the statement has not rallied the people's support inside Ukraine the way anti-Russian statements typically do, showing a redefinition within Ukrainian politics. While the Foreign Ministry and its political backer, Ukrainian President Viktor Yushchenko, are still looking to prove their tough stance against Russia — whether the threats are empty or not — all other Ukrainian politicians and groups seem to have taken a step back and are looking at the bigger picture. The usually vocal and anti-Russian Prime Minister Yulia Timoshenko, who is Yushchenko's partner from the Orange Revolution, has been silent since the Russia-Georgia conflict began.

All other political leaders, such as pro-Russian presidential hopefuls Yanukovich and Rinat Akhmetov, also are stepping back to see how Russia's success plays out in the ruling Orange Coalition. The pro-Russians have not had much support behind their campaigns against the Orangists, while the Orangists have been nibbling away at their strength and ability to change things within the government. But the Russians have now smashed the Orangists' position.

The Orangists have come to an impasse. Timoshenko has obviously recognized this; Yushchenko most likely has as well, though he is not showing it. They know that their entire political landscape — the one they both fought so hard for during the Orange Revolution — has shifted, if not entirely flip-flopped. The pro-Western Orangists' strength was built on the assumption that in the end, no matter the political theater, Ukraine's geopolitical position and future among the West was secured by the West and its ability to protect Ukraine from Russia.

This assumption has now been proved false, and a redefinition of Ukraine is about to take place. It will be particularly interesting to see this play out in the upcoming presidential elections in Ukraine at the end of 2009 or early 2010, in which the Orangists are looking to keep the country's top spot. But either way, the Orangists know just as well as the pro-Russian factions that, no matter who wins, Kiev must now take Russia much more seriously and not simply ignore Moscow's threats or wishes. Moreover, Ukraine will have to redefine its relationships with the West and its drive to be a part of Western alliances, like the European Union or NATO. In short, Ukraine is about to see yet another transformation.

Georgia, Russia: Checkmate?

August 11, 2008

The conflict in the small former Soviet state of Georgia has taken a new twist.

So far, apart from Russian airstrikes, most of the combat has been limited to the north-central Georgian secessionist province of South Ossetia. But on Aug. 11, Russia beefed up its 2,500-strong peacekeeping force in Abkhazia — a secessionist region in northwestern Georgia — to more than 9,000 troops. And now the Russian Defense Ministry has announced — and the Georgian Interior Ministry has confirmed — that Russian forces have advanced up to the western Georgian city of Senaki.

The presence of Russian troops in Senaki has a number of important implications.

First, the Russian forces used in the operation approached from Abkhazia. There has been a U.N. buffer force between Abkhaz- and Georgian-controlled territory, so for Russian forces to be near Senaki, the Russians would have had to move through — and ultimately beyond — that buffer. Georgia's best troops are also typically kept near Abkhazia, suggesting that those forces have been either bypassed or destroyed. Several reports indicate the Georgians are engaged in combat with Abkhaz forces in the upper reaches of the Kodori Gorge, so it seems likely they were bypassed.

Second, Senaki sits astride a railroad juncture that links the rest of the country not only to Abkhazia, but to Georgia's largest port: Poti. The Russians have already bombed Poti several times, but taking Senaki completely removes the port from the equation.

Third, another Georgian city — Samtredia — is only an hour's march from Senaki. Samtredia sits astride the Baku-Tbilisi-Supsa oil pipeline, transit fees from which are a major portion of Georgia's economic wherewithal. But its military significance for Georgia cannot be overstated.

Samtredia is where Georgia's transport links to its only other ports, Supsa and Batumi, merge with its link to Poti. (Technically, Sukumi is also a Georgian port, but the Abkhaz have controlled it since achieving de facto independence in 1993.) Should Samtredia fall, Russia will have, in effect, enacted a naval blockade of Georgia without using its navy. The city is also the only land link of any meaningful size to Turkey. While Turkey — along with the

rest of the world — does not want to get involved in the conflict, the capture of Samtredia effectively blocks any potential land-based reinforcements from reaching Georgia via Turkey.

Furthermore, there is only one road and rail line that leads east from Samtredia to the rest of the country. This transport corridor is, in essence, the backbone of the entire country. Should Samtredia fall, there is really nothing that can be done — by Georgia or anyone else — to stop the Russians from taking over Georgia outright, one piece at a time, at their leisure.

In essence, the Russians are a heartbeat away from being able to dictate terms to the Georgians without even glancing in the direction of Tbilisi.

Red Alert: Hostilities Erupt in South Ossetia

August 7, 2008

Hostilities erupted in the early hours of Aug. 8 local time between the forces of the former Soviet state of Georgia and South Ossetia, a self-declared republic in Georgia's north central region.

South Ossetia first declared independence in a war in 1993, a feat made possible and sustained until today only with the de facto backing of the Russian Federation. Moscow sees South Ossetia as an excellent tool for preventing Georgia from joining the West.

Reports are contradictory, but all agree that at a minimum, heavy artillery exchanges, possibly even including BM-21 Grad 122-mm artillery rockets, are occurring. But considering that the region's population is just a few tens of thousands, this must be kept in perspective. There are some reports of infantry — and some of tanks — moving into the area. None of these reports are verifiable at present, but the sheer number of them indicates that something dramatic may be happening.

Good information is next to impossible to get out of Georgia at the best of times, and at present — it is the middle of the night in Georgia — sources on multiple sides are reporting radically different things. Everything from "it is rather quiet" to "Georgia has already captured the South Ossetian capital" (in essence the only chunk of territory of any strategic importance) to "there are Russian military vehicles crossing the Georgian-Russian border to reinforce the South Ossetians."

What we know for sure is this: Georgia cannot pretend to be a real country until it brings South Ossetia under control, Russia cannot pretend to be a regional power so long as Georgia resists it, and South Ossetia fears that Georgia and Russia are moving toward a bilateral settlement that would destroy South Ossetia's hopes for independence.

Something has to give in this mix. We will know soon just what.

Russia: The Significance of Missiles in Belarus

July 29, 2008

Summary

Collective Security Treaty Organization (CTSO) states (read: Belarus) could consider deploying offensive weapons on their territory at their next meeting at the end of August according to CTSO Secretary-General Nikolai Bordyuzha. Though this remains purely Russia's call, the potential deployment has military — and more importantly, symbolic — importance.

Related Links

- Russia: A Military Response to U.S. BMD
- Russia: The Fundamentals of Russian Air Defense Exports

Analysis

The secretary-general of the Collective Security Treaty Organization (CSTO), Russia's Nikolai Bordyuzha, stated July 28 that the member states of his organization (which include Russia and Belarus) could consider stationing both Iskander short-range ballistic missiles (SRBMs) and strategic bombers on their borders with Europe in response to U.S. ballistic missile defense (BMD) efforts in Europe. He spoke more directly about military infrastructure improvements on CSTO borders July 26. Though Bordyuzha's comments are not a direct statement of intent from the Kremlin, Bordyuzha is a powerful ally of Russian Prime Minister Vladimir Putin and is not known for exaggeration. While most of his propositions are of mixed consequence militarily, such a move could carry immense symbolism.

A meeting of representatives of CSTO members — Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Russia and Uzbekistan — is to take place at the end of August, and potential responses to U.S. BMD efforts now look to be at the top of the agenda. However, as the pivot around which the CSTO moves as well as the enabling power in terms of military equipment, Russia's position is the only one that really matters (another reason Bordyuzha's statement is of import). Though there has been no shortage of rhetoric out of the Kremlin of late, there has been no actual military movement yet. The Kremlin is still calculating its next move.

As a response to the U.S. BMD plans, placing SRBMs in Belarus (the only CSTO member other than Russia northwest of the Black Sea, and one of Russia's most loyal allies) would not be as militarily effective as placing them in the Russian enclave of Kaliningrad (also under consideration), which is better geographically positioned to target the proposed U.S. interceptor site at Redzikowo, Poland. Both positions would put Russian Iskander SRBMs in range of Warsaw, but neither position would put them in range of the proposed X-band radar site at Misov in the Czech Republic (or even the Czech border, for that matter).

Though mobile Topol intercontinental ballistic missiles (known to NATO as the SS-25 "Sickle") were indeed stationed in Belarus during the Cold War, Russia's few mobile Topol-M (SS-27) missiles are safer in Russia and would not be able to target either Poland or the Czech Republic from such a short distance anyway. The deployment of strategic missiles there for purposes of threatening U.S. BMD installations in Europe is extremely unlikely.

Of course, the CSTO's plan is all premised on the long-delayed Iskander program (known to NATO as the SS-26 "Stone"), which has long been underfunded. The Kremlin's ability to threaten the Polish site at Redzikowo depends on its ability to field this particular system in numbers — something it has yet to demonstrate. Any deployment of a Russian battery equipped with Iskanders to Belarus would be the first foreign deployment of the weapon system.

Unfortunately for Russia, the evisceration that the Intermediate-Range Nuclear Forces Treaty inflicted on Moscow's land-based missile arsenal has left it without the appropriate tools to target either site from its core territory behind the Baltics.

Moving Russia's strategic bombers back into Belarus, meanwhile, would put a component of Russia's long-range strategic deterrent at higher risk while undermining its greatest asset — range. Like the prospect of Topol-M deployments to threaten installations not at strategic distances, this is also unlikely. The shorter-range Tu-22M Backfire is a more likely candidate in terms of capability, though it would only encourage heightened NATO air patrols along the border.

But while the military value of any such move would be limited, the symbolism is immense.

In the wake of the collapse of the Soviet Union, Russia frantically moved its military assets (especially its nuclear weapons and top-tier weapon systems) back to its own territory, or they became assets of the newly independent former Soviet Republics and Warsaw Pact allies. Moscow has even continued to attempt to consolidate additional strategic assets inside its own territory. And while it is unclear whether the Kremlin might simply sell Iskanders to Belarus or whether it is considering actually stationing a Russian missile battery on Belarusian territory, such a move would be a military push toward Europe — reversing a trend now approaching more than a decade in the making (though there is not yet any real indication beyond rumors and rhetoric that Russia might actually redeploy nuclear weapons).

Nothing is certain yet, but it is clear that such a move would be the aggressive military counter that Poland fears. If Russian SRBMs end up in either Kaliningrad or Belarus, the Poles will be clamoring for further support from both the United States and NATO. Though it is now only a threat, an actual deployment could bring a new dynamic to Warsaw's BMD negotiations with Washington. Meanwhile, the Baltic states to the north would be outflanked by the Russian military — bringing back fears of encirclement and even being swallowed up once again.

But from a more geopolitical standpoint, such a move could re-establish a front line in a new Cold War, with Russian weapons targeting a NATO country and U.S. weapons (either defensive or offensive) pointing back. While it would not be as intense an affront to the United States as a Cuban deployment, it will feel precisely like that to Central Europe.

Russia: What About Subs Instead of Planes in Cuba?

July 24, 2008

Summary

With rumors flying (along with subsequent denials) about the potential stationing of Russian military aircraft in Cuba, there is another possibility: the stationing of Russian submarines. It would be a Cold War redux — and an effective way for Russia and the United States to hone their submarine and anti-submarine tactics.

Analysis

During the Cold War — even after the Cuban Missile Crisis in 1962 — Cuba offered an important port for Soviet submarine operations along the U.S. eastern seaboard. Though the rumor mill this week has concentrated on Cuba as a potential refueling base for Russian aircraft — one with no munitions — there is another (unmentioned) possibility worth considering: What about the return of Russian submarines?

Related Links

- Cuba: The Prospects for a Russian Revival
- Russia: Sustaining the Strategic Fleet
- Russia: Future Naval Prospects
- Russia: A New Patrol Submarine on the Market

U.S. submarine operations in the Barents Sea enjoy not only the use of nearby ports in NATO countries but also rotations facilitated by a fleet of some 50 attack submarines. Russia's submarine fleet is doctrinally inclined more toward surge deployments in times of crisis than the sustained global presence that the U.S. Navy has been perfecting since World War II. Though Russian subs could lurk in Atlantic waters close to Washington, Russian crews are neither accustomed to nor drilled in such lengthy deployments.

In addition, given the neglect of the 1990s on Russia's fleet — subsequent maintenance and upgrades aside — reliability remains a concern, and lengthy Russian deployments leave subs much farther from friendly ports than do lengthy deployments of the U.S. fleet.

Quantitatively, Russia's remaining attack-boat fleet is only a fraction of the size of the U.S. fleet (around two-fifths, depending on how many are truly operational). This makes the sustained rotation of subs for a single-boat presence off the American coast far more costly in terms of the percentage of the Russian fleet that would have to be dedicated to the mission.

Nevertheless, since the ocean in general and Cuba in particular lie within Washington's periphery, a token naval presence — even a militarily weak one — that close to the eastern seaboard would be geopolitically attractive for Moscow as a poignant counter to the
Pentagon's ballistic missile defense efforts in the former Soviet sphere. Indeed, for a comparatively small military cost, Moscow could have a disproportionately large impact on Washington, given U.S. sensitivity — both military and political — to its own dominance of the Western hemisphere. Cuba could make the perfect geographic base of operations for either nuclear or conventional submarines (or even those featuring air-independent propulsion.

Though louder than their U.S. counterparts, Russian nuclear attack subs operating out of Cuba would have more freedom to operate further up the U.S. coast for more sustained periods. These subs are also significantly larger than their conventional counterparts and carry more weapons. The Oscar II guided missile submarines, in particular, bristle with two dozen SS-N-19 supersonic anti-ship missiles, though these submarines are some of Russia's most valuable and would probably not be put at risk in so vulnerable a position. (Like any aircraft, while in port, any Russian sub in Cuba would be carefully monitored by U.S. surveillance and would be targeted at the pier or in its berth the moment a shooting war began.)

Russia has also been cranking out new conventional patrol boats of late, and Russia remains one of the world's premier builders of large, late-model, diesel-electric submarines. Though more limited in range, these boats are also exceptionally quiet when operating on battery power.

U.S. proficiency at anti-submarine warfare (ASW), meanwhile, is at a low point. Along with significant delays with the Littoral Combat Ship — an important next-generation ASW platform — ASW has become a lower priority than it was in the days of the Cold War. P-3 Orion maritime patrol aircraft, for example, often deploy to Iraq to assist with surveillance ashore, sometimes not even training in their ASW role while in the region. While new assets like the MH-60R multi-mission maritime helicopter and the P-8A Poseidon are coming online, it will probably be several years before they can be brought to bear operationally.

Even the most limited Russian-sub deployment in the region, if sustained, would require a significant shift in U.S. ASW operations. In the long run, though, from a capabilities standpoint, a renewed Russian submarine presence near the U.S. coast could also offer the best possible impetus to reinvigorate the United States' highly refined ASW skills of the Cold War.

The Russian fleet would first need to demonstrate that its few remaining front-line submarines have been refurbished to the point where they can sustain operations and operate far from home. Maintenance would necessarily be more limited in Cuba, especially regarding the nuclear power plants, so these Russian submarines would have to be in very good shape. Furthermore, Russians are even more out-of-practice than Americans are in submarine operations, and effectively threading a submarine through unfriendly waters requires a great deal of proficiency.

Nevertheless, such a scenario would offer as much of an opportunity for the Russians to regain their skills as it would for the Americans. And while the military counter to a limited Russian deployment might be manageable for the United States, the geopolitical impact could be immense, given Washington's sensitivity about incursions on its turf.

Cuba: The Prospects for a Russian Revival

July 24, 2008

Summary

Rumors of Russian bombers relocating to Cuban soil have shined a spotlight on Cuba's strategic significance to the United States. An actual resurgence of Russian influence in Cuba is unlikely, given Russia's aversion to spending money abroad and Cuba's growing relationship with Washington.

Analysis

Related Links

- Russia: Dynamics of a Military Presence in Cuba
- Cuba, Russia: Rumors and Reality About Russian Bombers

Russian strategic aviation bomber crews may have arrived in Cuba on July 24, according to unconfirmed reports by the Russian daily Izvestia, which cited unidentified Russian Defense officials. A different Russian news agency, Interfax, quickly carried denials that bombers had actually landed on the island. Although actual repositioning of bombers is unlikely, the rumors have returned Cuba (at least briefly) to its former position at the center of the storm that is U.S.-Russian relations. If nothing else, the rumors are an indication of Russia's increasing assertiveness in the region.

Moscow's interest in Latin America has grown during Russia's resurgence from its post-Cold War nadir. Heretofore, Russia's primary contact in Latin America has been with Venezuela's fiery president, Hugo Chavez. The emergence of rumors that Russian bombers are to be deployed in Cuba coincided with Chavez's recent trip to Moscow, and similar rumors have surfaced that Russia might situate a military base in Venezuela. (Caracas has denied that this is a possibility.)

Chavez's visit also represented something of a shift in Venezuelan-Russian relations: He signed a raft of energy agreements, the most significant of which was with Russian energy company LUKoil. Venezuela had previously put the brakes on a deal with LUKoil to explore for oil in the Orinoco River Valley by insisting on imposing daunting taxes and other terms on the deal, but that appears to have changed with Chavez's visit. Caracas' about-face on the issue likely represents a recognition by Chavez of his own declining control over Venezuela's oil industry and an acceptance of the need to encourage investment.

But if the deal goes through, it will have implications beyond Venezuela. It was designed to facilitate LUKoil's purchase of a broken-down refinery in Cuba that would be able to process Venezuelan crude extracted by LUKoil. It could be a long time before the deal bears fruit — LUKoil will need to find a way around the U.S. trade embargo against Cuba if it hopes to export petroleum products refined on the island to the U.S. market. However, deals such as this one give Moscow potential leverage with Havana, which is struggling out of its own devastating economic crisis. For Cuba, any large-scale industrial investment is a beacon of hope. Furthermore, it has long been Havana's goal to become a refining hub in the region.

But Cuba is in a vastly different geopolitical position from where it stood during the Cold War, when the Soviet Union was its one and only sponsor. Now, the decline of

Cuba's political old guard and its progress along the path of gradual liberalization could even allow for an amelioration of tensions with Washington.

Cuba has already established some tentative positive contact with the United States, with the gradual loosening of some embargo restrictions under the Bush administration and the release by the U.S. Congress of some $45 million in aid July 22. But Havana is still waiting for a larger shift in U.S. policy. Cuba's historical tensions with the United States are profound. Substantial support among key constituencies for the embargo prevents much of the U.S. government from moving to change the law.

Should it suit Russian interests, however, Moscow sees no such impediments to making major investments in Cuba — or even more likely, to encouraging politically well-connected companies to do so. Russia is not known for splashing cash around, however, and Cuba knows it. Most of the deals promised between Russia and Latin American partners never come to fruition. Although Moscow and aspiring strategic ally Venezuela have discussed everything from energy investment to railroad projects to jointly run banks, the deals have not come through. Venezuela has purchased more than $4 billion worth of weapons from Russia, but Russia has done very little in the way of actually committing to invest cash.

At this point, the rumors of Russian bombers should be read as signals passing between the United States and Russia — signals that indicate Russia's willingness to needle the United States on its periphery. It is important to note that, should Russia actually go so far as to station military assets in Cuba, it would torpedo any chance of LUKoil exporting oil to the U.S. market. And it would cripple Cuba's chances of mending relations with the United States. Future deals — military or otherwise — between Cuba and Russia are therefore completely hypothetical.

More likely, Cuba is calculating that the threat of more Russian influence could start something of a bidding war between Washington and Moscow. The United States is no longer in the same position it held in the Cold War, and it would not be willing to let Cuba slip away again. Any Russian involvement in Cuba could spark significant U.S. efforts to bring Cuba into the fold.

Cuba, Russia: Rumors and Reality About Russian Bombers

July 24, 2008

Summary

Rumors are flying July 24 that Russia is about to station nuclear bombers in Cuba. Stratfor sources say that in reality, the base the Russians have been talking about would be a small aerial refueling base, not a facility that would hold any munitions.

Analysis

Rumors are flying fast and furious — originally sourced to the Russian periodical Izvestia — that the Russian military is about to station nuclear bombers in Cuba. The reality is considerably different.

The truth, according to Stratfor sources in Russia, is that the Russians have indeed been talking with the Cubans about a base, but it would be a small aerial refueling base — not a facility holding any munitions (aerial or otherwise). Russian nationalists apparently caught wind of the talks and spun it up into a much more provocative story that involves nuclear weapons and potentially regular patrols in the Atlantic.

If the Russian refueling base were to come to pass — and there is no doubt that the Russians could afford such a small deployment — it would serve limited immediate military use. Even at the height of the Cold War, Russian military aircraft were not common in the Atlantic and were a rarity in the Western Hemisphere. What it would do is provide the possibility of future deep patrols should the Russians managed to revitalize their aerial forces. That alone is enough to tie intestines in knots at the Pentagon.

The U.S. defense establishment does not think back fondly on the topic of Cold War Cuba. The Soviet-Cuban alliance allowed for the use of very little Soviet hardware to threaten the United States on a number of levels. Submarine, air and missile assets in Cuba have a very big bang for the buck and allowed the Soviets to threaten core U.S. territory with a minimum of effort.

Of course, it is also not clear that the Cubans are seriously entertaining the proposal. The Cold War days are gone, and the Cuban government is beginning to transition from Fidel Castro's socialism to something else — which means Havana's bottom line is becoming important. A full restoration of Soviet-era subsidies might way sway Havana, but anything less is unlikely to be worth the risk of so directly provoking the Americans.

And Russian purse strings are very tight. Since the Russians are not subsidizing *any* of their old client states, it is unlikely that they would begin with Cuba — a country far away with which a firm reassertion of ties will certainly provoke a lopsidedly large U.S. response. It would make more sense to spend Russian money closer to home influencing events in Russia's near abroad (Georgia and Ukraine come to mind).

Barring a flat-out cash handout to Cuba, there could be offers of possible economic deals. But here too the prospects are dim. The only Russian business interested in

significant investment into Cuba is the oil firm LUKoil. But LUKoil is interested in profit, not politics. LUKoil would like to make Cuba a refining hub, but would like to do so in order to supply its *American* retail gasoline operations. LUKoil is betting on warmer U.S.-Cuban relations, not a renewed Cuba-Russian client relationship. A Russian base in Cuba would destroy those plans, and with them maybe even LUKoil's commercial position in the United States.

That said, there is a great deal more to all this news and rumor than just diplomatic fluff. U.S. missile defense plans taking shape in Central Europe have deeply worried the Russians — Moscow sees the ballistic missile defense system as a direct threat to Russian strategic interests — and the Kremlin is looking for ways to warn the Americans off. Flirting with Cuba most certainly focuses U.S. attention fully on whatever topic the Russians choose to bring up.

Geopolitical Diary: The Multiple Messages Of Military Movement In Georgia

July 16, 2008

The United States has begun joint military maneuvers with Georgia. About 1,000 U.S. troops have been deployed to Georgia to train with Georgian troops. They will be based near Tbilisi, the capital. There will also be small contingents from other regional countries participating. Russia has also launched military exercises involving 8,000 troops in the North Caucasus region bordering on Georgia. The Americans have said that these maneuvers were scheduled months ago and the Russians said that their own exercises have nothing to do with what is going on in Georgia. The Georgians also announced Tuesday that they have approved a 5,000-troop increase in their military as well as a 27 percent increase in their defense budget.

It is certainly true that the American exercises were planned a while ago. But that does not change the fact that the decision to conduct the exercises was going to be seen by the Russians as a challenge, and that the Americans knew that and intended it as such. The Russians have been busy trying to re-assert their sphere of influence in the region, and have seen Georgia as particularly troublesome, in part because it is seeking membership in NATO and in part because the Russians have viewed them in the past as supporting anti-Russian groups in the region. Moreover, the Russians have viewed the United States as deliberately encouraging Georgian aspirations for NATO, and therefore deliberately challenging Russian interests. Whatever their claims, the Americans knew that the Russians would be upset at the maneuvers and that is clearly why the Americans did what they did.

The United States has a credibility problem in the former Soviet Union — Washington is not seen as being particularly effective in protecting its interests or the interests of its allies in the region. The Russians appear to be on the ascendancy and the Americans seem content to let them ascend. This is affecting the behavior of nations around Russia, who seeing U.S. inattentiveness or weakness, find themselves with few options in the face of Russian assertiveness.

The reason, of course, is that the United States is indeed, for the moment, weak. It is absorbed in Iraq and Afghanistan, and has no meaningful reserves. It cannot promise military support to allies like Georgia, because it in fact has very few assets with which to support them. The decision to hold this maneuver with 1,000 troops is a symbolic gesture of commitment to an ally. But the Russians deliberately deployed a much larger number to make several points. They wanted to show the Georgians that they have many more troops available than the Americans, are much nearer, and are more able to mobilize that force quickly while the Americans took months to schedule their undertaking.

The Russian lesson to the Georgians is clear. The Americans can make a symbolic gesture, but symbols are not very important. What matters is, as the Russians say, the correlation of forces. The United States might well be a global power, but at this place and at this time, the Russians are much stronger — and they don't have to travel very far to get there.

During a period of time when the Russians are in Abkhazia and South Ossetia, breakaway regions of Georgia, they are trying to demonstrate that the American maneuvers should be read as a sign of weakness, rather than demonstration of commitment. The troops the United States committed to this exercise were far too few and came from too far away to make much of a difference.

That is why the Georgian decision to increase its own defense budget and army is more significant than the exercise. But even that isn't significant. No matter how much the Georgians do, they cannot counter-balance the Russians. Russia is not looking to invade Georgia, but it is trying to show that invasion is its decision to make, and not one that will be influenced by U.S. troops or Georgian budgets. The lesson is intended to be read not only by the Georgians, but other countries in the former Soviet Union.

Russia is saying that the United States is going to have to do a lot better than this if it is to be considered a credible player in the region and that the Americans can't do much better than what they have already done. Ultimately, the Russians are working to reshape perceptions of American power in the former Soviet Union in order to dispel what they claim is the illusion that Americans are a shield to nations acting in opposition to Russian interests.

Georgia: The Saber-Rattling Gets Louder

July 7, 2008

Summary

Tensions between Georgia and its secessionist regions of Abkhazia and South Ossetia are growing as Russia tries to redefine its position and diminish Western influence in the Caucasus. The increasing clamor over Georgia's breakaway regions highlights the volatile situation between Tbilisi and Moscow.

Analysis

A series of small explosions took place across Abkhazia between June 29 and July 6. On July 4, South Ossetia said it was "mobilizing" in response to Georgian shelling across the border. All this commotion is occurring as Russia is attempting to redefine its position (and the West's) in the region and show the West and Tbilisi that Washington is impotent in the Caucasus and that Tbilisi must bend to Moscow's will. This does not mean that there are not a few spoilers trying to ruin Russia's negotiations with Georgia, but Moscow is fully capable of dealing with those arresters.

Russia has always used Georgia's secessionist regions of Abkhazia and South Ossetia as levers to pressure Tbilisi. Since Georgia's Rose Revolution in 2005, these levers have become increasingly vital to Russia as it resurges into the international arena. Moscow sees Georgia as the West's furthest solid footprint within former Soviet territory and an encroachment on Russia's buffer zone.

Georgia has welcomed the West's attentions and positioned itself to push for NATO membership — which would have solidified the West's hold on the small Caucasus state — over the past year. But the West backed off on the NATO card, much to Tbilisi's regret, and Russia declared victory for that round. Now Moscow is pushing to further prove that, without the West's interference, it can bully Georgia into compliance.

Stratfor sources have indicated that Tbilisi and Moscow are considering a series of deals that use the secessionist regions as bargaining chips. Georgia wants its Georgian refugees to move back into the southern regions of Abkhazia. Most of the deals on the table would allow this, but Russia has added the condition that Georgia must give up its bid for NATO membership — something it has not yet agreed to.

But the secessionist regions are concerned that if Georgia and Russia do come to an understanding, their importance to Moscow will diminish greatly. Both Abkhazia and South Ossetia rely on Russia politically, economically and for security. Moreover, Russia's presence in the regions is the sole reason Georgia has not moved to retake Abkhazia and South Ossetia.

Now the regions are attempting to spoil the negotiations between Georgia and Russia by acting out. This could work if the violence gets out of hand or spills into Georgia

proper, but Russia has many troops in the area and could clamp down on any violence. Russia increased its troop level in Abkhazia in the spring — an apparent sign that Moscow was moving against Georgia — but it now looks as though Moscow was making sure it could keep a lid on the violence if it chose to.

But Russia is not clamping down on the violence yet. It wants to keep the pressure on Georgia while the Moscow-Tbilisi standoff is back on the international stage.

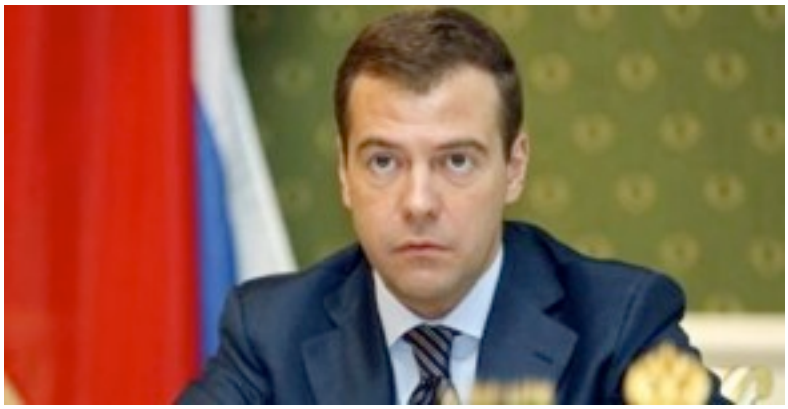
This situation was at the top of the agenda for a quiet (almost secretive) meeting between Russian President Dmitri Medvedev and Georgian President Mikhail Saakashvili in Kazakhstan on July 6. The meeting was peculiar because Saakashvili had to travel into the heart of Central Asia to see Medvedev before he traveled to the G-8 summit in Japan, where the new Russian president would discuss the matter with other global leaders, including U.S. President George W. Bush and German Chancellor Angela Merkel.

Medvedev is certainly making sure all the players are on the same page, especially before Merkel travels to Georgia to meet with Saakashvili on July 8 and U.S. Secretary of State Condoleezza Rice makes the same trip the following day. Tbilisi is looking to these visits for any sign that the West is still behind Georgia. But Washington and Berlin are too bogged down with Iraq and EU chaos respectively to push back on Russia in a region that is too far away for either Western power to easily meddle in. The major Western powers might be visiting Georgia, but they have remained relatively silent on Russia's so-called "aggressions" — demonstrating their lack of reaction to Russia's push back into its periphery.

But amid all the meetings and noise, it is clear that Russia is redefining who exactly is in charge in the Caucasus region. The West is just too far away and too busy to deal with Georgia at the moment, leaving the door wide open for Russia to solidify its demands with Tbilisi — something Georgia has come to realize.

Russia: Medvedev's Whistle Stop Tour

July 3, 2008



Summary

New Russian President Dmitri Medvedev on July 3 began a short tour of Azerbaijan, Turkmenistan and Kazakhstan on his way to the July 7 G8 summit in Japan. The tour illustrates Moscow's desire to consolidate its influence over countries that are strategically important to Russia.

Analysis

New Russian President Dmitri Medvedev set out July 3 for a tour of several former Soviet states on his way to the G8 meeting in Japan on July 7. Medvedev will stop off in Azerbaijan, Turkmenistan and Kazakhstan, three countries that have already met with the new president — some more than once — in the two short months since he took office. The tour clearly demonstrates Moscow's move to consolidate its relationships with countries of strategic importance to Russia.

Just two weeks after taking the helm in Moscow on May 7, Medvedev made his first official foreign trip, heading east to Kazakhstan and China rather than the traditional Russian presidential voyage westward to Europe. Medvedev's choice was a sign that Russia's focus was not mostly on the West anymore and that Moscow was in the process of not only consolidating its relationship with Kazakhstan but also showing China that Moscow still considers Central Asia to be Russian turf.

Central Asia and Azerbaijan are strategically important to Russia for several reasons. First, they are part of Russia's periphery that has many other large and looming powers on the other side — such as China on the other side of Central Asia and Iran on the other side of Azerbaijan. The West has also infiltrated the former Soviet regions interested in their large energy wealth. Azerbaijan, Kazakhstan and Turkmenistan each have considerable oil and natural gas supplies which are just now being significantly tapped:

- Kazakhstan is estimated (on the high end) to have 40 billion barrels of oil reserves and 3 trillion cubic meters of natural gas.
- Turkmenistan is estimated to have 3 trillion cubic meters of natural gas and some of the world's largest natural gas fields, as well as 2-6 billion barrels of oil.
- Azerbaijan has an estimated 13 billion barrels of oil reserves and 2 trillion cubic meters of natural gas.

Russia already has Soviet-era connections in place with Turkmenistan and Kazakhstan, though these lines are aged and do not tap the greater energy wealth from these countries. Russia also has infrastructure in place with Azerbaijan, though its purpose was to supply Azerbaijan with Russian energy until 2005, since Azerbaijan's energy reserves were unexploited until recently. But Russia is faced with large competition from the West, Middle East and China for Central Asian and Caucasus energy.

Russia currently relies on supplies from Turkmenistan and Kazakhstan to help fill its export orders in Europe. If those supplies get diverted from Russian pipelines, then Russia could not fill its orders. Moreover, Russia is seeing declining oil and natural gas production, so it is looking to Turkmenistan, Kazakhstan and Azerbaijan to make up the difference in the future. If the supplies from those three countries are diverted to either the West or China, then not only is Russia in an energy crunch, but it will lose some of its ability to use energy policy as a political tool.

This is where Medvedev is stepping in. He is looking to consolidate Moscow's ties with Baku, Ashgabat and Astana, though each in a different way.

Medvedev has already met with Azerbaijani President Ilham Aliyev twice since becoming president, with energy and Azerbaijan's security on the table. Azerbaijan has been locked into a tense disagreement with its neighbor Armenia over the secessionist region of Nagorno-Karabakh since the two countries went to war 20 years ago. With Baku's newfound energy wealth, it has been ramping up its military and defenses — with much help from Russia. Azerbaijan also knows that Armenia is heavily reliant on Russia for political, economic and defense support — something that Baku resents. The Nagorno-Karabakh issue is one that Medvedev could exploit in the future to keep Azerbaijan open to Moscow's wishes.

CENTRAL ASIAN PIPELINES

AZERBAIJANI PIPELINES

Turkmenistan has traditionally held an isolated and independent foreign policy in an attempt to keep from being under Beijing, Washington, Brussels or Moscow's thumb. But since Ashgabat has started feeling the desire to reap the monetary benefits of its enormous energy wealth, it has been talking to each side about where to send Turkmen oil and natural gas. The problem is that Turkmenistan is signing deals with just about everyone and has not had its reserves developed enough to fill those deals. Two pipelines are already under construction — one going to Kazakhstan and then to China, and the other going to Russia. Both pipelines are expected to be completed in late 2009 without the supplies to fill both of them. Whereas Beijing is ready to front the cash to have its pipeline supplied, Russia is trying a different

tactic. Russia has the cash to spend, but is forming a military relationship with its former Soviet state to help consolidate their ties.

Moscow has not yet revealed its plans for getting Kazakhstan's energy supplies flowing into Russia. Money tends to get Kazakh President Nursultan Nazarbayev's attention, but Russia has not yet opened its wallet. Kazakhstan and Russia have other economic ties, such as the large Kazakh population living across the border, but Astana is looking for more from Moscow now.

Medvedev's whistle stop tour to these three countries is imperative to Russia, as Moscow wants to prove its power globally once again. Though Moscow has energy and influence, it depends on these countries to create a buffer between Russia and other world powers. Furthermore, Moscow wants to make sure these countries' energy supplies flow only where the Kremlin wants them to go.

Georgia, Russia: Violence in Response to a Regional Redefinition

June 30, 2008

Summary

A recent increase in violence in the Georgian secessionist region of Abkhazia could signal an attempt to sabotage renewed Georgian-Russian negotiations. More important is what these negotiations — and the lack of Western intervention on Georgia's behalf — say about the shift of power toward Russia's favor.

Analysis

There has been a recent uptick in violence in the Georgian secessionist region of Abkhazia, with six people suffering injuries June 30 when two small bombs went off in trash bins in a parking lot across the street from a market in the Abkhaz capital of Sukhumi. On the previous day, another six people were injured when two small bombs exploded in the Abkhaz Black Sea resort city of Gagra. Abkhaz authorities immediately blamed Georgians for the attacks, and they quickly announced that the border between Georgia and Abkhazia would close July 1 in response.

Violence and random attacks occur frequently inside Abkhazia and across the border in Georgia proper. This sudden spike in violence is most likely not random, but an attempt by the Abkhaz to sabotage a new opening of Georgia-Russia negotiations.

Georgia has two separatist enclaves, Abkhazia and South Ossetia, that achieved de facto independence in 1993 and have benefited from Russian protection — including the presence of Russian peacekeepers — ever since. Abkhazia is the more militant of the two. Tensions have been high in the region for many years, with Russia using its presence in Abkhazia and South Ossetia to push back on Georgia, which has been pro-Western since its Rose Revolution in 2005 — much to Russia's ire. Since then, the West (mainly the United States) has seen Georgia as its closest ally in the region.

Over the past few years, a series of militant and military squabbles has escalated the situation. In addition, Russia has increased its troop presence in Abkhazia, and Georgia has sought NATO membership as part of the West's overall protection. But Tbilisi has learned in the past year that the West has much more significant issues on its plate. The European Union is in internal chaos over the Lisbon Treaty, and the United States is bogged down with Iran and Iraq.

Moreover, Georgia has felt increasingly isolated by the West's abandonment in the face of Russia's growing aggression. In the past month, it has also seen a symbolic consolidation of relations between Armenia and Azerbaijan with Russia. New Russian President Dmitri Medvedev has met with the Armenian and Azerbaijani leaders at least twice in the past month, and another trip to Baku is slated for the week of June 30.

Unless it wants to commit geopolitical suicide by taking on Russia by itself, Georgia now has only one real option: It must strike a deal with Moscow. One is already on the table, according to leaks in the media. It includes the Georgians partitioning

Abkhazia and allowing refugee Georgians, who fled in the early 1990s during the Georgian-Abkhaz conflict, to return. But Russia has nixed this deal outright.

According to Stratfor sources, however, there is another deal in the works. It would allow Georgian refugees to return to a small section in Abkhazia just north of Gali in exchange for the Kodori Gorge region, the only part of Abkhazia that is under Georgian control. This deal could actually work for both the Abkhaz and the Georgians in that both get back a small sliver of what they claim as their territory. Georgia might be comfortable giving up Kodori because it includes a small ethnic group called the Svans –- fierce fighters who are pro-Georgian — who would be capable of keeping watch on Abkhaz and Russians in the region for Tbilisi. But the deal has to go through Russia, which has its own hook: It wants Tbilisi to renounce its bid for NATO membership.

The Georgians could go along with such a demand, since they know the West currently has little interest in their country. Georgia also knows that a deal with Moscow could be broken in the future, just as others have been broken in the past.

But in this case, the details do not really matter. Whether Tbilisi accepts this deal or another also matters less than what this situation says about the overall power play that is unfolding. Russia has resumed its authority. The fact that Georgia might be scrambling for a deal before a crisis erupts marks the return of Russian authority, and a redefinition of the balance of power in the region.

Currently, the West does not have the wherewithal to confront Russia. If it did, a defining confrontation would have unfolded. The West has passed on that opportunity, leaving Georgia to fly solo and at the mercy of Russian will. But this inaction signals a greater understanding by the West — that Russia's power will not remain in Georgia, but expand to other regions and beyond.

Russia: Problems in the Winners' Circle

June 13, 2008

Summary

As an energy and grain exporter, Russia is one of the clear winners in the current global energy and food markets. However, the recent changes within Russia will present the Kremlin with some tough choices about how to prioritize its political and economic goals.

Analysis

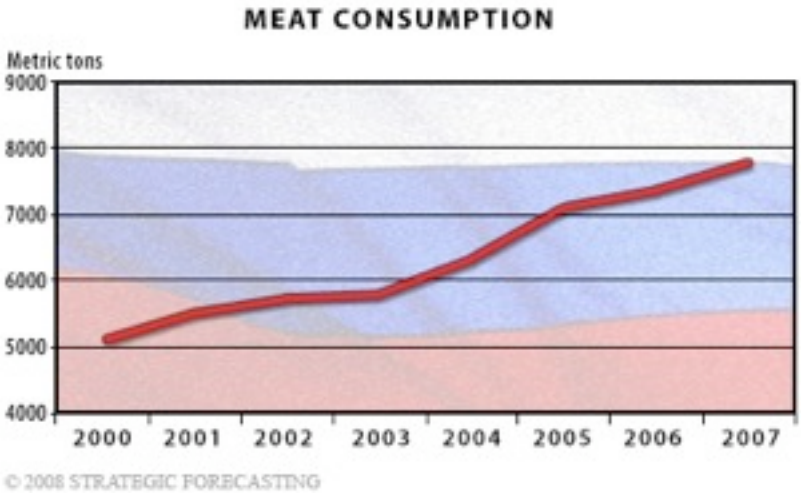
As Stratfor follows the tumult in the energy and food markets and its effects on the global balance of power, a line has been drawn between the countries that are "winners" and which are "losers" in the short and long terms. Those countries that rely on food and oil imports are in a lose-lose situation and those that export seem to not only be comfortable, but reaping all the political and financial power that accompanies such a position. There is also a gray area full of those countries that export one strategic resource and import the other.

Russia seems to fit squarely in the category of clear winners, since it holds and exports some of the world's largest energy supplies and is also a minor grain exporter. Russia also has been swimming in the financial windfall that comes with being such a large energy exporter. Moreover, Russia has been discussing how it can expand its agricultural sector in order to meet the increased global demand for foodstuffs.

But there is a downside to being a winner. Russia has been changing internally, and that transformation is creating new burdens to bear and testing the Kremlin's ability to carry the weight.

After the fall of the Soviet Union, Russia went through different economic models that were like a series of social, political and economic earthquakes. Under the stress of those changes and the global recession of the late 1990s, Russia's economy nearly collapsed in the 1998 ruble crisis. During that time, the average monthly income in Russia was between $20 and $70, and the Russian people's standard of living depended on the availability of bare necessities. In the past decade, though, as the Russian economy has recovered and the country has begun seeing the state use its petrodollars, the standard of living inside Russia has risen dramatically.

However, as the Russian people have grown richer, their basic consumption patterns — including food consumption — have changed. Their food consumption has shifted from the cheaper grains and potatoes to more expensive foods, like meat and dairy. Russia's consumption of meat has nearly doubled since 2000 and has risen 5 percent since the start of 2008.

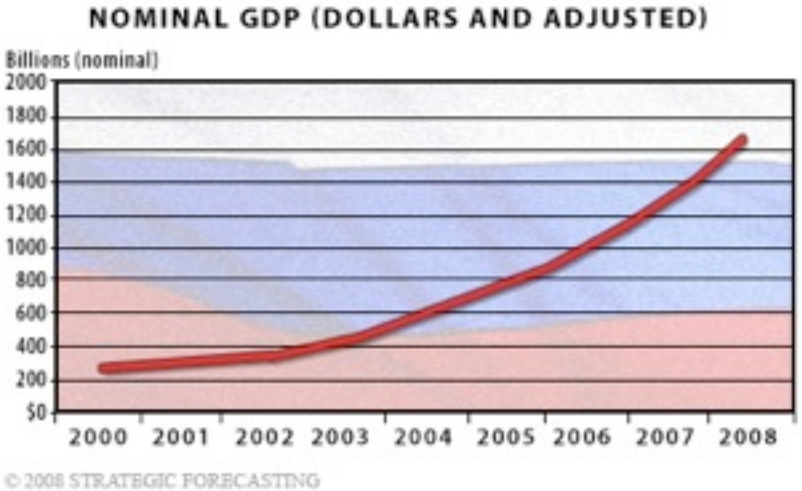


The issue is that meat prices are in the mix of commodities whose prices are skyrocketing. Meat and dairy have grown more expensive for a slew of reasons, including high transportation costs and higher prices for the grain needed to feed the livestock. Depending on the region, prices for meat and dairy in Russia have risen between 7 percent and 22 percent since the beginning of the year. In a poll, most Russians placed food prices and security as their current top concern.

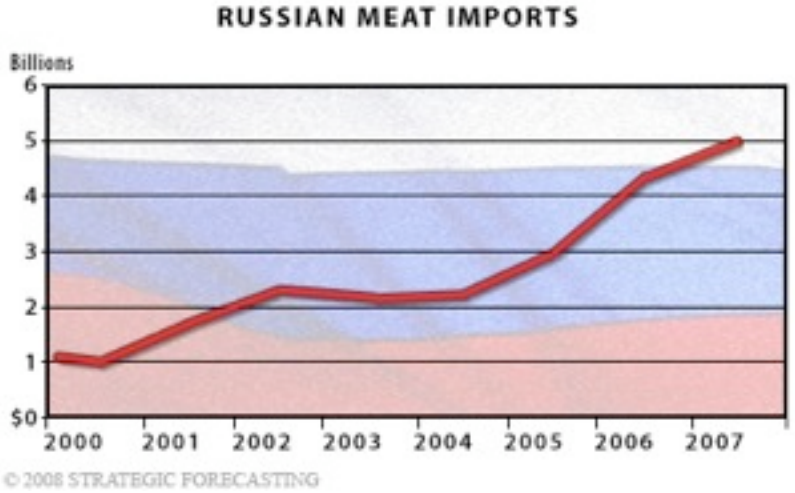
The Kremlin has acknowledged these concerns and, in the past six months, placed three price freezes on certain strategic food items, like meat and dairy. One of the main reasons for the swift response from the government is that the Kremlin did not want to face criticism during an election cycle. But the Kremlin is now looking at the long term and is considering an indefinite price freeze for "socially important" foodstuffs.

The Russian government is not worried about people starving, as many other countries are; after all, Russia is a net exporter of grains. Moreover, it is technically possible to change a population's food consumption pattern back to what it was seven years ago pretty quickly. What could be problematic are the social and political implications of a massive dietary change in a country where food consumption patterns are a major form of social status and differentiation.

Dietary patterns mark today's Russians as rich and powerful domestically, as opposed to their position seven years ago when their country was weak and in economic disarray. Politically, Russia's leaders pride themselves on high domestic approval ratings and control over a consolidated society. This could rapidly change if people are forced back to eating habits from their dire past — after all, who likes to switch from steak to gruel? Keep in mind that a series of food crises hit Russia in the early 1900s and created one of the pillars of the 1905 and 1917 Russian revolutions. This does not mean that a revolution is on the way, but that social unrest and food scarcity have caused such things in the past.



The Russian government today is wealthy enough to absorb some of the high costs of food. The Russian gross domestic product has risen nearly tenfold since 2000 due to the inflow of petrodollars. Moreover, Russia has several rainy day funds amounting to approximately $160 billion that are sitting idle. But the Kremlin wants to keep that cash aside for real crises and to help its ambitious plans to reshape Russia's national economy and recreate its global presence.



Russia's current food consumption problems could create another problem: If Russians continue eating more expensive items, like meat, Russia will either have to continue relying on imports of such goods or grow its own husbandry sector. Russia's meat industry is minor; the country currently imports more than 76 percent of its meat, mostly from the European Union. Increased meat consumption in Russia has been supported by increasing imports.

This does not mean that Russia cannot expand its own husbandry industry. The country has enough land and water resources available to boost both that and agriculture. However, it would be a massive long-term and expensive undertaking to develop the industry and infrastructure needed, and it is unclear whether Russia has the necessary domestic work force or if it would need to import that as well.

Regardless, the Russian government under Prime Minister Vladimir Putin and President Dmitri Medvedev has made it its goal to prevent dependence on other countries for strategic items, such as energy or food, and see its dependence on the European Union for meat as a possible vulnerability. Moscow has used the export of its strategic goods — particularly energy — as a tool or weapon against Europe and others in the past, and there are quite a few countries that would be interested in returning the favor.

As long as food prices remain high, the Kremlin will have to make some hard choices between social instability, diverting money intended to rebuild a strong Russia or depending on its neighbors in Europe, though Moscow wants to be the dominant partner in that relationship.

Russia: The Message of Victory Day

May 8, 2008

Summary

Russia will hold its annual Victory Day celebration May 9. The celebration will serve as a show of strength for new Russian President Dmitri Medvedev. The parade of Russian military hardware through Red Square is meant to show the Russian people and the West that Medvedev is capable of continuing on the path followed by his predecessor, Prime Minister Vladimir Putin. Moreover, it is a chance for Russia to show off its defense capabilities.

Related Links

- Russia: The Future of the Kremlin's Defense Exports
- The INF Treaty: Implications of a Russian Withdrawal
- Russia: Future Naval Prospects
- Rehearsal for Russia's Victory Day Parade (Photo Essay)

Analysis

Russia will celebrate its annual Victory Day on May 9, and the Kremlin is pulling out all the stops this year in order to send a clear message to the Russian people and the West.

Victory Day is one of the largest holidays in Russia. This year's celebration will mark the 63rd anniversary of the defeat of Nazi Germany in 1945 that legitimized the Soviet Union as a global leader and a powerful force with which the rest of the world would have to reckon.

During the Soviet era, this holiday was celebrated with enormous pomp and circumstance, with the full spectrum of Soviet military hardware on display, passing through Red Square and attended annually by foreign dignitaries. But the fall of the Soviet Union made Victory Day bittersweet; the holiday quickly became a reminder to Russians of just how far the motherland had fallen since its peak as one of the world's two superpowers. Though Russia continued to celebrate the holiday, it was no longer accompanied by the fanfare. The parade became a shadow of its former self, with only a few pieces of military hardware and a small contingent of troops.

Everything changed for Russia in 2000, when former President Vladimir Putin came into power and shifted the country from catastrophe to reconstruction — a shift that has allowed the state, after just eight years, to return as a force on the international stage. Putin's presidency was entirely focused on returning Russia to its status as a "great power." He was not interested in the return of the Soviet Union per se, but he did use that level of greatness and global importance as a goal to strive for.

Putin began his presidency by consolidating the state's control over Russia's resources, infrastructure, economy, security and society. He organized the country's enormous energy wealth into something that could fund Russia's resurgence and serve as a tool (and sometimes a weapon) to enforce Moscow's will at home and abroad. Russia reinforced this idea by resuming large-scale military exercises, limiting foreigners' access to the Russian economy and consolidating the government's control mainly under Putin's party. This is not to say that the

consolidation, rebuilding and resurgence is complete, but it has reached some important milestones and given Moscow a confidence not seen in decades.

As Putin left office May 7, passing the torch to new President Dmitri Medvedev, the two men planned May 9's Victory Day as if Moscow had reached a Soviet level of assurance. The celebration is slated to include a full-scale military parade on Red Square, which will include not only infantry, mechanized and armored units, but also Strategic Aviation elements and the Strategic Rocket Forces. The parade will be the first time the successor to the Red Army will show off its armor and missiles at Red Square. Organizers have revealed that more than 8,000 soldiers (in new uniforms) will be involved; some 30 aircraft, including strategic bombers and fighter jets, will fly overhead; and more than 200 pieces of military hardware will roll across the square, including tanks, infantry fighting vehicles, armored personnel carriers, artillery rocket launchers, air defense systems and surface-to-surface missile systems including four Topol-M mobile intercontinental ballistic missile systems.

But why hold such a big show in the days after Putin leaves office, and while the Kremlin has yet to fully consolidate and refurbish the military? Simple: to send a message to the parade's domestic and international audiences.

First off, as Putin trades the presidency for the prime ministerial post, there is concern within some of the Kremlin factions that Medvedev will not be able to continue his predecessor's master plan. Yes, Putin will still hold most of the power in his new role, but that does not mean that Medvedev's reputation can simply be disregarded. Putin needs to put on a show of power for his young successor, especially since most of the skeptics in Russia that are not in Medvedev's corner happen to be from Putin's old faction of the KGB, which is now the Federal Security Bureau. Displaying Russia's military might at the start of Medvedev's presidency certainly achieves this; it might not fix the security factions' prejudices against the new president, but it is a start. Parades are also a good way to rally the people's support.

This also shows the West that a new president will not change Russia's saber-rattling. As in the past, this sort of parade will be of great interest to Western governments and intelligence agencies eager to see what new hardware the Russians have.

But more than that, this is a strategic time for Russia to display its defense capabilities since Moscow is locked in a tense standoff with some of its former Soviet states and the West. Putin has accused the West of stoking another arms race, as the two sides cannot agree on new missile treaties and the United States is planning on implementing ballistic missile defense systems next door to Russia in Poland and the Czech Republic — inside the former Soviet sphere of influence. Moscow is also in a dispute with its small neighbor Georgia over Russian troops stationed in Georgia's secessionist regions, with both sides on the verge of sparking an actual war.

Having 8,000 Russian soldiers, freshly painted equipment and some of the world's most powerful missile systems all traipsed in force across and above the symbolic stage of Red Square is a clear signal to all those against Moscow, from Washington to Tbilisi, that Russia might never be fully restored to its former glory, but that it still has some very real and powerful tools that it can pull out if it wants to.

EU, Russia: Obstacles to a Partnership Agreement

April 25, 2008

Summary

Poland's foreign minister said April 25 that his country will not continue blocking EU partnership agreement negotiations with Russia. Polish politics aside, the Russian-EU economic partnership appears doomed, given a list of demands reportedly sent to Moscow by Lithuania.

Analysis

Poland will not resume its ban on Russian-EU negotiations for a partnership agreement, despite reports to the contrary earlier in April, Polish Foreign Minister Radoslaw Sikorski said April 25.

Unfortunately for Russia, plenty of other countries are willing to veto the renewal of negotiations.

It only takes one EU country to veto measures up for consideration, so any one of the 27 EU members or the European Commission can keep negotiations with Russia from moving forward.

Poland vetoed the Russia-EU partnership since November 2005 due to a Russian ban on Polish meat imports. Russian and Polish relations seemed to improve in late 2007 when a new center-right government led by Donald Tusk came to power, replacing the vehemently anti-Russian (even by Polish standards) Prime Minister Jaroslav Kaczynski. But reports began to leak within Polish media that Warsaw would continue to block the talks because Georgia and Ukraine were not offered plans for NATO membership at the recent alliance summit in Bucharest.

Poland was one of the summit attendees most enthusiastic about expanding NATO membership, especially to former Soviet states that Moscow considers part of Russia's turf. Stratfor sources in Poland said the leaks regarding the continued Polish blocking action came from Kaczynski and the camp of his brother, President Lech Kaczynski. Their goal reportedly was not only to continue their anti-Russian campaign, but to undermine Tusk, with whom the brothers rarely are on speaking terms.

Polish politics aside, negotiating a new Russian-EU partnership still looks doomed, as Lithuania has now stepped up to veto a resumption of the talks. Reportedly, Lithuania has sent a list of demands to Moscow before talks can resume.

Vilnius first wants a guarantee on oil supplies. In July 2006, a major trunk of the Druzhba oil pipeline running from Russia to Lithuania ruptured, cutting off 324,000 barrels per day. Lithuania receives 90 percent of its oil from the Druzhba, which also supplied the Baltic nation's Mazeikiu Nafta refinery. The line and refinery also supplied oil to Lithuania's neighbors Poland, Latvia and Estonia. The rupture should have taken no longer than a few days to fix, but Russian pipeline company Transneft has said the repairs have been put off indefinitely.

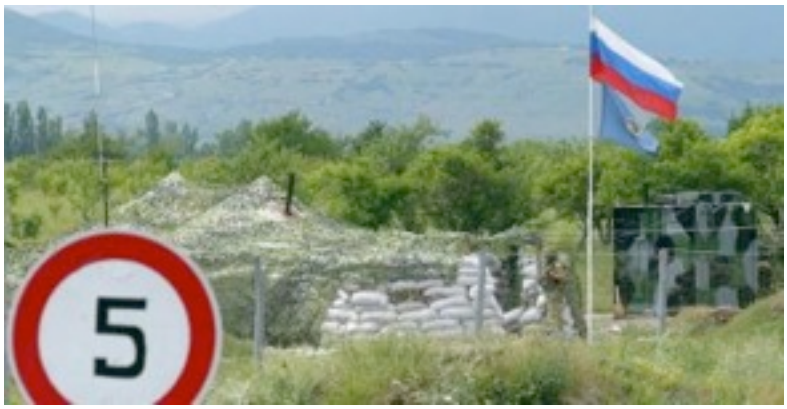
The Druzhba's "accidental rupture" most conveniently occurred during Russia's attempt to take over the Mazeikiu Nafta refinery, which Lithuania was looking to sell to anyone but Russia. Vilnius still is feeling the ramifications of this economic dispute turned political, as it now must have its oil shipped from Russia at great expense.

Interestingly, Lithuania put two more demands on its list to Russia, asking for Moscow to cease its meddling and conflicts in Moldova and Georgia. Russia has been involved in the negotiations over Moldova's secessionist region of Transdniestria — where Moscow has stationed troops — as well as been locked in a bitter struggle with Georgia over the latter's secessionist regions of South Ossetia and Abkhazia. Russian meddling in these two former Soviet states is typical, though Moscow's meddling in both has escalated recently. As a former Soviet state itself, Lithuania knows that when Russia escalates its interference in peripheral states such as Georgia, Moldova and Ukraine, Russian meddling in the Baltic states is not far behind.

But even if Russia and Lithuania were able to find a solution and Vilnius lifted its veto, there are still a slew of states with issues with Russia willing to act as the next roadblock to the negotiations. Just some of the countries and their issues include Lufthansa German Airlines' airspace dispute with Russia and a dispute between Russia and Finland over timber exports and tariffs. Stratfor sources in Finland have said Helsinki is not even preparing to discuss Russia or a resumption of Russian-EU talks at the upcoming EU Foreign Ministers meeting in Luxembourg on April 28-29. While these countries have not come out and formally vetoed the Russia-EU partnership, they do not have to as long as one EU country is willing to stand up to the European Union's large neighbor.

Georgia: Russia's Response to the United States

March 20, 2008



Summary

Russia announced March 20 that it plans to send more peacekeepers to the Georgian breakaway regions of Abkhazia and South Ossetia, and it could decide to recognize the regions' independence. The moves come a day after U.S. President George W. Bush announced the United States' support for Georgia's membership in NATO. Russia's decisions on Georgia could set up heated conflicts not only between Moscow and Tbilisi, but also between Moscow and Washington.

Related Links

- NATO Expansion: Pushing Russia's Buttons

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- NATO Expansion: Pushing Russia's Buttons-Extended Interview

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Analysis

he day after U.S. President George W. Bush announced Washington's overwhelming support for the former Soviet state of Georgia to join NATO, Russia has already launched a response.

During a March 19 meeting with Georgian President Mikhail Saakashvili, Bush announced that the United States will push for Georgia to begin the NATO Membership Action Plan — the first step to join the alliance — at the April 2 NATO summit in Bucharest, Romania. The announcement goes directly against Russia's desire to keep NATO and the West out of its periphery while it works to consolidate control over the former Soviet states.

Russia wanted to make a deal on the issue March 17, when U.S. Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates met with their Russian counterparts Foreign Minister Sergei Lavrov and Defense Minister Anatoly Serdyukov. Moscow proposed that if the United States backed away from proposed NATO membership for Georgia and Ukraine, Russia would stop causing instability in Ukraine's transit of natural gas to Europe and also in Serbia and the newly independent Kosovo. But no deal seems to have been reached, since Bush's announcement came just two days after the United States and Russia discussed the topic.

Now Moscow has two very volatile potential responses on the table: moving troops and possibly recognizing Georgia's secessionist regions of South Ossetia and Abkhazia. These actions not only could completely destabilize Georgia, but also could also spark a war between the small Caucasian country and its large neighbor.

First, Russia's State Duma on March 20 laid the groundwork to increase the number of Russian peacekeepers deployed in South Ossetia and Abkhazia and along the Georgian-Russian border. Russia already has troops in the area, with logistical links to forces already in country. Russian troops in the Northern Caucasus normally patrol the Islamist secessionist regions of Ingushetia and Chechnya. However, Russia has reined in the Islamist militant movements in the Russian parts of the Caucasus during the past year, though those troops remain in the region. Technically, it would

be relatively easy to move those troops either to the border with Georgia or into one of the two secessionist regions where Russian peacekeepers already are stationed.

Russia's second move is the possible recognition of Abkhazia and South Ossetia. Stratfor sources say the Russian Duma is to present its recommendation to the executive branch on March 21 to recognize the republics. Russian President Vladimir Putin would still have to give the green light, but the Duma's backing alone gives the threat a strong foundation.

Moscow has held the regional independence card for some time now, because Georgia has said that recognizing Abkhazia and South Ossetia would amount to a declaration of war. This and the announcement of possible Russian troop movements, along with the West's desire to keep Georgia stable, are all puzzle pieces that, when fitted together, could create not only a major confrontation between Moscow and Tbilisi, but also between Moscow and Washington.

Georgia, Russia: South Ossetia Calls for Sovereignty

March 5, 2008

Summary

South Ossetia, one of two Russian-backed Georgian separatist regions, called on the United Nations, the European Union and Russia to recognize its sovereignty March 5. The move — and U.S. Secretary of State Condoleezza Rice's response — is significant given its geopolitical context.

Analysis

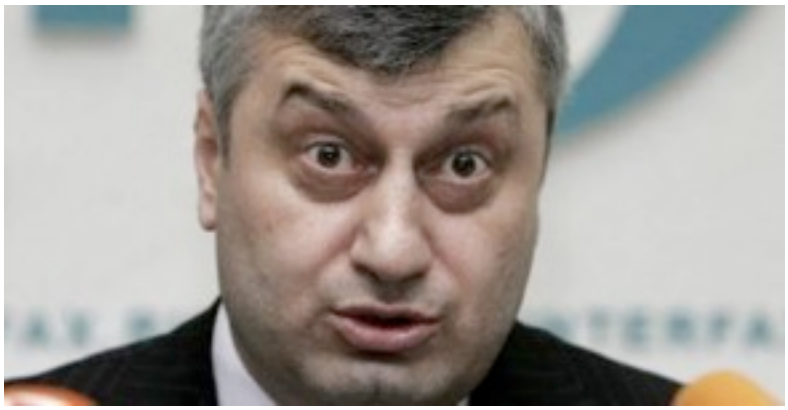
But both Abkhazia and South Ossetia previously have attempted to prod the West and Russia on moving toward independence. This time, Rice has responded, showing that unlike before, Washington is watching this region very closely.

Russia had warned that Kosovar independence would create a major problem for countries with secessionist worries. Compounding these fears, Russia earlier indicated it would reconsider its position on possibly recognizing the two secessionist regions of Western-backed Georgia. By prodding South Ossetia to demand independence and Abkhazia to cause tensions along the Georgian border to flare up, Russia is sending a not-so-subtle hint that Georgia's territorial integrity could soon be compromised.

But several arrestors remain in play. First, neither region can do too much on its own. They need Russia to act on their behalf, but if Moscow were to recognize South Ossetian or Abkhazian independence, Russia would be opening a can of worms in its own territory given its multitude of secessionist regions — including Chechnya, Ingushetia and Dagestan, to name just a few. Second, a declaration of independence by Abkhazia or South Ossetia is tantamount to a declaration of war on Georgia. Such a decision is for Russia — not South Ossetia or Abkhazia — to make. For now, it appears Moscow is content with using the threat of action — but pushed enough by the West, such a move could be an option worth considering.

Georgia: Abkhazia Mobilizes

February 29, 2008



Sergei Bagapsh, the president of the separatist Georgian region of Abkhazia, announced the partial mobilization of the de facto independent republic's military Feb. 29. Bagapsh said Abkhazia fears a Georgian military incursion.

Georgia recently moved 160 border patrol guards to its border with Abkhazia, saying it feared a flare-up from the secessionist region after Kosovo declared independence from Serbia. Russia — which has backed Abkhazia and Georgia's other breakaway enclave of South Ossetia — compounded Georgia's fears by announcing it is reconsidering its position on possibly recognizing Georgia's two separatist regions.

Russia staunchly and loudly opposed Kosovar independence, though most Western states ignored Russia's stance and recognized Kosovo over Russian objections. Since then, Russia has been playing a game of tit for tat with the West and with former Soviet states that have become pro-Western, like Georgia.

Georgia actually gave Abkhazia and Russia an excuse to act when it moved more troops to the Abkhazian border. Now, Bagapsh has announced Abkhazia's own movement of troops to the border. Recently, tensions between Abkhazia and Georgia have broken out in a minor gunfire spat and the kidnapping of a Georgian journalist. But in this situation —and especially with Moscow's nudging — more troops from each side facing off could well flare up into something nastier.

Neither Abkhazia nor Georgia has the military capability to alter the balance between them meaningfully — Abkhazia due to lack of numbers and Georgia due to lack of competent military forces. The only way something more serious than skirmishes could develop would be for a third power — e.g., Russia — to intervene. So far at least, Russia has proved unwilling to commit to that step.

Russia: Putin's Directional Silence at the CIS Summit

February 22, 2008

Summary

Russia hosted an impromptu Commonwealth of Independent States summit Feb. 22. The summit is of critical importance because of what was accomplished there — and because of what was not. Russian President Vladimir Putin's decisions about which leaders to hold bilateral meetings with are telling.

Analysis

Russian President Vladimir Putin hosted an impromptu Commonwealth of Independent States (CIS) summit in Moscow on Feb. 22. The formal details of the meetings are uninspiring, but the summit is of critical importance — because of both what it achieved and what it did not.

The summit itself consisted of the same sort of airy discussions on collective trade, migration and security that are hallmarks of CIS meetings. Typically, such discussions result in nothing but framing the talks for the next summit. The real substance at the gatherings of the 12 former Soviet Union states usually comes in the bilateral meetings, during which the Russian president regularly strong-arms his peers into shifting their policies in a more Russia-friendly direction.

Putin was under pressure to achieve just that at this summit. Kosovo's declaration of independence from Serbia is something Putin personally campaigned long and hard against, and if the West can simply ignore Russian objections, then Putin's aura of power — both personally within the Russian government and internationally as a symbol of the inevitability of a return of Russian strength — is endangered. He needed to pull a rabbit out of his hat, and the summit seemed like a good opportunity.

At present, it appears that Putin's top hat is empty, and his only victory was proving to the world he could still summon the CIS at will. Information Stratfor has gleaned from Kremlin sources suggests that Putin's bilateral meetings fell more into the realm of relationship management — smoothing away the rough edges before Putin's official transfer of the presidency to his anointed successor, Dmitry Medvedev. Putin shored up Russia's dominant position in Kyrgyzstan, Armenia, Moldova, Belarus and Tajikistan while pushing for stronger economic involvement in Ukraine. None of the talks were earth-shattering; all fit with longstanding Russian policy. There certainly was nothing that would spook the West.

The most interesting bilateral meeting was Putin's sit-down with Georgian President Mikhail Saakashvili, who normally is vitriolic about all things Russian but was more than gracious about Russia in general and Putin in particular. It is easy to see why: Tbilisi is terrified that Russia will use Kosovo's independence as a precedent to call for the independence of Georgia's two separatist regions, both of which are hugely pro-Russian. Putin, however, seemed to accept Saakashvili's groveling and even rewarded him by announcing an imminent end to Russian trade and travel restrictions that have put a crimp in Georgia's economy for more than a year —

restrictions imposed due to Saakashvili's past anti-Russian behavior. In exchange, it appears there was talk of Georgia informally agreeing to abandon its NATO membership ambitions.

If Tbilisi does back away from its plans to join NATO, this certainly would be the most strategically significant outcome of the summit. But Saakashvili could never announce such a deal publicly and survive back home. If Putin did achieve any strategic gains to mitigate his loss on Kosovo — in Georgia or anywhere else — they will only be realized after the various CIS leaders return to their respective countries and adjust policy. This is not exactly the public victory that Putin so deeply needs.

The most important parts of the summit were the meetings that did not take place. During the summit and the days preceding it, Putin did not hold bilateral talks with the leaders of Turkmenistan, Kazakhstan or Uzbekistan. These three Central Asian states are the ones working most aggressively with the Chinese to shift their economies away from Russia. Rail projects and pipelines that will move these countries' economic postures eastward already are under construction. In fact, a new Chinese-Central Asian natural gas pipeline broke ground while the summit was going on. Once completed, these projects will reduce, if not outright eliminate, these three states' dependence on Russian infrastructure.

All this means that the Kremlin is now in a double bind. It needs a public victory against the West to offset the humiliation of Kosovo, as well as something to frighten the Chinese away from carving off Central Asia. This will require more than just a hastily arranged summit.

Kosovar Independence and the Russian Reaction

February 20, 2008

By George Friedman

Kosovo declared independence from Serbia on Sunday. The United States and many, but not all, European countries recognized it. The Serbian government did not impose an economic blockade on — or take any military action against — Kosovo, although it declared the Albanian leadership of Kosovo traitors to Serbia. The Russians vehemently repeated their objection to an independent Kosovo but did not take any overt action. An informal summit of the Commonwealth of Independent States (CIS) was announced last week; it will take place in Moscow on Feb. 22. With Kosovo's declaration, a river was crossed. We will now see whether that river was the Rubicon.

Kosovo's independence declaration is an important event for two main reasons. First, it potentially creates a precedent that could lead to redrawn borders in Europe and around the world. Second, it puts the United States, the United Kingdom, France and Germany in the position of challenging what Russia has defined as a fundamental national interest — and this at a time when the Russians have been seeking to assert their power and authority. Taken together, each of these makes this a geopolitically significant event.

Begin with the precedent. Kosovo historically has been part of Serbia; indeed, Serbs consider it the cradle of their country. Over the course of the 20th century, it has become predominantly Albanian and Muslim (though the Albanian version of Islam is about as secular as one can get). The Serbian Orthodox Christian community has become a minority. During the 1990s, Serbia — then the heart of the now-defunct Yugoslavia — carried out a program of repression against the Albanians. Whether the repression rose to the level of genocide has been debated. In any case, the United States and other members of NATO conducted an air campaign against Yugoslavia in 1999 until the Yugoslavians capitulated, allowing the entry of NATO troops into the province of Kosovo. Since then, Kosovo, for all practical purposes, has been a protectorate of a consortium of NATO countries but has formally remained a province of Serbia. After the Kosovo war, wartime Yugoslavian leader Slobodan Milosevic died in The Hague in the course of his trial for war crimes; a new leadership took over; and the Federal Republic of Yugoslavia itself ultimately dissolved, giving way to a new Republic of Serbia.

The United Nations did not sanction the war in Kosovo. Russian opposition in the U.N. Security Council prevented any U.N. diplomatic cover for the Western military action. Following the war — in a similar process to what happened with regard to Iraq — the Security Council authorized the administration of Kosovo by the occupying powers, but it never clearly authorized independence for Kosovo. The powers administering Kosovo included the United States, United Kingdom, France, Germany and other European states, organized as the Kosovo Force (KFOR).

While the logic of the situation pointed toward an independent Kosovo, the mechanism envisioned for the province's independence was a negotiated agreement with Serbia. The general view was that the new government and personalities in Belgrade would be far more interested in the benefits of EU membership than they would be in retaining control of Kosovo. Over nearly a decade, the expectation therefore was that the Serbian government would accede to an independent Kosovo in exchange for being put on a course for EU membership. As frequently happens — and amazes people for reasons we have never understood — nationalism trumped

economic interests. The majority of Serbs never accepted secession. The United States and the Europeans, therefore, decided to create an independent Kosovo without Serbian acquiescence. The military and ethnic reality thus was converted into a political reality.

Those recognizing Kosovo's independence have gone out of their way specifically to argue that this decision in no way constitutes a precedent. They argue that the Serbian oppression of the late 1990s, which necessitated intervention by outside military forces to protect the Kosovars, made returning Kosovo to Serbian rule impossible. The argument therefore goes that Kosovo's independence must be viewed as an idiosyncratic event related to the behavior of the Serbs, not as a model for the future.

Other European countries, including Spain, Romania, Slovakia and Cyprus, have expressly rejected this reasoning. So have Russia and China. Each of these countries has a specific, well-defined area dominated by a specific ethnic minority group. In these countries and others like them, these ethnic groups have demanded, are demanding or potentially will demand autonomy, secession or integration with a neighboring country. Such ethnic groups could claim, and have claimed, oppression by the majority group. And each country facing this scenario fears that if Kosovo can be taken from Serbia, a precedent for secession will be created.

The Spanish have Basque separatists. Romania and Slovakia each contain large numbers of Hungarians concentrated in certain areas. The Cypriots — backed by the Greeks — are worried that the Turkish region of Cyprus, which already is under a separate government, might proclaim formal independence. The Chinese are concerned about potential separatist movements in Muslim Xinjiang and, above all, fear potential Taiwanese independence. And the Russians are concerned about independence movements in Chechnya and elsewhere. All of these countries see the Kosovo decision as setting a precedent, and they therefore oppose it.

Europe is a case in point. Prior to World War II, Europe's borders constantly remained in violent flux. One of the principles of a stable Europe has been the inviolability of borders from outside interference, as well as the principle that borders cannot be redefined except with mutual agreement. This principle repeatedly was reinforced by international consensus, most notably at Yalta in 1945 and Helsinki in 1973.

Thus, the Czech Republic and Slovakia could agree to separate, and the Soviet Union could dissolve itself into its component republics, but the Germans cannot demand the return of Silesia from Poland; outsiders cannot demand a British withdrawal from Northern Ireland; and the Russians cannot be forced to give up Chechnya. The principle that outside powers can't redefine boundaries, and that secessionist movements can't create new nations unilaterally, has been a pillar of European stability.

The critics of Kosovo's independence believe that larger powers can't redraw the boundaries of smaller ones without recourse to the United Nations. They view the claim that Yugoslavia's crimes in Kosovo justify doing so as unreasonable; Yugoslavia has dissolved, and the Serbian state is run by different people. The Russians view the major European powers and the Americans as arrogating rights that international law does not grant them, and they see the West as setting itself up as judge and jury without right of appeal.

This debate is not trivial. But there is a more immediate geopolitical issue that we have discussed before: the Russian response. The Russians have turned Kosovo into a significant issue. Moscow has objected to Kosovo's independence on all of the diplomatic and legal grounds discussed. But behind that is a significant challenge to

Russia's strategic position. Russia wants to be seen as a great power and the dominant power in the former Soviet Union (FSU). Serbia is a Russian ally. Russia is trying to convince countries in the FSU, such as Ukraine, that looking to the West for help is futile because Russian power can block Western power. It wants to make the Russian return to great power status seem irresistible.

The decision to recognize Kosovo's independence in the face of Russian opposition undermines Russian credibility. That is doubly the case because Russia can make a credible argument that the Western decision flies in the face of international law — and certainly of the conventions that have governed Europe for decades. Moscow also is asking for something that would not be difficult for the Americans and Europeans to give. The resources being devoted to Kosovo are not going to decline dramatically because of independence. Putting off independence until the last possible moment — which is to say forever, considering the utter inability of Kosovo to care for itself — thus certainly would have been something the West could have done with little effort.

But it didn't. The reason for this is unclear. It does not appear that anyone was intent on challenging the Russians. The Kosovo situation was embedded in a process in which the endgame was going to be independence, and all of the military force and the bureaucratic inertia of the European Union was committed to this process. Russian displeasure was noted, but in the end, it was not taken seriously. This was simply because no one believed the Russians could or would do anything about Kosovar independence beyond issuing impotent protestations. Simply put, the nations that decided to recognize Kosovo were aware of Russian objections but viewed Moscow as they did in 1999: a weak power whose wishes are heard but discarded as irrelevant. Serbia was an ally of Russia. Russia intervened diplomatically on its behalf. Russia was ignored.

If Russia simply walks away from this, its growing reputation as a great power will be badly hurt in the one arena that matters to Moscow the most: the FSU. A Europe that dismisses Russian power is one that has little compunction about working with the Americans to whittle away at Russian power in Russia's own backyard. Belarusian President Aleksandr Lukashenko — who, in many ways, is more anti-Western than Russian President Vladimir Putin and is highly critical of Putin as well — has said it is too late to "sing songs" about Kosovo. He maintains that the time to stop the partition of Kosovo was in 1999, in effect arguing that Putin's attempts to stop it were ineffective because it was a lost cause. Translation: Putin and Russia are not the powers they pretend to be.

That is not something that Putin in particular can easily tolerate. Russian grand strategy calls for Russia to base its economy on the export of primary commodities. To succeed at this, Russia must align its production and exports with those of other FSU countries. For reasons of both national security and economics, being the regional hegemon in the FSU is crucial to Russia's strategy and to Putin's personal credibility. He is giving up the presidency on the assumption that his personal power will remain intact. That assumption is based on his effectiveness and decisiveness. The way he deals with the West — and the way the West deals with him — is a measure of his personal power. Being completely disregarded by the West will cost him. He needs to react.

The Russians are therefore hosting an "informal" CIS summit in Moscow on Friday. This is not the first such summit, by any means, and one was supposed to be held before this but was postponed. On Feb. 11, however, after it became clear that Kosovo would declare independence, the decision to hold the summit was

announced. If Putin has a response to the West on Kosovo, it should reveal itself at the summit.

There are three basic strategies the Russians can pursue. One is to try to create a coalition of CIS countries to aid Serbia. This is complex in that Serbia may have no appetite for this move, and the other CIS countries may not even symbolically want to play.

The second option is opening the wider issue of altering borders. This could be aimed at sticking it to the Europeans by backing Serbian secessionist efforts in bifurcated Bosnia-Herzegovina. It also could involve announcing Russia's plans to annex Russian-friendly separatist regions on its borders — most notably the Georgian regions of Abkhazia and South Ossetia, and perhaps even eastern Ukraine and the Crimea. (Annexation would be preferred over recognizing independence, since it would reduce the chances of Russia's own separatist regions agitating for secession.) Russia thus would argue that Kosovo's independence opens the door for Russia to shift its borders, too. That would make the summit exciting, particularly with regard to the Georgians, who are allied with the United States and at odds with Russia on Abkhazia and other issues.

The third option involves creating problems for the West elsewhere. An Iranian delegation will be attending the summit as "observers." That creates the option for Russia to signal to Washington that the price it will pay for Kosovo will be extracted elsewhere. Apart from increased Russian support for Iran — which would complicate matters in Iraq for Washington — there are issues concerning Azerbaijan, which is sandwiched between Russia and Iran. In the course of discussions with Iranians, the Russians could create problems for Azerbaijan. The Russians also could increase pressure on the Baltic states, which recognized Kosovo and whose NATO membership is a challenge to the Russians. During the Cold War, the Russians were masters of linkage. They responded not where they were weak but where the West was weak. There are many venues for that.

What is the hardest to believe — but is, of course, possible — is that Putin simply will allow the Kosovo issue to pass. He clearly knew this was coming. He maintained vocal opposition to it beforehand and reiterated his opposition afterward. The more he talks and the less he does, the weaker he appears to be. He personally can't afford that, and neither can Russia. He had opportunities to cut his losses before Kosovo's independence was declared. He didn't. That means either he has blundered badly or he has something on his mind. Our experience with Putin is that the latter is more likely, and this suddenly called summit may be where we see his plans play out.

Armenia: Russia's Strengthening Hand

February 19, 2008

Summary

Armenia's Feb. 19 presidential election pitted two pro-Russian candidates against each other. Armenia is crucial to Russian strategy in the Caucasus, and Russian political and economic influence there has been on the rise.

Analysis

The presidential election held Feb. 19 in Armenia is over, and Prime Minister Serzh Sarkisyan has emerged as the clear victor. His main opponent was former President Levon Ter-Petrosyan. Both candidates are pro-Russian, and each recently paid political "tribute" to Moscow: Ter-Petrosyan met with Russian President Vladimir Putin on Feb. 11, and Sarkisyan hosted Russian Prime Minister Viktor Zubkov in Yerevan on Feb. 6.

Related Link

- Azerbaijan: Mounting Pressure in the Space Between

Of the two candidates, Moscow prefers Sarkisyan. As a war hero and a native of the contested Nagorno-Karabakh region, he is not looking to give an inch of ground in Armenia's dispute with Azerbaijan over the territory. Russia wants to keep its options open regarding Nagorno-Karabakh, especially now that it is deciding how to respond to Kosovo's independence declaration — and, therefore, Ter-Petrosyan, who has a history of attempting to resolve the conflict, is not the best man for the job, in Moscow's opinion.

Armenia is a crucial piece of Moscow's geopolitical puzzle in the region: It is a Russian "advance post" in the South Caucasus and the central cog of Iranian-Russian cooperation. Indeed, Russia's influence is on the rise in Armenia, with both political and economic trends pointing to an ever-tighter alignment between the two.

No matter who won Armenia's election, it would not have changed Yerevan's geopolitical imperatives. Armenia is flanked by a hostile Azerbaijan and an equally hostile Turkey, and thus has to develop close relations with its powerful neighbors Iran and Russia. Considering the recent and ongoing Azeri military buildup, neither presidential candidate had any intention of abandoning the alliance with Russia. Armenia has rejected NATO membership as a goal and has strained relations with the United States over its own close economic relationship with Iran. (However, the strong Armenian lobby in Washington has thus far prevented any substantial cuts in U.S. military and economic aid, something the Bush administration has pushing for since March 2007.)

In addition to political affinities, the strong geopolitical pull between Moscow and Yerevan has produced a considerable increase in Russian economic influence in Armenia, through both infrastructural investments and business ventures:

- Russia now controls ArmRosGazprom, operator of a pipeline that transports Iranian natural gas to Armenia to operate Armenian power plants — which produce electricity on which Iran depends.

- Gazprom oil subsidiary Gazpromneft is planning to construct an oil refinery near the municipality of Megri, in southern Armenia, that also will supply Iran with much-needed gasoline and oil derivatives.
- Russian state-owned nuclear energy company Rosatom has proposed its services for the construction of a new nuclear power station in Armenia to replace or supplement the aging Metzamor plant.
- Russia and Armenia signed a deal Feb. 6 to create a joint uranium exploration venture.
- Through Rusal, one of the world's largest aluminum producers, Russia also controls Armenal, an aluminum foil mill in Yerevan that accounts for 40 percent of total Armenian annual exports.
- Russian state railway monopoly Russian Railways has a 30-year contract to run Armenia's national railway network — which, crucially, extends into Iran.
- Russian mobile telephony operators Vimpelcom and Mobile TeleSystems essentially own Armenia's entire cellular network.

It should be noted that many of the larger investments (such as the proposed nuclear power plant) could run into funding problems; Armenia is practically broke, and Russia has a poor track record of financing infrastructure projects. Furthermore, Moscow has in the past rarely invested money directly in Armenia, choosing instead to use Armenia's debt to Russia as a way to foreclose on Armenian national assets.

That is still the case, but now there also is an increase in Russian businesses and state-owned enterprises investing directly in the country. Russia sinking actual money into Armenia is notable and signifies that Yerevan is being further locked into Moscow's sphere of influence.

Geopolitical Diary: Parsing Russia's Arms-Control Offer

February 11, 2008

The Russians seemed to change directions a bit on Sunday. Sergei Ivanov, Russia's deputy prime minister (and one generally aligned with the more nationalist elements in Russia), delivered a speech at the Munich Conference on Security Policy that sounded more conciliatory to the West than the message that has been delivered by Russian President Vladimir Putin and others in recent weeks.

Ivanov proposed a new strategic dialogue with the United States, intended to restart arms-control talks and improve counterterrorism cooperation. Ivanov said, "I am firmly convinced that making use of the Russian-American strategic heritage as a ground for creating a modern, open collective security system, also in Europe, represents a reasonable alternative to unilateral destruction of its potential." Ivanov also indicated that Russia might start participating again in the Conventional Armed Forces in Europe Treaty.

The Russian shift is more apparent than real, however. Moscow's goal has been consistent: It wants to regain its position as a major power. Even if it isn't a superpower, it wants to be treated as a major, even *the* major, regional power. Ivanov's two major proposals addressed a traditional Cold War issue (arms control) and a post-Cold War issue (the global war on terrorism). In tying the two together, Ivanov was recalling a time when Russia was a superpower and reminding everyone that it remains a major nuclear power. He was also reminding the United States that it needs the Russians in its continuing struggle against radical Islamists.

Both major proposals also treated the United States, not the Europeans, as the major partner. The speech, then, was in part an attempt to split the Americans from the Europeans — this time by courting not the Europeans but the Americans.

For Europe's benefit, Ivanov also reiterated Russia's opposition to the looming issue of independence for Kosovo. Albanians in Kosovo are preparing to declare independence from Serbia in the next few weeks, something that is supported by most — but not all — European countries. The Russians are making it clear that an independent Kosovo, supported by the Europeans, would lead to a crisis in European-Russian relations and that Europe's room for unilateral movement is limited.

Ivanov reminded the Europeans, heavily dependent on Russian energy flows, that Russian currency reserves are closing on half a trillion dollars and that Russia expects to increase its global influence as a result. This reference was intended to show that the relative balance of economic power has shifted away from the Germans and the rest of the European Union toward the Russians. This, combined with the desire to talk to the Americans as equals, was designed to put Europe in its place.

Javier Solana, the leading EU foreign affairs official, commented, "Sometimes I think Russia is investing in future leverages instead of future production." Ivanov did not say — but could have — that Solana was absolutely correct. He might have followed by asking what Solana planned to do about it.

No one really cares about Kosovo except for the Serbs and Albanians. But it is a perfect test case for Russian power. If Russia can get the Europeans to back off by postponing Kosovo's independence indefinitely and can enter into bilateral talks with the Americans in a way that excludes the Europeans, it will have taken a major stride in achieving its goals. In reminding the United States that Moscow has much

experience in working together with Washington in maintaining global stability, Ivanov was trying to drive home to the Europeans that the Americans don't much like them, the Russians are getting sick of them, and neither really has to take them into account, individually or collectively. The United States probably won't respond warmly to this, but, on the other hand, Washington won't mind seeing Europe squirm.

Geopolitical Diary: Bolstering Russia's Image -- and Its Intel?

February 1, 2008

As Russian President Vladimir Putin continues to consolidate his hold on power, it appears he is reviving a Cold War classic: the state propaganda organization.

Under the Soviet Union, there was an International Information Bureau that had the sole duty of promoting Soviet and Communist propaganda abroad. Stratfor has learned that Putin is reviving the concept and mission of the Bureau — now calling it the National Information Center (NIC) — with plans to launch it sometime this spring or summer.

The new NIC will have two official jobs. One will be the oversight of Western journalists inside Russia — further escalating a Kremlin campaign to restrict foreign media and influence in the country. The Kremlin has already consolidated its hold over Russian media quite a bit, with government figures and Kremlin-controlled businessmen buying up the major media outlets. Western journalists have started to see more limits placed on their ability to attend opposition rallies and interview opposition figures — but now the state will be *officially* monitoring the activities and works of foreign journalists.

The NIC's second mandate is to promote internationally what the Kremlin considers Russia's true image. Putin argues that the West has unfairly portrayed Russia as an aggressor or enemy on the international stage, and the Center's role will be to "correct these misconceptions." The idea, apparently, is not only to promote the Kremlin's agenda, but also to provide an alternative (read, non-Western) point of view on the world. In this, the NIC would be following in the footsteps of China's state news agency Xinhua or the Arab world's Al Jazeera in shaping an alternative to Western propaganda and media.

The comparison to Xinhua raises an interesting question. We can't help but wonder whether, in addition to its official roles, the NIC might not also be intended to serve another Russian need: intelligence collection.

The Russian model of collecting intelligence has always been based on getting hold of tightly held secrets, usually in some elaborate or devious way. (The American model is based on the Russian model, but with more expensive gadgetry.) But the Chinese model is quite different. Beijing focuses on gathering open-source material from every part of the globe. The Chinese — using myriad tools, of which Xinhua is one — have put people in every nook and cranny of the world, no matter how insignificant or unpleasant. These agents send every piece of information they hear on the streets or observe in the media back to a massive central processing unit in China, where it is sifted in search of useful patterns and valuable nuggets. It is a colossal undertaking requiring enormous manpower — but China has plenty of that.

Alongside their elaborate networks of sources and listening posts, Moscow and Washington have small and dysfunctional open-source intelligence shops, but neither has ever truly focused its intelligence community in this way. Could the NIC be an attempt by the Kremlin to move in that direction?

If so, it would represent a complete transformation of the Russian intelligence model. Even after eight years of Russian resurgence, the resources of the Federal Security Service (FSB) are still a pale shadow of what they were during the Cold War. It could be that the Russians have realized they simply cannot pull their capabilities back up to that level, and are shifting tactics instead.

Even if it didn’t ultimately work, this kind of shift would be likely to throw the Americans off balance — the game has been played the same way for a long, long time.

Russia: Kosovo and the Nuclear Option

January 21, 2008

During the Jan. 19 coverage of a military conference on state-run cable channel Vesti-24, Russia's military chief of staff, Gen. Yuri Baluyevsky, said Russia will use nuclear weapons — even preventively — to protect itself and its allies. "We do not intend to attack anyone, but we consider it necessary for all our partners in the world community to clearly understand … that to defend the sovereignty and territorial integrity of Russia and its allies, military forces will be used, including preventively, including with the use of nuclear weapons," he said.

While Baluyevsky certainly tailored the statement to maximize impact, this does not mark a departure from Russia's standing military posture. During the Cold War, Russia adhered to a "no first-strike" policy as part of its propaganda war against the United States, using the logic that Russia would prevail in any conventional military conflict in Europe and forcing the United States to take the public relations-unfriendly position of adopting a first-strike policy.

Related Link

- Russia: Kosovo and the Asymmetry of Perceptions

But after the Cold War, the Russian military degraded into a pale shadow of its former self, and in 2000, Russia switched its nuclear policy to match that of the United States. Baluyevsky's comments were simply a reminder that this first-strike policy remains firmly in place.

But this leaves one question: Why did Baluyevsky feel the need to remind everyone? The answer is fairly straightforward: Kosovo.

The Russian government is painfully aware that it has invested a huge portion of its political capital in opposing EU and U.S. efforts to hive off Kosovo from Serbia. Should Kosovo split from Serbia despite Russia's efforts, the image of Russian power would decline palpably, particularly in Russia's near abroad. Baluyevsky's reminder that Russia retains its first-strike doctrine is an attempt to indicate that Serbia is an ally and thus could be worthy of the Russian nuclear umbrella.

For this position to stick, Russia would need to more firmly link the words "Serbia" and "ally" in the Western mind. At present, there is no Russian military base in Serbia, and any supply lines to such a base would need to snake through the roads or airspace of NATO states or protectorates. The West interpreted Baluyevsky's Jan. 19 statement as it did former Russian President Boris Yeltsin's 1999 reminder of Russia's nuclear option: bluster. That will remain the case unless Serbian politics evolve in a far more nationalistic and aggressive direction.

The implicit nuclear threat is simply Russia continuing to fish for a policy tool it can use to hammer home that it is willing to play hardball with the West over Kosovo, a message Moscow has failed to get across so far. The nuclear tactic, like threats of U.N. Security Council vetoes, simply is not sticking.

Russia: Shifts in the Early-Warning Radar Network

January 17, 2008

Summary

Two statements over Russian early-warning radar sites in Ukraine on Jan. 16 — though they essentially canceled each other out — mark a declining tolerance within the Kremlin for strategically sensitive assets being operated in and by Ukraine.

Analysis

A report that Russia would not renew its lease on two early-warning radar sites in Ukraine surfaced briefly Jan. 16 and prompted a denial from the Kremlin. Whatever the political nuances of the ongoing spat between Kiev and Moscow, Russia is moving to revitalize its seriously decayed early-warning radar network — and that revitalization ultimately is unlikely to include Ukraine.

Because a ballistic missile early-warning network is about detecting inbound missiles as soon as possible, sound logic dictated that the Soviet Union position its early-warning infrastructure in its peripheral states — Latvia, Belarus, Ukraine, Azerbaijan and Kazakhstan — and the outlying territory of Russia proper. But with the collapse of the Soviet Union, Russia was forced to confront a jarring new geographic reality: Significant portions of Russia's nuclear arsenal were deployed on what suddenly became foreign soil. Securing them and consolidating the remainder of the Red Army — not to mention concerns about internal political stability — left the Kremlin with very little bandwidth. Thus, arrangements were made to maintain the early-warning sites in their Soviet-era locales.

Many of Russia's early-warning radar installations have seen little improvement since they were built in the 1980s, and older radars have been taken offline. Significant holes in coverage (including a sizable gap over

the Northern Pacific Ocean) emerged as systems atrophied due to lack of proper maintenance, infrastructural support and funds in the dark post-Soviet period.

But under Russian President Vladimir Putin, the Russian military has started to turn a corner. Though massive problems remain, the slow progress in revitalizing key strategic endeavors like the early-warning network has started gaining steam. In 2007, the first next-generation Voronezh-DM type early-warning radar was activated at Lekhtusi, outside St. Petersburg, plugging a hole in coverage over the North Atlantic.

A second Voronezh-DM type radar facility is being completed in Armavir in the Russian Caucasus. Though behind schedule (it was initially supposed to be operational in 2007), once completed, it is likely to provide coverage over the older Dnepr-type early-warning sites in Mukachevo and Sevastopol, Ukraine — rendering them redundant — and over the Pechora-type facility (upgraded in 1999) in Gabala, Azerbaijan. Moscow has talked seriously of ending the contract over the Ukrainian sites since at least mid-2007.

Russia's early-warning radar site in Latvia was shut down in 1998, six years before the Baltic country joined NATO. Other Soviet-era radar hosts — Kazakhstan, Belarus and Azerbaijan — have shown more deference to Moscow since the collapse, and thus their sites have been less of an immediate concern and left Russia more comfortable with their near-term reliability.

But in Ukraine's case, Kiev — rather than Moscow — controls the early-warning facilities and feeds Russia the data. Poor signal quality and intermittent signal loss reportedly have contributed significantly to the Kremlin's discomfort with the situation, but so has the site's role as a double-edged sword in foreign policy. On one hand, the radar — and the $1.3 million in annual rent — is a tool of influence in Kiev. On the other hand, Russia's strategic early-warning network is partially in the hands of a foreign government — one Moscow occasionally leans on fairly hard for its own policy objectives, one that is wracked with its own internal divisions and one that is currently in the hands of the pro-Western Orange Coalition. The early-warning facilities in Ukraine are thus a lever Kiev can wield in other disputes with Moscow (over energy, for example).

So while the Armavir facility is not yet ready to take over coverage from Ukraine, Russia is moving away from strategic reliance on former Soviet Union states in general and on Ukraine in particular (the Black Sea fleet plans to be completely removed from Sevastopol in less than a decade). Whether the radars in Sevastopol and Mukachevo are worth maintaining for a peripheral situational awareness and as a tool of foreign policy are different questions, but the energy, attention and resources Moscow is willing to devote to them are on a sharp downward trajectory.

Further early-warning upgrades are likely to follow. The new facilities at Lekhtusi and Armavir evince a Kremlin intent to shift core strategic coverage eventually inside its own territory. Other radars, especially those in Azerbaijan and Kazakhstan, could prove worth maintaining for a variety of military and political reasons. But Russia appears to be moving slowly towards a core network that provides adequate coverage from facilities solely within its own borders — and Ukrainian sites are certainly the most troublesome for the Kremlin.

Russia: The Struggles Within -- Part II

January 10, 2008

Editor's Note: *This article is the second in a two-part series on the power struggles among Russia's political clans.*

Related Link

- Russia: The Struggles Within — Part I

Energy Wars

Stratfor has long followed the energy clashes between Gazprom and Rosneft — from before the planned merger to the battle over assets that followed. The two firms were supposed to be national champions in their own fields — natural gas for Gazprom and oil for Rosneft — but once they began encroaching on each other's territory the battle was fully set.

Now the two firms serve as platforms for their political backers' agendas, with Russian President Vladimir Putin's right-hand man Vladislav Surkov behind Gazprom and the Kremlin's other major power player, Igor Sechin, behind Rosneft. Though this is the main arena for the drama, Stratfor is also looking at the other arenas that are less publicized.

Justice/Intelligence Wars

A turf war over the prosecutor general's office has been under way for more than a year. The office is one of the most coveted, since it is in charge of prosecuting everyone from government members and businessmen to alleged organized criminals. From the time Putin took power until 2006, the post was held by Vladimir Ustinov, a member of Sechin's faction; however, in 2006 Putin decided to shake up the role and replaced Ustinov with one of Surkov's supporters, Yuri Chaika, who was justice minister at the time. The switch was considered a huge slap in the face for Sechin and his clan.

Sechin then declared war against Chaika, attacking him on multiple fronts, including making an attempt to absorb some of the prosecutor general's power into the Justice Ministry. But Chaika struck back, not only arresting a group of alleged organized criminals attached to Sechin in St. Petersburg but also going after that clan's most powerful branch — the Federal Security Service (FSB). Chaika arrested associates of FSB head Nikolai Patrushev on charges of illegally selling electronics from Asia.

Also, Surkov has defended Chaika, saying the prosecutor general is off limits in the war during the election season (after the elections, of course, all bets are off). So Sechin is now going after some of the Surkov clan's other branches; he has had the FSB and the Investigating Committee arrest associates of Finance Minister Alexei Kudrin.

But now that Dmitri Medvedev is first deputy prime minister — and a candidate for president — and Surkov is defending Chaika, the prosecutor general knows he might be able to take power — specifically, oversight of the Investigating Committee — and create a super-branch of the government that would be the only branch with the ability to go after others legally.

Defense Wars

Russia's Defense Ministry and related industries had been left out of the struggles until recently. In February 2007, presidential contender Sergei Ivanov surprisingly was replaced as defense minister by economist Anatoly Serdyukov. At the time, Serdyukov was placed in the role to begin shaping up the defense sector and military ranks financially — an enormous task, since the defense industries had not really kept any books in the post-Soviet era and the military was still suffering from the enormous glut of generals and high-ranking officers from the Yeltsin era. Though Serdyukov had long been close to Sechin and his clan, he did not politicize his role.

However, power can change things. Serdyukov saw an opportunity to move when his father-in-law, Viktor Zubkov, was named prime minister in September 2007. Suddenly, Zubkov could shield Serdyukov from most attacks.

Serdyukov's chief rival for power was the head of Russia's state arms firm Rosoboronexport, Sergei Chemezov, who is in Surkov's clan. The defense minister and defense industrial chief ideally should be on the same page, since the defense sector has fought for years to reverse the waste and disorganization of the past, but the political squabbling between Serdyukov and Chemezov has led to a nasty battle rippling through the entire defense body. First, Serdyukov unsuccessfully attempted to rein in Chemezov's spending, and in return Chemezov created a new defense entity, Rostekhnologii — a public entity which has started to pull much of the defense industry away from ministerial control. Rostekhnologii has some very key subsidiaries, including Avtovas in automobiles, VSMPO-Avisma in titanium, Russpetsstal in special steels and Oboronprom in helicopter and engine manufacturing — and Rostekhnologii plans to pull in firms from many other industries, including shipbuilding.

But Rostekhnologii has an oversight board which was supposed to be chaired by Ivanov — who, after a nudge from Sechin, gave the chair to Serdyukov, thus evening out the clans' vendettas.

Potential Ethnic Wars

Quite a few battles have yet to come to a head — such as the energy giants' struggle — but another war that is being whispered about in the Kremlin involves controlling the militants in the Caucasus. Among the members of Surkov's clan is the key to reining in the Caucasus: Chechen President Ramzan Kadyrov. Surkov, being half-Chechen, knew that the long string of defeats the Russian military suffered in Chechnya was because the Russian troops just did not fight, think or react like the Chechens. So Surkov countered the Chechen insurgency with Chechen forces — which are now under Kadyrov. The forces only number around 15,000, but are made up of many former insurgents who became pro-Russian forces.

There are already curious murmurs from Moscow about what would happen if this force either turns on Putin or is used by Surkov to stir trouble in the Caucasus or beyond. Sechin also has influence in the Caucasus: his man Rashid Nurgaliyev, who is an ethnic Tatar but is considered an iron fist in the Caucasus and has political ties to the pseudo-governments of Ingushetia and Dagestan. Nurgaliyev also causes concern because he is very connected to the strong republic of Tatarstan, which has not only sought its own freedom but also has its own energy wealth.

The Clan Wars' Hampering Effect

As Russia moves to reassert itself on the international field, the many fractures back home could shatter the Kremlin and Putin's base for such a resurgence. Putin's inner circle is in control of almost all of Russia politically, socially, ethnically and

economically — which is good for an authoritarian leader — but that inner circle is now tearing itself apart. Though each Kremlin clan is fighting for the same cause, they are creating rifts based on ego, personality and spite.

These battles are bleeding Russia's key spheres of influence, wasting time and money and reversing some of the hard-fought post-Soviet reforms Putin initiated. Unfortunately for Putin, this inner squabble is causing a lot of inward focus when the president is hoping to push Russia further out onto the international stage. In the end, unless Putin can rein in the clan chaos, the two factions could break the foundation of Putin's strong Russia.

Russia: The Struggles Within -- Part I

January 9, 2008

Editor's Note: *This article is the first in a two-part series on the power struggles among Russia's political clans.*

As the transfer of power in the Kremlin looms and Russian President Vladimir Putin plans to step down from the presidency, the consolidation of power under Putin has never been more evident. Stratfor has followed Putin's internal consolidation since he came to power in 2000. We also have tracked the power struggle under him, which seems to be just as nasty as — if not worse than — the previous power struggle among the old Kremlin clans.

Related Link

- Russia: The Struggles Within — Part II

The Old Clans

The former factions that fought for control of the Kremlin were fairly straightforward; most were leftovers from either the Soviet days or the Boris Yeltsin era. The three major factions within the Kremlin for most of Putin's reign have been the siloviki, the Family (and its most prominent branch, the St. Petersburg brigade) and the oligarchs — though there were myriad smaller clans as well.

- The siloviki (a term used for men of power or strength) typically were former KGB and security service personnel mostly concerned with Russian nationalism and seeing the country return to its former glory days. The siloviki typically controlled the Foreign and Interior ministries and the KGB's successor, the Federal Security Service (FSB).
- Members of the Family were relatives of Yeltsin and their close associates. Under the Family was the St. Petersburg brigade, comprising mostly Western-leaning technocrats from Putin's hometown of St. Petersburg who kept foreign investment flowing into the country on Russia's terms. Typically, this faction controlled the Finance and Economic ministries.
- The oligarchs were the billionaires who led most of Russia's vital sectors, both private and state-controlled. Most of these individuals rose to power during the Yeltsin shock therapy that led to a scramble and confusion over who exactly owned what after the Soviet Union's fall.

A Shift of Clans

As part of his plan to consolidate Russia politically, economically and socially, Putin has shattered most of the old clans, pulling those he trusts the most and those who are the most useful from each and placing them directly underneath him. There are a few remaining members of the former clans who are not under Putin, but most have fled or been jailed or disposed of.

However, as Putin dismantled the old factions, a new clan structure developed among those under him competing for power. Putin probably engineered this in order to

ensure that the groups would be too busy competing with each other to go for his throat. The two main clans under Putin are not of one ideology or social sphere but are instead organized under two competing power players — modern-day boyars of sorts: Vladislav Surkov and Igor Sechin.

The Two New Power Clans

Though each clan has been slow in coalescing, the decisive moment at which they began organizing against each other came in 2005, when the merger of Rosneft and Gazprom fell through and each firm's political backer blamed the other, creating a nasty rift in Putin's inner circle.

The first clan is under Surkov, Putin's right-hand man and deputy chief of staff. Surkov is considered the mastermind behind quite a few crucial events in Russia, such as Putin's victory in the 2004 election, the downfall of the Yukos oil empire and the hard-won victory in Chechnya. He also is considered the architect of the new Russian mindset, which focuses on the country's resurgence onto the international stage. Surkov has proven his loyalty to Putin and is not seeking the top position himself, since his background — he is half Jewish and half Chechen — undoubtedly would prevent him from ever assuming that role. Instead, Surkov has enjoyed his spot as one of the top puppet masters under Putin.

The second clan falls under Sechin, Putin's other deputy chief of staff, who is just as mysterious as his rival and achieved success by making Rosneft Russia's top oil firm. Moreover, Sechin — though he lacks a background in security — has been the main force keeping the FSB from splitting between its more Soviet-minded members and the new wave of cadets that joined after the fall of the Soviet Union.

Surkov and Sechin's lists of loyalists are equally weighty, and each has tools with which to undercut and sabotage the other. But the one difference that could allow

one to rise above the other is that Surkov has no interest in the presidency. Sechin, however, has not proven that he can withstand the temptation of vying for that role.

When Putin named his successor, he chose a member of Surkov's clan — Dmitri Medvedev; however, this does not mean that Medvedev or Surkov will keep the position or power. One thing Putin has proven is that he is fully in control, and he can turn the tide of the internal clan wars whenever he chooses. But those wars have become deeply entrenched within the Kremlin and are proving very dangerous, not only for Putin but also for the entire government and the rest of the country.

Annual Forecast 2008: Beyond the Jihadist War -- Former Soviet Union

January 8, 2008

Russia enters 2008 in the strongest geopolitical position it has known since the Cold War's end. The rampant decay of its military has largely been halted, new weapons systems are beginning to be brought on line, the country is flush with petrodollars, its debt has vanished, the Chechen insurgency has been suppressed, the central government has all but eliminated domestic opposition, the regime is popular at home, and the U.S. military is too locked down to make more than a token gesture to block any Russian advances.

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Yet Russia faces challenges to match its power. Chinese pipelines to Kazakhstan and Turkmenistan (to be constructed in 2008) threaten to divert the energy that until now could only flow northward and serve Russian purposes. NATO and the European Union occupy Russia's entire western horizon and are flirting with expanding their memberships. Rising defense modernizations in Asia are forcing Russia to deal with two military fronts — something at which Moscow never really succeeded during Soviet times. And the European Union plans to separate Kosovo from Serbia, making a mockery of the Kremlin's efforts to keep the province attached. Finally, while Russia's military is improving, it still faces massive challenges — ranging from a bloated and unskilled conscription force to mass corruption within the officer corps that siphons away a sizeable minority of resources the Kremlin is allocating to the military.

If Russia is to secure its long-term future in the face of a rising China and ever-expanding EU and NATO, 2008 must be the year of action.

The former Soviet Union region will have three main developments in 2008. First, the consolidation that began in Russia's energy sector in 2003 will culminate. This will be the year that state giants Rosneft and Gazprom swallow up — whether formally or through "alliances" — most of the remaining independent players in the country's energy industry.

This is being done not just to solidify central control — although that is a leading reason — but also to strengthen what has become Russia's most reliable foreign policy tool. The year 2007, however, could well have been the high point in Russia's ability to influence Europe with control of its energy policies. In 2008 a number of natural gas import projects will begin operation in Western Europe, reducing that region's dependency on Russian energy and allowing the Western European states to be more dismissive of Russian interests.

Second, and far more important, the Russians need a defining confrontation with the West. Russian power is at a relative peak, and American power at a relative low. It is a temporary circumstance certain to invert as the United States militarily extricates itself from Iraq, and one that Russia must exploit if it seeks to avoid replicating the

geopolitical retreat of the 1990s. By "confrontation" we do not necessarily mean a war — simply a clash that starkly lays bare Russia's strengths against Western weaknesses.

This requires adjusting EU and NATO attitudes so they both deeply consider Russian national interests in their decision-making. The Kremlin must publicly display that it can make the West back down. Success would adjust perceptions of pro-Western forces throughout the former Soviet Union and significantly boost Russia's efforts to expand its influence. Failure would entrench the opposite.

There are a number of places where Russia might create such a decisive challenge, but the most logical place is Kosovo. While the West is prepared to rubberstamp Kosovo's independence, there is little of military, economic or political value there for the West. For Russia — which has publicly invested much political capital in opposing Kosovar independence — European success would be more than a slap in the face. It would undermine Russian power at a fundamental level and demonstrate that even the European Union — whose unity on issues of foreign policy is shallow and whose military capability as a coherent whole is negligible — can simply ignore Moscow.

Moscow must prevent this from happening, and it is likely that some sternly quiet conversations with the Europeans will be successful at (yet again) pushing back a final decision on Kosovo. Simply put, for the Western world, Kosovo is not even remotely worth an escalating conflict with Russia.

There are many other options, of course. The former pro-Western Soviet republic of Georgia, long a thorn in Moscow's side, has two secessionist regions that rely on Russia for their economic and military existence. Russia could easily absorb them outright and thus break the myth that American protection in the Caucasus is sustainable. Gazprom could swallow up Russian-British joint oil venture TNK-BP, destroying billions in U.K. investment in a heartbeat. Union with Belarus would return the Red Army to the European frontier and turn the security framework of Eurasia inside-out overnight.

And once again there is Ukraine, which just finally elected the anti-Russian Yulia Timoshenko as prime minister. Timoshenko has sworn to counter Russian influence in Ukraine's energy sector and push back against Russia's natural gas price hikes. The year 2008 could look eerily similar to the end of 2005, when Gazprom cut natural gas supplies to Ukraine, hitting Europe particularly hard. Then again, Russia could use the Ukraine conflict as an excuse to cut supplies to Europe anyway.

However, the third trend of 2008 is a monumental obstacle to Russia achieving its goals: an internal clan war. After years of turning Russia's various factions against each other, Putin has finally secured control for his inner circle. But now that inner circle is tearing itself apart. For the most part, this is what good governance looks like for an authoritarian leader — Putin constantly has to arrange for internal feuds to keep the various power brokers from setting their sights on him. But this has led to fratricide across the Russian landscape, with the most pitched battles being fought in the justice, defense and energy spheres, bleeding away energy that could otherwise be used to further Russia's international agenda.

There is one final problem that Russia faces, and at present the Kremlin is unwilling even to admit that problem exists. China is stealing Central Asia, building a network of infrastructures that will make it more attractive for the Central Asian states to integrate with China than to use Soviet-era links to Russia.

The key is Kazakhstan, the only Central Asian state to share a border with Russia. Should Astana shift into China's sphere, all of the other Central Asian states not only will find it in their best economic interests to follow, but also will enjoy the buffer of

the world's sixth-largest country (in terms of land area) between them and an angry Russia. It is nearly certain that Russian diplomats are going to have some very direct heart-to-hearts with their Kazakh counterparts, and we do not rule out some accidental polonium poisonings in Astana in 2008. Failing that, this could well go down in history as the year Moscow "lost" Central Asia.

The Central Asian problem is about more than simply resources. While Russian diplomats have long waxed philosophic about a multipolar world in which Russia and China team up to reduce U.S. influence, the truth is that not only do Moscow and Beijing not trust each other — each would quickly sell the other one up the river in order to cozy up to the United States. Russia's need to pave a path to confrontation to the West almost dictates that China will attempt to be the best friend Washington could ever have. Russia will have to play hardball to keep Central Asia, and China will likely have U.S. economic and political assistance in countering.

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Geopolitical Diary: Russia and Belarus and the Fruits of a Union

December 31, 2007

While the Islamic world continued to rumble on Sunday, with the future of Pakistan now the major issue, Belarusian President Aleksandr Lukashenko threatened to expel the U.S. ambassador to Minsk, Karen Stewart. The immediate issue was Stewart's threat that the United States might impose additional sanctions on Belarus. Washington already has sanctioned Belarus' government-owned petrochemical company, Belneftekhim, including freezing the assets of its U.S. subsidiary.

According to Lukashenko, Belarus' joint energy venture with Venezuela, announced in early December, provoked the sanctions. On Sunday, Lukashenko responded by saying Stewart "would be the first to be kicked out." He further said, "She attends opposition hangouts and says economic sanctions could be introduced against Belarus, heating up the situation. Let the American ambassador deal with her own problems, for otherwise she may leave her post in Belarus ahead of time."

Belarus is emerging as a strategic prize in the struggle between the United States and Russia. In mid-December, Russian President Vladimir Putin visited Minsk, where he agreed to grant Belarus a $1.5 billion stabilization loan. The Russians had raised the price they charged Belarus for energy, which seriously strained relations between the two countries. The loan was designed to assuage some — but not all — of the pain. Putin wants Lukashenko to both feel the pain of Russian displeasure and see the benefits of cooperation.

When the Soviet Union broke up, Belarus became the least-reformed part of it, with Lukashenko expressing the desire to create a union with Russia. The Russians were cool to the idea. They recently have warmed, however, and Putin went to Minsk with a proposal for just such a union. Pressure on energy costs was Putin's way of making Lukashenko's own idea appear even better.

Lukashenko is now playing hard to get. In the 1990s, he needed a union more than the Russians. Now the Russians need it more. Given deteriorating relations with the West, the Russians are looking at Belarus as both a strategic buffer that has to be secured, and as a path for shipping gas to Europe. Putin clearly believes that the more the Europeans depend on Russian gas, the less they will cooperate with the United States in creating a new containment policy.

There is a more arcane political reason as well. The creation of a new union by 2009, as proposed by the Russians, would require a new constitution in both countries, as well as elections for a new leader. Obviously, that would be attractive to Putin. The current constitution keeps him tap-dancing to hold on to power, and a new constitution could make him unambiguously the leader. Of course, Lukashenko also sees himself as a potential leader of the new union. Realistic or not, this issue is a sticking point, albeit one we believe will be managed.

In the meantime, Lukashenko is leapfrogging Putin in baiting the Americans, particularly by playing on his claims that the U.S. government is blatantly involving itself in Russia's internal politics by supporting liberal political parties. That was one of the charges Lukashenko made against Stewart. Lukashenko also has aligned himself with Putin on the anti-missile issue.

However the politics play out, unification makes sense for both countries. The Russians will be able to bring their power back to the Polish border. The Belarusians will be able to access energy and intensify integration into the Russian economy. It

will also create a framework for reunification with other countries in the former Soviet Union.

In our view, we are in a transitional period. The events in Pakistan are simply a new chapter in an ongoing conflict that has been under way since Sept. 11, 2001. The United States, as the world's leading power, is focused on that — not entirely to the exclusion of other matters, but pretty close. While the United States obsesses over the future of Pakistan, a matter over which it has limited control, it is losing control of the situation in the Eurasian heartland.

Geopolitical Diary: Calling Putin's Bluff on Kosovo?

December 24, 2007

The diplomatic game over Kosovo is taking an interesting shape. Leading EU members have indicated that they are prepared to move forward toward Kosovar independence, while the Kosovar Albanians have said they will declare independence unilaterally. On Dec. 21, U.S. Secretary of State Condoleezza Rice said, "The fact is that Kosovo and Serbia are never going to be part of the same state again. I think that's quite clear. It was the logic even of [U.N. Resolution] 1244 on the special status accorded Kosovo as a result of the war. And the important thing is for these two peoples to get on with their futures."

Meanwhile, the Russians indicated the same day that they are prepared to consider a long-term EU presence inside of Kosovo, but not in the context of Kosovo's independence. Russia made it clear that, whatever logic Rice reads into Resolution 1244, in reality it is not a vehicle for granting independence, and Moscow will veto any U.N. resolution that attempts to grant it. There will be no mandate for U.N. action.

NATO, which requires consensus for any action, will not get it either. Greece and Romania will veto — the former out of fear of a follow-on declaration of independence by Turks in Cyprus, and the latter out of fear of a move toward autonomy by Hungarian-dominated regions of Romania. That leaves the European Union as the only multinational vehicle left for blessing Kosovo's independence, but it is not likely that there will be a unanimous position in favor of independence in Brussels either. Therefore, either the states favoring independence will try to invent a justification for U.N., EU or NATO action, or they will have to act individually without the support of any of these groups.

In the end, these legal maneuvers are of little interest. If the United States, Germany, the United Kingdom and France all want independence for Kosovo, it will happen. The diplomats and lawyers will make a good living papering the deal. We have written about the way in which the Russians have backed themselves into a corner in opposing Kosovo's independence. If the Western countries simply steamroll over the Russian position and Russia does nothing, Russian President Vladimir Putin gets badly hurt politically — something he clearly doesn't want. Therefore, by our logic, he will not simply shrug and move on.

The question is, why would the United States and the leading European countries want to risk a crisis over Kosovo? One theory sent to us repeatedly in e-mails is that the West wants to exploit the province's vast wealth of minerals. We have no opinion on these vast deposits, except to say that if they are there, Western companies would be able to exploit them regardless of whether Kosovo is part of Serbia. It doesn't take Kosovar independence to get Belgrade to do business. In fact, if there really were as much wealth as some people say, independence is the last thing the West would want. All the sturm und drang would just delay the gold rush.

Others say it is to show the world that the West can support Muslims in certain cases, and thereby mitigate anti-American and anti-Western feeling in Muslim countries. That is certainly possible, but if that is the intent then we have no doubt it will fail. A gesture of good will in Europe will not change the minds of many Muslims. Indeed, baroque theories (on par with the mineral wealth theory) will be formed rapidly to explain it away.

There are two viable explanations. The first, weaker one, is the idea of bureaucratic inertia. A policy with a certain logic was established in 1999, at a time when Russian

sentiment was not relevant. The fact that Russia is a very different place now doesn't register with the foreign policy apparatchiks in the West; they grind onward to the inexorable end with an unstoppable process. That is certainly part of the story, but by the time it reaches Rice's office, that becomes too simple a theory. She could in fact change the plan, as could any of the European leaders.

A more persuasive explanation, because it covers the facts, is that the leaders fully understand that they are backing Putin into a corner — and that is exactly what they want to do. It is becoming clear that they believe that Putin is not going to be able to do anything in response, and so they are hoping to humiliate him, showing that he is all talk and no action.

That is exactly what Putin can't afford, so it follows that he will do something. It then comes down to facts, not wishes. What actions can Putin take, and will he risk them? It is clear that Rice and her European colleagues think he won't. They think he will back down, and the psychology of the former Soviet Union will move away from a sense that a resurgent Russia is inevitable.

Things seem to be in a position in which one player is being backed into a corner from which he must strike, by players who believe he can't strike. That is the configuration of major crises — unless Rice is correct and the Russians are bluffing. Come February, when the Albanians declare independence, everyone will get to flip his cards, and we will see whether Putin is playing a busted flush or whether he has the goods.

Geopolitical Diary: Putin's Time in the Spotlight

December 20, 2007

Prominent U.S. newsweekly Time magazine designated Russian President Vladimir Putin as Person of the Year in its Dec. 19 issue. The choice is not an unabashed accolade so much as a recognition of a person's impact — "for better or for worse," as the editors point out — and past notables have included Martin Luther King Jr., Winston Churchill, Adolf Hitler and Josef Stalin. The magazine said its choice was based on Putin's feat of creating stability and restoring Russia as a world power.

This amounts to a mainstream recognition of what Stratfor has been following for some time as Putin has consolidated control over Russia politically, economically and socially, turning the now-strong Kremlin's focus back to the international stage and (to an extent) reclaiming Russia's place among the world's major powers. Time published an extensive interview with Putin, in which he revealed his view of Russia's place in a world that has been dominated since the end of the Cold War by a single power, the United States.

Putin made it very clear for Time's mostly American audience that Moscow is back, and that U.S. actions and plans for the future can now be challenged. Throughout his three-and-a-half-hour interview, Putin repeatedly returned to the theme of the United States bullying and destabilizing other countries. He spoke candidly on many of the states and regions that are currently in play: Iran, Ukraine, Georgia and so on.

We found Putin's comments on Iran to be most interesting. He was asked about the motives behind the recent U.S. National Intelligence Estimate, which held that Iran is not actively working on a nuclear weapons program. His response is worth quoting at length:

"If this CIA report has been published simply to divert the Iranians' attention from the real preparations for military action, something that is theoretically possible, then I believe that this would be very dangerous because any military action against Iran would represent yet another very big mistake. And if we assume that the report was actually published to provide an objective picture of events, then this simply confirms that the Russian side, in formulating its foreign policy position on a given issue, is guided by objective data."

In other words, either Putin has been right all along, or the NIE is a ruse by Washington to get the Iranians to put their guard down while the United States prepares for an attack. What Putin is doing here is injecting doubt into the U.S.-Iranian negotiations over Iraq. As Stratfor has discussed, Russia is the major power with the greatest interest in derailing these negotiations. As long as the United States remains bogged down in the Persian Gulf theatre, Russia has a relatively free hand to redefine its post-Soviet boundaries and consolidate its influence in its near abroad; so the worse the negotiations fare, the better for Moscow.

Russia's delivery of nuclear fuel to Iran earlier this week was a case in point. The Iranians are now once again dragging their feet in talks with the United States, making announcements that they are enriching uranium like they've never enriched before. We can only imagine what the Russians have been whispering to the Iranians behind the scenes, but they undoubtedly are doing their best to paint Washington as a duplicitous negotiating partner.

Putin also takes a swipe at NATO in the magazine, saying that while it isn't exactly a "stinking corpse," it certainly is a holdover from the past. He emphasizes that NATO cannot protect its members in today's world, but adds that those threats can be dealt

with by increasing trust and relationships with other countries — such as Russia. This is a theme Putin has been hammering with many of the former Soviet bloc states, especially Ukraine and Georgia: NATO will not come to their aid, especially against Russia. In the interview, Putin directly blames the United States for the instability seen in many of these countries, accusing it of threatening their sovereignty and territorial integrity.

Interestingly, one related issue Putin does not mention is the growing crisis-point between the West and the resurging Russia: Kosovo. A stand-off between Russia and the West is balanced on a knife's edge there, with Russia saying that it is prepared to defend its brother Slavs, the Serbs, against Western intervention.

We will not speculate on the reason for it, but this is a notable omission. Putin has been using every opportunity to tell the world that Russia is strong again and is ready to return as a force to be reckoned with. Kosovo is a place where Putin might actually have to prove that — and soon.

Russia: Kosovo and the Asymmetry of Perceptions

December 18, 2007

By George Friedman

Kosovo appears to be an archaic topic. The Yugoslavian question was a 1990s issue, while the Kosovo issue has appeared to be one of those conflicts that never quite goes away but isn't regarded very seriously by the international community. You hear about it but you don't care about it. However, Kosovo is getting very serious again.

The United States and Europe appear committed to making Kosovo, now a province of Serbia, an independent state. Of course, Serbia opposes this, but more important, so does Russia. Russia opposed the original conflict, but at that point it was weak and its wishes were irrelevant. Russia opposes independence for Kosovo now, and it is far from the weak state it was in 1999 — and is not likely to take this quietly. Kosovo's potential as a flash point between Russia and the West makes it important again. Let's therefore review the action to this point.

In 1999, NATO, led by the United States, conducted a 60-day bombing campaign against Yugoslavia and its main component, Serbia. The issue was the charge that Yugoslavia was sponsoring the mass murder of ethnic Albanians in Kosovo, just as it had against Bosnian Muslims. The campaign aimed to force the Yugoslav army out of Kosovo while allowing a NATO force to occupy and administer the province.

Two strands led to this action. The first was the fear that the demonstrable atrocities committed by Serbs in Bosnia were being repeated in Kosovo. The second was the general feeling dominant in the 1990s that the international community's primary task was dealing with rogue states behaving in ways that violated international norms. In other words, it was assumed that there was a general international consensus on how the world should look, that the United States was the leader of this international consensus and that there was no power that could threaten the United States or the unity of the vision. There were only weak, isolated rogue states that had to be dealt with. There was no real risk attached to these operations. Yugoslavia was identified as one of those rogue states. The United States, without the United Nations but with the backing of most European countries, dealt with it.

There was no question that Serbs committed massive atrocities in Bosnia, and that Bosnians and Croats carried out massive atrocities against Serbs. These atrocities occurred in the context of Yugoslavia's explosion after the end of the Cold War. Yugoslavia had been part of an arc running from the Danube to the Hindu Kush, frozen into place by the Cold War. Muslims had been divided by the line, with some living in the former Soviet Union but most on the other side. The Yugoslav state consisted of Catholics, Orthodox Christians and Muslims; it was communist but anti-Soviet and cooperated with the United States. It was an artificial state imposed on multiple nationalities by the victors of World War I and held in place after World War II by the force field created by U.S.-Soviet power. When the Soviets fell, the force field collapsed and Yugoslavia detonated, followed later by the rest of the arc.

The NATO mission, then, was to stabilize the western end of this arc, Yugoslavia. The strategy was to abolish the multinational state created after World War I and replace it with a series of nation-states — such as Slovenia and Macedonia — built around a coherent national unit. This would stabilize Yugoslavia. The problem with this plan was that each nation-state would contain substantial ethnic minorities, regardless of attempts to redraw the borders. Thus, Bosnia contains Serbs. But the theory was that small states overwhelmingly consisting of one nationality could remain stable in

the face of ethnic diversity so long as there was a dominant nation — unlike Yugoslavia, where there was no central national grouping.

So NATO decided to re-engineer the Balkans much as they were re-engineered after World War I. NATO and the United States got caught in a weird intellectual trap. On the one hand, there was an absolute consensus that the post-World War II borders of Europe were sacrosanct. If that wasn't the case, then Hungarians living in Romanian Transylvania might want to rejoin Hungary, Turkish regions of Cyprus might want to join Turkey, Germany might want to reclaim Silesia and Northern Ireland might want to secede from the United Kingdom. All hell could break loose, and one of the ways Europe avoided hell after 1945 was a cardinal rule: No borders would shift.

The re-engineering of Yugoslavia was not seen as changing borders. Rather, it was seen as eliminating a completely artificial state and freeing genuine nations to have their own states. But it was assumed that the historic borders of those states could not be changed merely because of the presence of other ethnic groups concentrated in a region. So the desire of Bosnian Serbs to join Serbia was rejected, both because of the atrocious behavior of the Bosnian Serbs and because it would have shifted the historic borders of Bosnia. If all of this seems a bit tortured, please recall the hubris of the West in the 1990s. Anything was possible, including re-engineering the land of the south Slavs, as Yugoslavia's name translates in English.

In all of this, Serbia was seen as the problem. Rather than viewing Yugoslavia as a general failed project, Serbia was seen not so much as part of the failure but as an intrinsically egregious actor that had to be treated differently than the rest, given its behavior, particularly against the Bosnians. When it appeared that the Serbs were repeating their actions in Kosovo against Albanian Muslims in 1999, the United States and other NATO allies felt they had to intervene.

In fact, the level of atrocities in Kosovo never approached what happened in Bosnia, nor what the Clinton administration said was going on before and during the war. At one point, it was said that hundreds of thousands of men were missing, and later that 10,000 had been killed and bodies were being dissolved in acid. The post-war analysis never revealed any atrocities on this order of magnitude. But that was not the point. The point was that the United States had shifted to a post-Cold War attitude, and that since there were no real threats against the United States, the primary mission of foreign policy was dealing with minor rogue states, preventing genocide and re-engineering unstable regions. People have sought explanations for the Kosovo war in vast and complex conspiracies. The fact is that the motivation was a complex web of domestic political concerns and a genuine belief that the primary mission was to improve the world.

The United States dealt with its concerns over Kosovo by conducting a 60-day bombing campaign designed to force Yugoslavia to withdraw from Kosovo and allow NATO forces in. The Yugoslav government, effectively the same as the Serbian government by then, showed remarkable resilience, and the air campaign was not nearly as effective as the air forces had hoped. The United States needed a war-ending strategy. This is where the Russians came in.

Russia was weak and ineffective, but it was Serbia's only major ally. The United States prevailed on the Russians to initiate diplomatic contacts and persuade the Serbs that their position was isolated and hopeless. The carrot was that the United States agreed that Russian peacekeeping troops would participate in Kosovo. This was crucial for the Serbians, as it seemed to guarantee the interests of Serbia in Kosovo, as well as the rights of Serbs living in Kosovo. The deal brokered by the Russians called for a withdrawal of the Serbian army from Kosovo and entry into

Kosovo of a joint NATO-Russian force, with the Russians guaranteeing that Kosovo would remain part of Serbia.

This ended the war, but the Russians were never permitted — let alone encouraged — to take their role in Serbia. The Russians were excluded from the Kosovo Force (KFOR) decision-making process and were isolated from NATO's main force. When Russian troops took control of the airport in Pristina in Kosovo at the end of the war, they were surrounded by NATO troops.

In effect, NATO and the United States reneged on their agreement with Russia. Russian President Boris Yeltsin and the Russian Foreign Ministry caved in the face of this reneging, leaving the Russian military — which had ordered the Kosovo intervention — hanging. In 1999, this was a fairly risk-free move by the West. The Russians were in no position to act.

The degree to which Yeltsin's humiliation in Kosovo led to the rise of Vladimir Putin is not fully understood. Putin represented a faction in the intelligence-military community that regarded Kosovo as the last straw. There were, of course, other important factors leading to the rise of Putin, but the Russian perception that the United States had double-crossed them in an act of supreme contempt was a significant factor. Putin came to office committed to regaining Russian intellectual influence after Yeltsin's inertia.

The current decision by the United States and some European countries to grant independence to Kosovo must be viewed in this context. First, it is the only case in Yugoslavia in which borders are to shift because of the presence of a minority. Second, it continues the policy of re-engineering Yugoslavia. Third, it proceeds without either a U.N. or NATO mandate, as an action supported by independent nations — including the United States and Germany. Finally, it flies in the face of Russian wishes.

This last one is the critical point. The Russians clearly are concerned that this would open the door for the further redrawing of borders, paving the way for Chechen independence movements, for example. But that isn't the real issue. The real issue is that Serbia is an ally of Russia, and the Russians do not want Kosovar independence to happen. From Putin's point of view, he came to power because the West simply wouldn't take Russian wishes seriously. If there were a repeat of that display of indifference, his own authority would be seriously weakened.

Putin is rebuilding the Russian sphere of influence in the former Soviet Union. He is meeting with the Belarusians over reintegration. He is warning Ukraine not to flirt with NATO membership. He is reasserting Russian power in the Caucasus and Central Asia. His theme is simple: Russia is near and strong; NATO is far away and weak. He is trying to define Russian power in the region. Though Kosovo is admittedly peripheral to this region, if no European power is willing to openly challenge Russian troops in Kosovo, then Russia will have succeeded in portraying NATO as a weak and unreliable force.

If the United States and some European powers can create an independent Kosovo without regard to Russian wishes, Putin's prestige in Russia and the psychological foundations of his grand strategy will suffer a huge blow. If Kosovo is granted independence outside the context of the United Nations, where Russia has veto power, he will be facing the same crisis Yeltsin did. If he repeats Yeltsin's capitulation, he will face substantial consequences. Putin and the Russians repeatedly have warned that they wouldn't accept independence for Kosovo, and that such an act would lead to an uncontrollable crisis. Thus far, the Western powers involved appear to have dismissed this. In our view, they shouldn't. It is not so much

what Putin wants as the consequences for Putin if he does not act. He cannot afford to acquiesce. He will create a crisis.

Putin has two levers. One is economic. The natural gas flowing to Europe, particularly to Germany, is critical for the Europeans. Putin has a large war chest saved from high energy prices. He can live without exports longer than the Germans can live without imports. It is assumed that he wouldn't carry out this cutoff. This assumption does not take into account how important the Kosovo issue is to the Russians.

The second option is what we might call the "light military" option. Assume that Putin would send a battalion or two of troops by air to Belgrade, load them onto trucks and send them toward Pristina, claiming this as Russia's right under agreements made in 1999. Assume a squadron of Russian aircraft would be sent to Belgrade as well. A Russian naval squadron, including the aircraft carrier Admiral Kuznetsov, already is headed to the Mediterranean. Obviously, this is not a force that could impose anything on NATO. But would the Germans, for example, be prepared to open fire on these troops?

If that happened, there are other areas of interest to Russia and the West where Russia could exert decisive military power, such as the Baltic states. If Russian troops were to enter the Baltics, would NATO rush reinforcements there to fight them? The Russian light military threat in Kosovo is that any action there could lead to a Russian reaction elsewhere.

The re-engineering of the Balkans always has assumed that there is no broader geopolitical price involved. Granting Kosovo independence would put Russia in a position in which interests that it regards as fundamental are challenged. Even if the West doesn't see why this should be the case, the Russians have made clear that it is so — and have made statements essentially locking themselves into a response or forcing themselves to accept humiliation. Re-engineering a region where there is no risk is one thing; re-engineering a region where there is substantial risk is another.

In our view, the Russians would actually welcome a crisis. Putin wants to demonstrate that Russia is a great power. That would influence thinking throughout the former Soviet Union, sobering eastern Central Europe as well — and Poland in particular. Confronting the West as an equal and backing it into a corner is exactly what he would like. In our view, Putin will seize the Kosovo issue not because it is of value in and of itself but because it gives him a platform to move his strategic policy forward.

The Germans have neither the resources nor the appetite for such a crisis. The Americans, bogged down in the Islamic world, are hardly in a position to deal with a crisis over Kosovo. The Russian view is that the West has not reviewed its policies in the Balkans since 1999 and has not grasped that the geopolitics of the situation have changed. Nor, in our view, has Washington or Berlin grasped that a confrontation is exactly what the Russians are looking for.

We expect the West to postpone independence again, and to keep postponing it. But the Albanians might force the issue by declaring unilateral independence. The Russians would actually be delighted to see this. But here is the basic fact: For the United States and its allies, Kosovo is a side issue of no great importance. For the Russians, it is both a hot-button issue and a strategic opportunity. The Russians won't roll over this time. And the asymmetry of perceptions is what crises are made of.

Russia: A Major Mediterranean Deployment

December 17, 2007

The Russian aircraft carrier Admiral Kuznetsov and two Su-33 Flanker D fighters

Summary

A Russian battle group led by Moscow's sole aircraft carrier is heading for the Mediterranean Sea. The sailing represents a significant demonstration, both military and political, by the Kremlin.

Analysis

The Admiral Kuznetsov, Russia's sole aircraft carrier, is leading a battle group to the Mediterranean Sea. The move represents a major deployment for Russia's Northern Fleet. Though the Russian navy suffers significant disadvantages in the sea, the deployment could ultimately prove to be the strongest naval showing in more than a decade for the Kremlin.

On Dec. 11, the Kuznetsov reportedly began conducting flight operations close enough to Norwegian oil platforms to spook the operators into suspending their own flights to and from the rigs. Whether this was intended to frighten the Norwegians or was more a symptom of Russian inexperience with the basic etiquette of carrier aviation is unclear. Either way, it almost certainly indicates how this deployment will play out: This is a battle group, the presence of which will be felt.

Once it rendezvous in the Mediterranean, the Russian battle group reportedly will be made up of four major warships, including the:

- Admiral Kuznetsov. The lead ship of its class, the Kuznetsov displaces nearly 60,000 tons fully loaded — making it the largest warship ever constructed by Russia. Moscow has claimed significantly larger aircraft capacity than has been demonstrated. It can accommodate Su-33 Flanker D and Su-25 Frogfoot navalized fighter aircraft as well as Ka-27/29 Helix helicopters. Bristling with anti-air systems, it also is armed with 10 SS-N-19 "Shipwreck" supersonic anti-ship missiles. China acquired its sister ship, the Varyag.
- Admiral Levchenko. A ship of the Udaloy (Project 1155) class, a mainstay of the Russian surface fleet, Levchenko possesses an extensive anti-submarine warfare suite, including the SS-N-14 "Silex" missile.
- Admiral Chabanenko. The sole ship of the Udaloy II (Project 1155.1) class, the Chabanenko is an improvement on the Levchenko's class. It incorporates aspects of two other late Soviet-era classes. It carries the SS-N-22 "Sunburn" supersonic anti-ship missile and is one of the most active ships in the Russian Northern Fleet.
- Moskva. The flagship of the Black Sea Fleet, the Moskva is the lead ship of the Slava (Project 1164) guided missile cruisers. Sixteen large SS-N-12 "Sandbox" anti-ship missiles are fitted in rows of two on the port and starboard sides, a distinctive feature.

A number of support vessels and almost certainly at least one nuclear-powered attack or cruise missile submarine accompany these ships. Despite the notable absence of the Pyotr Velikiy, this grouping of ships largely represents the best the

Russian surface navy has to offer. On paper, it brings significant offensive anti-ship capability to bear. For the most part, however, Russian sailors are more likely to be honing rather than flaunting their skills on this deployment.

The greatest challenge for Russia in the Mediterranean is geographic. The sea route from Severodvinsk to the Strait of Gibraltar is actually longer than the transit from Norfolk, Va., — home of the U.S. 2nd Fleet — to the strait. And the entire Mediterranean Sea is within range of NATO aircraft. Despite the fact that several of these ships, especially the Kuznetsov, bristle with anti-air weaponry, they stand little chance against U.S. and NATO dominance of the Mediterranean.

This dynamic is not much altered by the presence of Moscow's Black Sea Fleet. That fleet is bottled up behind the Bosporus and Dardanelles, the straits connecting the Black and Mediterranean seas, thus facing the Turkish navy at a disadvantage. Though even at the height of Soviet naval power Russia never has attained a particularly strong military position in the Mediterranean, this is a crucial political juncture for Moscow. Before the deployment concludes in February, calls at the Syrian ports of Tartus — where the Kuznetsov moored the last time it was in the Mediterranean in 1996 — or Latakia are likely.

This is potentially the strongest Russian naval move in more than a decade. While in a shooting war it would be a foolish play, Russia is making a strong political show of force at a time when its interests are on the line in both Kosovo and the Middle East. And people tend to notice when someone else's aircraft carrier parks off their coast.

Geopolitical Diary: Reality Dawns in Belarus

December 13, 2007

Russian President Vladimir Putin departs for Belarus on Thursday for talks with Belarusian President Alexander Lukashenko about uniting the two states.

During the Yeltsin administration Lukashenko was the biggest proponent of the Belarus-Russia union. In his mind he would serve as vice president, making him a heartbeat away from president of the Soviet Union's successor state. And since that heartbeat belonged to the often inebriated and staggering Yeltsin, Lukashenko's catapult to greatness would be just around the corner.

But in January 2000 the tipsy president with the brake-light-red face stepped down in favor of Putin of the black belt. In addition to being younger and healthier than Lukashenko, Putin also thought of his Belarusian counterpart as a waste of skin. Putin's counterplan for union was for Belarus to simply be swallowed by Russia and for Lukashenko to be swept aside. Lukashenko, his dreams of power shattered, demanded rather petulantly that Russia and Belarus be treated as equals. Lukashenko briefly flirted with the West after this falling out, but the West viewed him in a remarkably similar way as Putin: an economically incompetent, authoritarian punk overly obsessed with his own ego. (Incidentally, Lukashenko gets along famously with Venezuela's Hugo Chavez.)

Not only has the idea of union been stalled ever since, but Putin has steadily whittled away at Lukashenko's power base, gradually ending the preferential treatment Russia granted Belarus on everything from market access to energy prices. The year 2008 will be the first year that Belarus will know what it is like not to be on the dole, something that is sure to impact Lukashenko's popularity deeply. In part, Putin is visiting Minsk to explain to the problematic Lukashenko that most of the remaining apron strings will be cut soon, and that Belarus has no alternative but to join with Russia on Russia's terms.

Moscow could allow Belarus to wallow in Lukashenko's dreams for years, but the world has changed. Russia has its internal house in order, the EU and NATO have absorbed all of the old Soviet European satellites as well as the three Baltic states, and China is nibbling away at Central Asia. Belarus is the only grab on offer that will not provoke a strong response from any quarter.

Strategically, a union of the two states could lead to two outcomes. First, as has been all the rage among Kremlinologists of late, it would allow Putin to remain president. Putin's second term expires in 2008, but if Belarus and Russia were to unite into a new state then Putin could become president of that new entity. (Stratfor tends to discount this. Putin is a dictator who enjoys legitimate public support — he'll do whatever he pleases regardless of what a constitution written by Yeltsin between hiccups says.)

Second, and far more importantly, it would allow the Red Army to return to the European frontier, triggering a mass conniption fit in NATO and potentially a nervous breakdown in Poland. So long as Belarus remains independent, it is a buffer. Reabsorb it into Moscow's territories, and it becomes a launching pad. If we ruled Warsaw, we'd be reaching for the lithium.

All that stands in the way of a merger is an isolated Lukashenko. And if a heart-to-heart with Putin cannot change Lukashenko's calculus, perhaps a bullet will.

Russia: Sustaining the Strategic Deterrent

December 11, 2007

A mobile Topol-M intercontinental ballistic missile being prepared for launch

Summary

Russia insists that it is content with the current pace of the construction of new strategic missiles. But the lack of acceleration in the production rate of the Topol-M intercontinental ballistic missile has serious implications.

Analysis

Russia will continue the pace of production of the Topol-M intercontinental ballistic missile (ICBM) at six to seven units per year, First Deputy Prime Minister Sergei Ivanov announced Dec. 7. This announcement is noteworthy not only for the chronically slow output (Topol-M production was once envisioned as exceeding the current rate many times over) but also because Ivanov announced his comfort with the numbers.

Politics

Ivanov's statement could foreshadow a new defense doctrine expected in the wake of the March 2008 presidential race. By many accounts, the new doctrine is expected to herald a renewed offensive against the old guard and stubborn holdouts from the Soviet era. Ivanov stated very clearly that "we do not need to produce 30 Topol-Ms annually. Not everything is measured by numbers." This is a stunning statement from a Russian; the Soviet military was absolutely obsessed with numerical parity (along with other, more complex calculations rooted in the concept of parity).

This mindset is well-ingrained in the way many Russians see defense issues. Thus, if Russia cannot ramp up production, Russian President Vladimir Putin and Ivanov must show their compatriots that they are adequately defending the motherland. They can do this by — in a very Soviet way — changing their definition of reality. If maintaining a semblance (and it is already only a semblance) of parity with the United States is no longer an option, then the Kremlin does not see the need to attempt to maintain that semblance of parity. If Russia could produce more Topol-Ms, it very likely would. This indicates that the ultimate implication of Ivanov's statement is that Russia cannot expand Topol-M production for at least several years.

The Russian heavy intercontinental ballistic missile known to NATO as the SS-18 "Satan"

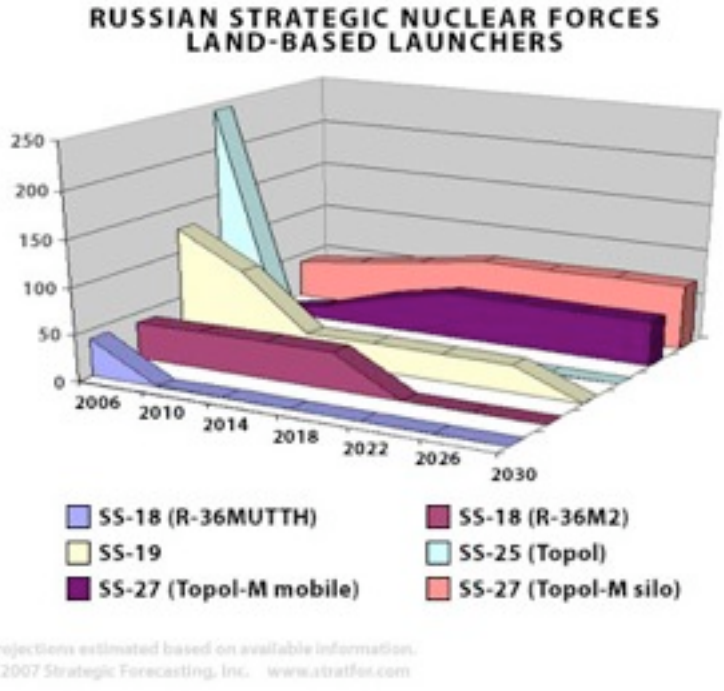
A secondary consideration is the avoidance of an arms race with the United States. Though the Kremlin has spare cash lying around, it does not translate neatly into production capacity — and in a modern-day arms race Moscow would suffer far worse, far faster than it did against Ronald Reagan's Washington. Nevertheless, Washington is only beginning even to look in Russia's general direction again, and Moscow has some room to move before crossing the line where it would need to worry about provoking an arms race.

Production

The Topol-M is built in a Cold War facility that has seen much higher output. Indeed, the Topol-M (SS-27) is a modification of the Topol missile (SS-25), which was largely produced outside of Russia proper in other corners of the Soviet Union. The principal difference between the Topol and the Topol-M is a series of production-minded alterations made after the collapse of the Soviet Union that tailored the Topol-M to Russia's new geography. It is noteworthy that at a time when money is not a problem for Moscow, a modified version of the Topol — of which 250 units ultimately were produced — cannot be produced any faster.

The Soviet strategic nuclear forces were a principal beneficiary of the privileged position the military enjoyed in the Soviet economy. When that military-industrial relationship evaporated with the Soviet Union, defense-related production suffered severely. It could be that six or seven Topol-Ms per year is the highest output the Kremlin thinks can be achieved with guaranteed quality and adequate management of other factors like corruption and inefficiencies.

Russia could also be biding its time to field a more heavily modified Topol-M, perhaps with a new maneuverable re-entry vehicle capable of evading an advanced U.S. missile defense, or fitted with multiple independently targetable re-entry vehicles (MIRVs). A modified Topol-M variant, the RS-24 (its Russian designation) was tested May 29 with MIRVs. Without requiring any alteration to the production rate of the missiles themselves, this shift could triple or even quadruple the number of deliverable warheads fielded on new launchers.



Implications

Whatever the technical reasons behind it, the production rate Ivanov announced has several significant implications.

While Russia is becoming more assertive, its land-based ICBM force is aging rapidly. The vast majority of Russia's land-based deliverable warheads are carried on older SS-18 "Satan" and SS-19 "Stiletto" missiles — all of which (save a reserve force of about 30 SS-19s) have already undergone sustainment programs to extend their

already-surpassed intended service lives.

The intended service lives of these legacy land-based missiles will continue to be extended — likely to an imprudent degree. But ultimately, these ICBMs will continue to be decommissioned faster than they are being replaced. And no matter the precise timetable for their decommissioning, an almost inexorable downward trajectory is beginning to appear.

Meanwhile, the center of gravity of Russia's deterrent is moving — whether by default or by purpose of design — ever so slowly seaward. (In comparison, the United States has relied more heavily on its submarines as a full-fledged leg of the nuclear triad since the 1960s. They now carry the bulk of deliverable U.S. nuclear warheads.) It will become even more important for the seriously troubled Bulava submarine-launched ballistic missile to succeed (which puts pressure on program managers to speed up a development process that some speculate is suffering already from too much artificial acceleration). The fate of this increasingly important missile thus remains uncertain.

It will be another five years before trends — specifically the pace of decommissioning legacy missiles, the fielding of the MIRVed Topol-M and the fate of the Bulava — really solidify. But recent developments with the Bulava, combined with Ivanov's announcement about the Topol-M, suggest a vast and inexorable shrinking of the Kremlin's nuclear arsenal that goes beyond the significant post-Cold War decline.

Geopolitical Diary: The Course of Russia

December 11, 2007

Russian President Vladimir Putin on Monday ended the mystery by formally endorsing First Deputy Prime Minister Dmitri Medvedev as his successor. Given Putin's genuine popularity with a majority of the population, along with his hammerlock to the levers of power, his endorsement is tantamount to Medvedev's election. Now the speculation has turned to precisely whether Putin will continue to pull the strings, and if so how he will do it.

We suspect that Putin will continue to pull the strings and that he is smart enough to figure out how he will do it. These are interesting but ultimately not important questions. The reason is that the process Putin initiated when he replaced Boris Yeltsin was inevitable. If Putin had not done it, someone else would have. And given the dynamics of Russia during that period, the only place that person would have come from was the intelligence community. To take control of the catastrophic reality of Russia, you had to be closely linked to at least some of the oligarchs, have control of the only institution that was really functioning in Russia at the time — the security and intelligence apparatus — and have the proper mix of ruthlessness and patience that it took to consolidate power within the state and then use state power to bring the rest of Russia under control.

The Soviet Union was a disaster. The only thing worse was Russia in the 1990s. The situation in Russia was untenable. Workers were not being paid, social services had collapsed, poverty was endemic. The countryside was in shambles. By the end of the 1990s Russia was either going to disintegrate or the state would reassert itself. The functional heart of the Soviet system, the KGB, now called the FSB, did reassert itself, not in a straight line. Much of the FSB was deeply involved in the criminality and corruption that was Russia in the 1990s. But just as the KGB had recognized first that the Soviet system was in danger of collapse, so the heirs of the KGB had recognized that Russia itself was in danger of collapse. Putin acted and succeeded. But it was the system reacting to chaos, not simply one man.

Which means that while the personal fate of Putin is an interesting question, it is not an important one. The course has been set and Medvedev, with or without Putin, will not change it. First, the state is again in the hands of the apparatus. Second, the state is in control of Russia. Third, Russia is seeking to regain control of its sphere of influence. Medvedev, or any Russian leader who could emerge, is not going to change this, because it has become institutionalized; it became institutionalized because there was no alternative course for Russia, the fantasies of the 1990s notwithstanding.

It is important to remember one of the major factors that propelled Putin to power — the Kosovo war. The United States went to war with Serbia against Russian wishes. Russia was ignored. Then at the end, the Russians helped negotiate the Serb capitulation. Under the agreement the occupation of Kosovo was not supposed to take place only under NATO aegis. The Serbs had agreed to withdraw from Kosovo under the understanding that the Russians would participate in the occupation. From the beginning that did not happen. Yeltsin's credibility, already in tatters, was shattered by the contemptuous attitude toward Russia shown by NATO members.

It is interesting to note that on the same day Putin picked Medvedev, the situation in Kosovo is again heating up. NATO is trying to create an independent Kosovo with the agreement of Serbia. The Serbs are not agreeing and neither is their Russian ally. Putin, who still holds power, is not going to compromise on this issue. For him,

Kosovo is a minor matter, except that it is a test of whether Russia will be treated as a great power.

Whether Putin is there, Medvedev is there, or it is a player to be named later, the Russians are not kidding on Kosovo. They do not plan to be rolled over as they were in 1999. Nor are they kidding about a sphere of influence in the former Soviet Union. They are certainly not kidding about state domination of the economy or of the need for a strong leader to control the state.

The point is that the situation in Russia, down to a detail like Kosovo, is very much part of a single, coherent fabric that goes well beyond personalities. The response that Russia made to its near-death experience was pretty much its only option, and having chosen that option, the rest unfolds regardless of personalities. Putin has played his role well. He could continue to play it. But the focus should be on Russia as a great power seeking to resume its role, and not on the personalities, not even one as powerful as Putin, and certainly not Medvedev.

Russia: Maintaining the Credibility of Deterrence

December 10, 2007

Summary

Russia's latest intercontinental ballistic missile test reportedly involved new hardware for penetrating a ballistic missile defense system. This could be an early step toward developing the ability to evade a future U.S. missile shield.

An artist's rendering of the mobile Topol missile (SS-25 'Sickle')

Analysis

On Dec. 8, Russia tested a Topol intercontinental ballistic missile (ICBM) with a re-entry system designed to evade ballistic missile defense (BMD) systems, according to a spokesman for the Strategic Rocket Forces. U.S. BMD facilities to be built in Europe are not designed to deal with the Russian strategic deterrent (or even Iran). But Moscow can see the writing on the wall. For the long term, the United States is moving toward a full-fledged national missile defense shield, and Russia recognizes the need to pursue the development of countermeasures to help evade such a system.

For Russia, making incremental improvements on the offensive side — enabling ICBM re-entry vehicles to be more evasive and able to penetrate BMD systems — is cheaper and far more feasible than trying to go head-to-head with the United States in a BMD race.

There are two principle methods of evading a BMD system. The first entails the use of penetration aids. These can take a variety of forms, but they essentially are a class of countermeasures that use decoys to make one identifiable target (i.e., the actual re-entry vehicle containing the nuclear warhead) appear to be many. Such methods have been around for some time, and Russia is almost certainly intimately familiar with at least crude penetration aids.

Renewed concern inside the Kremlin about Washington's aggressive pursuit of BMD technologies — and especially about plans to deploy those systems in central Europe — has reawakened a Cold War animal known as the Maneuverable Re-entry Vehicle (MaRV). MaRVs — which can be combined with penetration aids — are much more complex re-entry vehicles that, by definition, have the ability to alter their trajectory. They do this by using either thrust or control surfaces. Needless to say, this can complicate accuracy in hitting the target.

The ability to maneuver is significant because BMD relies on the predictability of a ballistic trajectory. Even the comparatively small shifts in trajectory that take place during launch, when one stage of the boost vehicle is shed and the next stage ignites, complicate the intercept plot. The ability to plot with great accuracy where an interceptor should be in a matter of minutes to intercept a re-entry vehicle that is, at that moment, thousands of miles away and moving at many times the speed of sound is a massive challenge. (And one that, for most of the Cold War, was solved by arming anti-missile interceptors with nuclear warheads.)

Modern U.S. BMD systems, on the other hand, have favored kinetic kill vehicles that have no explosive charge at all. They rely on the sheer velocity of impact for

destruction — placing an extra premium on precision. While sensors are being developed to enable the kill vehicle to better discern between penetration aids and actual re-entry vehicles, significant maneuverability creates very real difficulties not just for the current nascent BMD systems but also for more advanced follow-on technologies.

Unfortunately for Russia, there are serious problems sustaining its strategic deterrent as is. The vast majority of missiles and their supporting infrastructure are well past their intended service lives and production is nowhere near sufficient to sustain those numbers. And continually developing and improving upon countermeasures and counter-countermeasures to contend with rapidly advancing U.S. BMD technology is a game that Moscow can ill afford to play. Losing its quantitative advantage, Russia must now think qualitatively. Building penetration capabilities into its shrinking missile arsenal is the only way for Russia to sustain the long-term credibility of its strategic deterrent.

Russia: Georgia in the Kremlin's Crosshairs?

December 3, 2007

Summary

Rumors are flying that Russia could decide in the new year to support the independence of Georgian secessionist regions Abkhazia and South Ossetia. Tbilisi would consider such a move an act of war — something Moscow cannot take back.

Analysis

As Russia elects a new parliament almost fully composed of Russian President Vladimir Putin's United Russia party, there are rumblings in Moscow that the new Duma could consider acknowledging the independence of Georgia's secessionist regions, Abkhazia and South Ossetia. Stratfor sources say the Duma could begin deliberations on the issue just after Jan. 1. However, a declaration of Russia's full support of the breakaway regions would need Putin's signature.

Formal support of the independence of Abkhazia and South Ossetia, both of which declared independence in 1992 and re-declared freedom from Tbilisi in 1999 and 2006 respectively, would mean further Russian meddling in Georgian affairs. More than that, though, Tbilisi would consider it an actual declaration of war, and there is no going back from that.

As Russia has grown more aggressive in its foreign affairs — especially with its neighbors — Georgia has been one of Moscow's key targets. As Stratfor has said many times, the secessionist regions are one of the Kremlin's favorite tools with which to aggravate Tbilisi. However, Russia has stopped short of actually recognizing Abkhazia and South Ossetia's independence from Georgia.

The possibility of Russia actually acknowledging the two regions is not entirely a surprise, since Russia has been targeting Georgia more and more. Tbilisi accused Russia of dropping a bomb in a Georgian field, and Russia has funded large political movements that have fractured Georgia's government and has sent Chechen peacekeepers into Georgia's secessionist regions.

Backing Abkhazia and South Ossetia's independence is the next logical move for Russia if it is serious about cracking Georgia, because Russia already has amilitary presence in these regions, making it all the easier. But Putin is most likely to wait until his checklist for domestic Russian politics has a few more items crossed off — presumably after the March presidential elections and a decision on Putin's new role leading the country — before he signs a declaration of support.

Moreover, Putin will want to make sure he knows that Russia would be able to pull off such a large and definitive move — including an actual war — without outside interference. This means he will want to make sure the United States is still tangled up with more pressing issues like Iran and Iraq. Putin will not want to risk attracting

U.S. attention as Moscow begins such an offensive. The United States would not come sweeping into the conflict — as much as the Georgians would like that — but it would target Russian aggressions elsewhere, such as its moves along the former Soviet Union's periphery. But Putin knows that his timetable is shrinking because the longer he waits, the more likely the United States is to get other concerns wrapped up. Moscow has a small window of opportunity.

All the circumstances and logistics might not matter to Tbilisi. Even the rumblings of the Duma moving on the matter could put Georgia in a frenzy. This could push the Georgians to move against the secessionist regions first — something Moscow would love. This would give Russia reason to sweep in and protect the Ossetians and Abkhaz from the "trigger-happy" Georgians — a circumstance the Kremlin could spin to its advantage.

Geopolitical Diary: Putin, Chavez and the Asian Tigers

December 3, 2007

Two rounds of voting in two different countries — a Russian parliamentary vote and a Venezuelan referendum on constitutional changes — were completed on Sunday. Russian President Vladimir Putin's United Russia party easily won a large enough slice of the popular vote to allow it to amend the constitution on a whim; Venezuelan President Hugo Chavez lost by a narrow margin his bid for constitutional changes that would have entrenched his power for a generation.

Nether election was what Westerners would consider "free and fair." The Russian vote allowed opposition forces negligible chances to address the populace, and the Venezuelan one saw leading opposition politicians regularly threatened — and, in at least one case, shot at — as they tried to cast their ballots.

Despite the defeat in Venezuela, the governments of both states are brimming with vitality, resources and, most of all, ambition. Both are reordering their regions fundamentally and to eject American influence as much as possible. Both have racked up success after success in recent years, and neither faces significant near-term obstacles to its still-rising strength.

Most importantly, the long-term goal of each seems tantalizingly attainable. Chavez seeks to imprint Fidel Castro's brand of socialism upon Latin America and the constitution defeat is only the first meaningful loss in the past five years, while Putin seeks (after a fashion) to re-create the foundations of the Soviet Union. Those worrying most are the regional powers that would prefer to see power tilt in another direction. Chavez is working night and day to displace Brazil as South America's de facto leader, and Putin seems to have reserved a special place in hell for the former Soviet republic of Georgia.

Yet before fans of Putin break out the bubbly (Chavez fans obviously have some work ahead of them, given their setback), consider that there is one other thing the two states have in common that invites pause: a mere 10 years ago, both were economic basket cases and political laughingstocks.

Whatever dynamism exists in the Russian and Venezuelan economies is the result of robust petroleum prices. In the depths of the 1997-1998 Asian financial crisis, crude oil prices briefly fell as low as $8 a barrel — and both Venezuela and Russia flirted with formal dissolution. But states do not die easily, and shortly thereafter each found itself reconsolidated under statist military regimes. Chavez displaced Rafael Caldera and Putin displaced Boris Yeltsin, each exploiting public disaffection and ideology to lay the foundations of today's Venezuela and Russia.

A decade (and another $80-odd per barrel of oil) later, the two states — and their two leaders — are at the top of their game. Oil has reached its recent dizzying heights thanks partly to ongoing chaos in the Middle East, but there is an even more fundamental driver: Asian demand, and especially Chinese demand. Despite some recent stirrings of meaningful opposition in Venezuela, Chavez is clearly in charge and power remains his to lose.

That demand depends on the continued growth of Asian economies. However, the questionable characteristics of Asian financing — subsidized loans and the tendency to prioritize full employment and expansion of market share above rates of return, efficiency and profitability — have not disappeared since 1998. In fact, China, the one state in the region that escaped the carnage a decade ago, now has what is perhaps the most "Asian" system in the world.

Sooner or later that system will crack, just as Japan, South Korea, Thailand, Malaysia, Taiwan and Indonesia cracked before it. And when it does, the price of crude oil will plummet (it shed roughly three-quarters of its value in 1997-1998), and Moscow and Caracas will have to engage in some fancy footwork to avoid plummeting with it. Again.

But until then, there will be plenty of sleepless nights for the U.S. secretary of state — and for Georgia.

Russia: Putin Suspends CFE

November 30, 2007

Summary

In a long-anticipated move, Russian President Vladimir Putin formally suspended his country's participation in Conventional Forces in Europe treaty Nov. 30, to take effect Dec. 12.

Analysis

Russian President Vladimir Putin approved his country's suspension of its participation in the Conventional Armed Forces in Europe (CFE) Treaty on Nov. 30, to take effect Dec. 12. The move had long been anticipated, given that First Deputy Prime Minister Sergei Ivanov declared a moratorium on participation May 23. The lower house of the Russian legislature, the Duma, approved the suspension measure Nov. 7, followed by the upper house Nov. 16 — both unanimously, and at Putin's behest.

Like the strategic arms treaties before it, the CFE, signed in 1990, sought to cap force levels — in this case, tanks, armored combat vehicles, heavy artillery, combat aircraft and attack helicopters rather than missiles and deliverable warheads. Europeans, of course, are the most concerned with the CFE, as it was considered a major step toward reducing the chances of another major conventional war in Europe. By 1995, some 50,000 combat vehicles had been destroyed or converted by NATO and former Warsaw Pact countries — actually in excess of treaty requirements — and the pact had become the cornerstone of the European security architecture.

However, the dynamics of the Cold War that drove NATO and the Warsaw Pact to sign CFE no longer exist. Indeed, most of the former Warsaw Pact states are now NATO members. Like the Intermediate-Range Nuclear Forces Treaty (INF), CFE no longer serves the purpose it once did — especially for Moscow. Regardless, CFE has been in full effect for more than a decade, although the treaty was revised in 1999 to reflect the new European order. Issues remain, however, about ratification on the NATO side and violations of force levels in Georgia and Moldova's separatist region of Transdniestria on the Russian side.

But the 50,000 pieces of combat hardware removed from the equation in 1995 are not about to reappear. Russia is not in a position to start cranking out thousands of tanks per year, and even should it chose to begin disregarding CFE limits somewhere that matters — not just Georgia and Transdniestria — it is a long way from doing so in a way that fundamentally alters the current security dynamic in the region.

However, if Putin continues to move forward with the suspension and even withdrawal from CFE, he burns bridges with Europe. The mere idea of massive columns of Russian armor has no small effect in Western and Central European states, and withdrawal from CFE will rile many in Europe. As a result, European and NATO security policy will be shifted accordingly.

It remains unclear whether Putin is using the suspension for political gains at home and abroad or whether he really intends to begin ignoring the treaty's limits. However, a truly bellicose Russia is the one thing that can truly unify Europe — and

in such a scenario, the nexus of that unity will be NATO, where Washington's influence is strongest.

No matter how bellicose Russia gets, it is hard to see 50,000 pieces of CFE-governed combat hardware returning to the north European plain. But before there can be any meaningful military shift, there will be far more stark political shifts in Europe consistent with long-term strategic thinking reminiscent of the Soviet Union era.

Russia's Break Point

November 30, 2007

Summary

Russian dealings with the West and the Middle East are hitting an inflection point, raising the distinct possibility that the hostility that has recently crept into relations was only a tiny taste of what is to come.

Analysis

Russian President Vladimir Putin on Nov. 30 signed into law a bill that formally suspends Russian cooperation with the West on the Conventional Armed Forces in Europe (CFE) Treaty. On the same day, the International Atomic Energy Agency approved a shipment of Russian nuclear fuel for transport to the Russian-built Iranian reactor at Bushehr.

The CFE — a treaty that regulates how much conventional weaponry NATO and former Warsaw Pact states can have, and where — is the cornerstone of Eurasian security architecture. With most of the former Warsaw Pact states now in NATO, Russia feels the pact is in need of a major revision — something that NATO has rejected without additional Russian withdrawals from some of the former Soviet states. But registering Russian displeasure with the treaty is one thing; leaving it is another.

Similarly, the Bushehr reactor — so long as it is not yet on line — is Russia's primary lever for inserting itself into Middle Eastern events. But as soon as it goes on line, the West has no reason to engage the Russians on Iranian issues, and Iran shifts from needing tutors for its nuclear program to having the infrastructure in place to be self-taught. In the Russian mind, ending that influence could be worth the cost if it locks Iran and the United States into a protracted struggle.

The bottom line is that both leaving the CFE and making Bushehr operational are not rhetorical moves, but bridge burners that will force other powers to adjust their long-term security policies. A ditched CFE will force NATO to, at minimum, up its intelligence efforts in order to track Russian forces — information that the Russians normally would have reported via CFE mechanisms. A switched-on Bushehr makes the Iranian nuclear program fully operational and capable of generating its own weapons-grade plutonium. One can easily come up with a slew of consequences that little development will force on powers in the Middle East.

Russia feels forced to take such actions because its world is quickly evolving in a direction it greatly fears. The European Union and NATO take up Russia's entire western horizon and show few signs of being finished with their enlargements. The United States might have achieved some breakthrough in the past week on both the Israeli-Palestinian issue and relations with Iran. Simply put, things are coming to a head.

All that remains now is a formal "go" order on both issues from Putin himself — treaty withdrawal (as opposed to suspension) and shipping the fuel to Iran (the Russians currently have explicitly noted that a shipping date has not yet been set). Within that tiny bit of wiggle room, however, lies a slim possibility that the Russians might yet play this conservatively. Duma elections are slated for Dec. 17, and both

moves are excellent bits of electioneering for a government determined to wipe all opposition parties out of parliament.

Russia: A Wrench in U.S. Plans for the Middle East

November 29, 2007

Summary

Not to be outshined by the United States, the Russian government has been busy forging Middle East peace negotiations of its own, particularly between Syria and Israel over the Golan Heights. Though Iran is already nervous at the thought of Syria coming to terms with Israel, the mullahs in Tehran can be somewhat assured that the Russians have not really set their sights on a comprehensive peace agreement. Instead, Moscow is playing its own crafty game of diplomacy to sabotage Washington's efforts at Annapolis.

Analysis

Russia has been spending a good deal of time in the Middle Eastern sandbox lately. From hosting Hamas leaders in Moscow to backing up Iran against the United States and playing the role of messenger between Israel and Syria, there is no conflict in the region that Moscow has not thrown itself into.

As part of this aggressive diplomatic campaign, former Prime Minister Yevgeny Primakov, the premier Russian troubleshooter on all issues Middle Eastern (going back to the Soviet days), paid a private visit to Damascus in early November to deliver a message from President Vladimir Putin. It is believed that Primakov played a role in convincing Syrian President Bashar al Assad to send a representative to Annapolis and abandon plans for a Hamas-led "countersummit" in Damascus. The Primakov visit was followed by a Nov. 15 trip by Russian Deputy Foreign Minister Alexander Sultanov and Russian Middle East envoy Sergei Yakovlev to Tel Aviv, where the two met with Israeli Foreign Minister Tzipi Livni and Israeli National Security Council Secretary Ilan Mizrahi.

The next step in the game was revealed Nov. 29, when the Israeli daily Maariv reported that Sultanov is working on an Israeli-Syrian peace plan that would give Syria sovereignty over the Golan Heights, but provide a long-term lease for Israel to hold onto the strategic 7,296-foot Mount Hermon that it captured in the 1967 war. Information circulating in Moscow suggests that these moves are part of the Kremlin's efforts to convince the Syrians and Israelis to participate in a bilateral summit in Russia that would center on the issues of the Golan Heights and Syria's role in Lebanon.

For all this diplomatic maneuvering, the Russians are not exactly sincere in their efforts to bring about peace in the Middle East. Rather, the Russians intend to shift the track set by Washington at the Annapolis conference toward much thornier issues — involving players the United States wants to avoid. By bringing up sticky issues such as the Golan Heights (which Washington had attempted to sidestep at the Annapolis conference) and organizing negotiations with Hamas (which Washington is trying to pretend does not exist as it moves negotiations forward between Fatah and Israel), Russia is strategically bending U.S. efforts at Annapolis out of shape — all under the aegis of progress, of course. The Russian calculus is simple: shift the track toward "negotiations" that are certain to lead nowhere.

Despite Russia's true intentions, Iran is not comfortable in the slightest with the idea of Syria inching toward talks with Israel and the United States. These fears likely have been compounded by the sudden turnaround in Lebanon, where the pro-West opposition and the United States have pretty much agreed to granting Syria's wish in having Lebanon's army chief, Michel Suleiman, take the presidency. Unless Syria's negotiations with Washington are held in concert with Iranian negotiations with the United States over Iraq, Tehran does not want Damascus in the negotiating picture. However, given that any progress on the Golan Heights issue with Israel must include the question of Syria's support for Hamas and Hezbollah — Israel's two primary national security concerns and the two bargaining chips that Syria is unprepared to sacrifice at this point — the Iranians can have reasonable assurance that these talks will not lead anywhere. The Russians are not interested in alliance management in the Middle East. This is about throwing a wrench into U.S. plans to create a new order in the region.

Geopolitical Diary: Russia's Secret Chechen Weapon

November 13, 2007

Georgian State Minister for Conflict Resolution David Bakradze on Monday accused Russia of bringing "large" amounts of illegal military equipment and personnel into its secessionist region of Abkhazia. Included on Bakradze's list of charges was that 200 new "peacekeepers" had been moved into Ochamchire — most of them Chechen. The Chechens have a long and bloody history in Georgia and Abkhazia, and using them as official peacekeepers is like throwing matches — or even road flares – at a powder keg.

Moscow and Tbilisi have been ratcheting up tensions through myriad provocations over the past five months, among them a missile being "mistakenly" dropped on a Georgian field and the expulsion of each other's diplomats. While the tit-for-tat has taken place, Georgia has internally fractured with mass protests and riots, and now the call for new elections. The Georgian government is weak, and now is the time for Russia to exert its influence in the region.

Russia's best bet in gaining access to and destabilizing Georgia is through the secessionist regions. Since late September there has been a substantial increase in military tensions between Georgia and its separatist enclaves of Abkhazia and South Ossetia, which have mirrored and contributed to rising tensions between Tbilisi and Moscow.

At the start of November, Georgia accused Russian peacekeepers of kidnapping Georgian soldiers in the Abkhaz region of Ganmukhuri. With television crews in tow, Georgian President Mikhail Saakashvili flew to the scene to demand the soldiers' freedom; the situation ended in a scuffle between the peacekeepers and Georgian government officials. But what the cameras caught was an interesting twist in that quite a few of the peacekeepers did not look Russian, but Caucasian.

It is difficult to tell from the footage whether the peacekeepers are actually Chechen, but the possibility is one Georgian authorities have latched on to, saying that hundreds of Chechens have just been deployed to the region.

The Chechens have a long history in Abkhazia and Georgia, though their presence in the region is less like Chinese water torture and more like evisceration. Following a 1990-1992 stint fighting for the Armenians in the Azerbaijani secessionist region of Nagorno-Karabakh, the Chechens joined the Abkhazians during their "War of Independence" from Georgia. The Chechens proved to be invaluable in that two-year war, which was one of the bloodiest post-Soviet conflicts, though the war also showed that Georgia was far from able to fend off the Chechen militants' wood-chipper tactics.

But the Chechens also received essential guerrilla-style training and practice, which they used in 1994 during the nasty first (post-Soviet) Chechen war with Russia — a war that left a gaping wound for Moscow throughout the following decade. While locked in conflict with Russia, in 2001 the Chechens returned to Abkhazia but fought for the Georgians in retribution for Abkhazia's continued loyalty to Moscow.

But the situation between the Chechens and Russians has most definitely changed in the past year; Russia has locked down control of Chechnya for the first time since the Soviet period, declaring victory after two humiliating wars. The main reason the Russians were victorious this time is that Moscow switched tactics on how to smash the Chechen militancy, using Chechens to fight Chechens. This allowed Russia to create a large unofficial military force of Chechens that has locked down — though

brutally — its own region. Currently, Russian authorities claim to have 15,000 people within their Chechen militia, which is rumored to use tactics that would make even Russian intelligence blanch — including the use of underground torture chambers and taking out entire families.

It is entirely possible, though not certain, that Russia will now be deploying its new pro-Moscow Chechen militia to other places, such as Georgia. Currently Georgia is far too unstable to deal with any serious Russian push, let alone the magnitude of fear and instability that a hostile Chechen presence south of the border could muster. But such a move would be dangerous for everyone involved, because each time Chechens get involved in other regions' disputes, no side comes out well (except occasionally the Chechens).

Then again, Moscow knows that the Chechens are familiar with Abkhazia's terrain and the tactics of both the Abkhaz and the Georgians. Moscow also knows the Chechen militia's scruples are less than those of the Russian force's — something that could be handy as tensions with Tbilisi grow more dangerous.

India, Russia: Putin Looks to Cozy up to Singh

November 9, 2007

Summary

Indian Prime Minister Manmohan Singh will meet with Russian President Vladimir Putin in Moscow during a two-day visit beginning Nov. 11. Singh is expecting Russia to make offers to woo New Delhi back into Moscow's fold.

Analysis

Indian Prime Minister Mahmohan Singh will hold talks with Russian President Vladimir Putin during his two-day visit to Moscow beginning Nov. 11.

Singh is expecting a lot out of this meeting, particularly since it follows the unofficial demise of the U.S.-Indian civil nuclear accord. Stratfor forecast that Singh would be fighting an uphill battle domestically to see the nuclear deal through; Russia, alarmed that its historical ally was entering a strategic realignment with the United States, did all it could to rile up India's communist parties to effectively back Singh into a corner.

The next step, as Stratfor anticipated, was for Russia to use its champions — energy and defense — to woo the Indians back into its fold.

It is no wonder, then, that Russia has enticed India with offers to jointly build a fifth-generation fighter and four more nuclear reactors in the southern Indian state of Tamil Nadu. These offers will be discussed during Singh's visit.

But the proposed deals are not without complications. India and Russia technically cannot sign a civilian nuclear deal until the Nuclear Suppliers Group approves the now-stalled U.S.-Indian deal. If Russia tries to force the agreement through, India could fall into the middle of even more friction between Moscow and Washington.

The problems do not end there, either. Indian defense officials are furious at Russia over four-year delays in the modification and delivery of the old Soviet Kiev-class carrier Gorshkov (to be renamed Vikramaditya). These delays (and the associated squabbling over price) translate into a gaping hole in India's current plans for naval expansion — a hole that India has no other means of filling in a timely manner. Longer-range cooperation on a fifth-generation fighter also saw significant delays in October (although the success of the Brahmos program is a strong reminder of the benefits of such cooperation with Moscow).

Though India and Russia remain inextricably tied in terms of military equipment and cooperation, New Delhi needs to see concrete progress on the Gorshkov to resist turning toward the West for its defense needs. India is also too big a customer for Russia to turn away from, especially as international competition for New Delhi's favor has expanded recently with the United States tugging at India's strings.

India will be looking for a sizable compensation package from the Russians during Singh's visit. But with doubt surrounding Moscow's ability to deliver, the United States is still very much in the game.

Geopolitical Diary: Georgia's Instability Opens Door for Russia

November 8, 2007

Georgian President Mikhail Saakashvili declared a state of emergency in the country's capital, Tbilisi, on Nov. 7. That evening, Prime Minister Zurab Nogaideli announced that emergency rule would last for the next fifteen days, saying, "There was an attempt to create unrest and stage a coup; so we had to react to that. Temporary restrictions will be imposed on demonstrations and protests, and restrictions will be imposed on calls for civil unrest and the overthrow of the government by use of force."

Saakashvili declared emergency rule after six days of protests in Tbilisi. On Nov. 2, approximately 100,000 people -- around the same number of people that demonstrated during the 2003 Rose Revolution -- marched outside parliament to ask for early elections. Their demonstration slogan was "Georgia without Saakashvili." The protests continued through the weekend with rallies nearly 50,000 people strong. But the rallies turned violent Nov. 7 when some protesters attacked riot police, who then dispersed the crowds with tear gas and water cannons.

Georgia is once again on the edge of a change in government. This time it's due to dissatisfaction with Saakashvili, who came to power in the Rose Revolution, a regime change that greatly vexed Moscow. But Saakashvili's popularity is nearing a single-digit rating and the dozen opposition groups lined up against him have organized into one united force. Just as the Rose Revolution ousted an anti-Russian, President Edward Shevardnadze, in favor of the even more anti-Russian Saakashvili, the new opposition is even more anti-Russian than Saakashvili.

But it's not important who in particular will be in power in Georgia, for any government will be anti-Russian. What is important is that Georgia is destabilized. As Russia has surged back onto the international scene and started to pull its periphery states back into its sphere of influence, Georgia has stood its ground against its former ruler. Now Moscow sees the chance to effect a change in Georgia's behavior.

There is no evidence that the current chaos in Georgia was caused by Russian agents, though Saakashvili on Nov. 7 did accuse the opposition of being in league with Moscow. The opposition has countered with the same accusation against Saakashvili.

What we do know is that Georgia has destabilized enough for Russia to be able to take advantage of the situation. Georgia's instability creates opportunities for Russia to increase its influence. Moscow has more levers to deal with Georgia than with nearly any other state: close ties to Georgia's volatile secessionist regions, Abkhazia and South Ossetia; troops stationed along the Georgian border in Russia and Armenia; and many economic ties. Now Georgia itself has shattered its former united front against Russia, which could allow Moscow's influence to seep into the cracks and solidify.

Geopolitical Diary: The Russo-Japanese NMD Dispute

October 24, 2007

For several months, the Russian government has focused its propaganda machine on combating U.S. efforts to develop an anti-ballistic missile network around the Russian periphery. Moscow views such systems at their core as an effort by Washington to nullify the Russian nuclear deterrent and therefore to sweep Russia to the very edge of strategic relevance.

In the past few days, however, Russia's attention has come to rest on Japan — the state that is most consistent in its effort to participate in national missile defense (NMD) — and on Tuesday, the Japanese government flatly, officially and firmly rebuffed Russian calls to abandon the system. The core Russian concern is that the system ultimately will be fine-tuned and expanded so that it can hedge in Moscow — something that may well be lurking about in the depths of U.S. strategic planning. But Japan wants NMD for its own reasons.

While Japan's imperial past gives the country some influence throughout East Asia, it mostly has earned Japan enmity. Particularly vitriolic is the contempt in which Japan is held by the Koreans — who resent Japanese cultural influence, economic domination and attempts to forcibly redefine Korean identity during the Japanese occupation. North Korea launched a ballistic missile over Japan in 1998 in a show of force, and in 2006, Pyongyang tested a nuclear device. Marry those two technologies and Japan clearly has a pressing need for NMD — and this is even before the economic might of South Korea is combined with North Korean military technology in a reunification that is crawling ever closer.

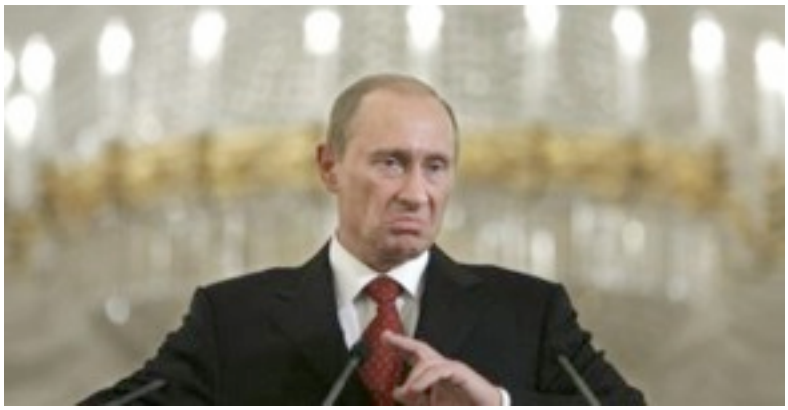
China, of course, offers a more direct and immediate challenge. As big as Asia is, it probably does not have room for both a land-based and a sea-based regional superpower. Japan's technological edge combined with China's existing nuclear arsenal leaves Japan pushing for NMD, no matter what the Russians do.

But even without the more pressing concern of Asia pushing Japan toward NMD cooperation with the United States, Russia is on Tokyo's radar. The two hardly have a friendly history: Japan has served as Washington's proxy in East Asia, blocking Soviet access to the Pacific. Russia *still* has not reached a peace accord with Japan — for World War *II*. And before that, Japan defeated Moscow in the 1904-1905 Russo-Japanese War, becoming the only Asian state to defeat a European power and inflicting the geopolitical equivalent of a root canal.

The Kremlin is attempting to put pins in a number of potential conflicts in order to focus on its own immediate concerns. But so far as Japan is concerned, Russia remains firmly on the "future trouble" list.

Russia: Stepping into the Ukrainian-Tatar Energy Scuffle

October 23, 2007



Summary

The battle between Ukraine and Tatarstan over some important energy assets has put Russia in the peculiar position of having to choose which of the two strategic regions it is more interested in controlling.

Analysis

Ukraine and the government of Russia's Tatarstan region have been battling for control of an unusual company called UkrTatNafta for more than a year. The company, created in 1994, controls Ukraine's largest refinery — Kremenchug — and accounts for one-third of Ukraine's oil production. Ownership of the company is split; Ukrainian state energy company Naftogaz Ukrainy holds 43 percent, Tatarstan holds 38 percent and a handful of small companies have miniscule shares.

Kiev's — and Moscow's — problem was that the Tatars controlled UkrTatNafta's operations. Tatarstan is Russia's largest autonomous region, with a population of 1 million Muslim Tatars. It also is fiercely independent and oil-rich. The region is somewhat contained because the Kremlin leaves it alone and it is geographically surrounded by Russia proper. But Russia loathes Tatarstan's receiving funds from projects outside Russia.

In May, Ukraine's then-prime minister, Viktor Yanukovich, attempted to usurp the Tatar government's influence and placed Naftogaz Ukrainy's 43 percent of UkrTatNafta directly under the premiership's control. Afterward, he banned all Ukrainian administrators from meetings and began "reorganizing" UkrTatNafta to favor the pro-Russian premier and his faction's interests. He named a Russian, Vladimir Fedotov, as UkrTatNafta's director. Naturally, Yanukovich's moves incensed the Tatar shareholders, who have also faced fraud cases that started popping up in recent months.

But things have changed in Ukraine; Yanukovich and his faction lost the Sept. 30 elections and the pro-Western Orange Coalition returned to power — and control over UkrTatNafta now is up in the air. It is not known whether ownership of the crucial company falls to the outgoing Yanukovich, the incoming premier Yulia Timoshenko or the original consortium of Naftogaz Ukrainy and Tatarstan. Moreover, on Oct. 19, armed men seized the refinery — though it is unclear whether they belong to Timoshenko or Yanukovich.

What is clear is that Yanukovich's changes mean that the office of Ukraine's prime minister will have the most say, and the anti-Russian Timoshenko will almost certainly hold that office.

Though this seems like a mere property squabble, it has put Russia in a unique position. Russia has geopolitically significant interest in making sure that neither Tatarstan nor Ukraine under Timoshenko holds UkrTatNafta and its assets.

Yanukovich's moves against Tatarstan most likely were spurred by the Russians, who have a strategic interest in denying Tatarstan access to money — especially from

energy — from outside Russia. Moscow planned on preventing the situation by using the pro-Russian Ukrainian government to usurp control of UkrTatNafta.

However, Russia now has a strategic interest in not allowing Ukraine's pro-Western Orange Coalition to control large energy assets that also give Ukraine more independence from Russian energy.

In the midst of Russia's internal consolidation and international resurgence, it must choose whether to aid Ukraine or Tatarstan in the squabble. Moscow will have to choose between allowing one of its most self-determining regions (and a Muslim one at that) access to funds from outside Russia and allowing its most vital periphery states access to further energy independence.

Russia: Moving Beyond Words

August 17, 2007

Summary

Russia's attempts to expand its influence to date have had a half-hearted feel. That is about to change, with Ukraine serving as the inflection point.

Analysis

The Russians have been pushing out in many of directions of late, sending long-range bombers out to poke at NATO states, starting riots in the Baltics, unnerving the Georgians at every opportunity, challenging Arctic boundaries and putting down flags in the Asian rim and Middle East. All of these things capture global attention, but most are really rather symbolic. A flag on the seafloor under the North Pole does not really make a claim, musing about a naval base in Syria is not the same as actually putting one there, and intimidating Georgia is about as hard as barking back at a Chihuahua. Part of determining the gravity of a resurgence is separating signal from noise. Russia is about to get serious about its efforts, and the inflection point will be Ukraine.

Ukraine is the most important piece of territory to long-term Russian strategy. It is the birthplace of the Russian ethnicity, a 1,000-mile buffer between Russia and the West, and home to most of Russia's infrastructure connections to Europe and the Russian Black Sea Fleet's port. It is a chunk of territory that can compromise Russian influence in the Caucasus, and incidentally it is home to over 10 million Russians.

With Ukraine in its pocket, Russia would have a chance at re-achieving great power status. Without it, Russia's security would largely be determined by outside forces. With Ukraine, Russia's moves to date are the perfect introduction for a broad and aggressive policy to secure Russia's interests; without it, they are tantamount to breaking out the Christmas decorations without first purchasing a tree. After all, what would be the point of floating a fleet in the Far East if Moscow itself remains strategically vulnerable to western approach?

Right now Ukraine is in flux, with a government divided between pro-Russian and pro-Western forces and a critical election campaign under way that will culminate in a new parliament Sept. 30. The last time Ukraine was up for grabs was in 2004, when Russia and the West fought a bitter behind-the-scenes contest that culminated in the Orange Revolution, a victory for the pro-Western factions. That loss forced Russian President Vladimir Putin's government to reexamine Russia's situation, leading to a broad reconsolidation of power internally and preparations for pushing back against the perceived Western onslaught. Now, three years later, Putin and the Russians are ready to make their move and go beyond the world of smoke and mirrors.

On Monday, Aug. 20, Russia will give the world its first hint at what Moscow plans to do for real. On that day, the prime ministers of Russia and Ukraine — Russia's Mikhail Fradkov and Ukraine's pro-Russian Viktor Yanukovich — will meet in Sochi, ostensibly to discuss economic affairs. However, though Fradkov has a nice title, he is really more of a bureaucrat and not a true decision maker, and Sochi is Putin's favorite vacation spot. The Kremlin has hinted heavily that the president is likely to attend the prime ministers' meeting.

Putin's overt involvement in Ukraine's 2004 election is part of what led to the unification of pro-Western forces in Ukraine and the intervention of Western states on

their behalf. Aug. 20, therefore, is far more likely to witness the discussion of a much subtler strategy. The specific tactical elements of that strategy are largely immaterial; what is nice about it is that it will be child's play to evaluate its tenor and success. The meeting is only 40 days before the Ukrainian vote. Russia and its Ukrainian allies will have to move quickly to implement whatever plan Putin presents.

Russia is at a balance point, and Ukraine is the key. If Putin succeeds in pulling Ukraine into the Russian orbit over the course of the next six weeks, then Russia will have secured its core. *Then* Russia can get serious — deadly serious — about spreading its influence in ways that are far more than merely rhetorical.

Geopolitical Diary: Russian 'Smiles'

August 10, 2007

The commander of Russia's strategic bomber force, Maj. Gen. Pavel Androsov, announced with a bit of flair Thursday that two of his Tu-95 bombers had ventured down to the U.S. military base at Guam during the Valiant Shield 2007 exercises involving nearly 100 U.S. aircraft in the Western Pacific, and had "exchanged smiles" with U.S. fighter pilots before turning back toward home. The incident actually happened Wednesday; the U.S. military only rarely comments on Russian forces buzzing U.S. assets, in order to minimize Russian public relations buzz. True to form, the U.S. Department of Defense issued a two-sentence statement downplaying the entire incident.

Wednesday's flight came amid an annual training exercise for the Russian 37th Air Army, and in the wake of several similar incidents this summer north of Fife, Scotland. Post-Cold War Russian military posturing and testing of foreign airspace is nothing new. But the flight to Guam is noteworthy nonetheless.

The incident is only the most recent in a long line of aggressive Russian actions. In the summer to date, similar intrusions have occurred off Alaska, Norway, the United Kingdom, Iceland and Japan. Russian "youth movements" have sparked riots in Estonia, the Russian Strategic Rocket Forces has threatened to put nuclear weapons back in the Baltic enclave of Kaliningrad, the navy has mused about a permanent base in Syria, and Russian jets stand accused of firing a missile on Georgia. Taken together, all of this is simply normal Russian behavior.

For 1985, that is.

Since 1989, Russian military assets have on occasion challenged a maritime border or buzzed an aircraft carrier, but such developments have not been weekly events since the Cold War. This sort of activity is a new — or perhaps we should say, "old" — chapter in Russian strategic thinking.

The story of Russia in the 17 years since the Cold War ended has been one of precipitous decline economically, politically, militarily and demographically. However, during President Vladimir Putin's two terms, Russia has arrested — and haltingly reversed — the first three declines. This does not mean the Russians have truly turned the corner — the economy is more addicted to commodity exports than ever before, the Kremlin is closer to political ossification than the "efficiency" of a true autocracy, and new or well-maintained military equipment is certainly not the norm — but a floor has definitely been inserted under the country, halting the fall.

Military reform has been under way for some time. That the Russian army has professionalized itself down below 200,000 conscripts is, in and of itself, an amazing achievement. But while deliberate, the task remains daunting, and the pace slow. Yet even if Russia had stopped its military research and development programs — which it did not — even late-Soviet military technology would leave Russia in a unique military position. And as the recent military adventurism vividly demonstrates, there is a pattern in Russian actions: the incidents are not isolated, and there is no direction in which the Russians are not pushing out. This is a strategy that has an excitingly (and disturbingly) familiar feel to it.

The American Cold War strategy of "containment" was not something dreamed up on some idle Tuesday. The geography of the former Soviet Union is hostile not just to economic and political development, but also to military expansion. Vast interior distances make the transport of armies as difficult as that of goods, while natural

maritime choke points like the Japanese Islands, the Turkish straits and "The Sound" between Sweden and Denmark naturally limit Moscow's naval reach — and have for centuries. The bottom line for the United States was that by aligning with all of Russia's neighbors, it could force the Soviet Union to focus on building tanks to defend is mass — because Moscow never knew from which direction an attack (or multiple attacks) would come.

Yet just as Eurasia's geography dictated the containment strategy, that same geography predetermined the Russian counterstrategy. Russia's one advantage in fact mirrors its greatest disadvantage: its huge expanse is difficult to defend — the source of the paranoia that most associate with all things Russian — but it also grants whoever rules Russia a wealth of options in terms of where to strike out. Russia's counterstrategy was simple: push out everywhere until a weak spot appears in the containment cordon.

Though the Cold War ended, containment never really did, and it has been nearly a generation since the Russians tested their cage. Russia — and the world — has changed in fundamental ways. But ultimately the biggest difference between now and 1991 is not so much Russia's relative weakness or America's relative preoccupation with Iraq, but Washington's list of allies. It is longer — and less militarily capable — than ever.

And therein lies the rub. The real key to containment was not the belt of Russian border states, but the American commitment to guarantee their security. What ultimately made containment work was the belief that the United States would be willing to meet Russia on the field of battle wherever and whenever Moscow pushed. Washington utterly lacked the freedom to decline any fight for fear that the entire alliance structure of containment would unravel. The most famous examples of these tests of American resolve are the wars in Korea and Vietnam.

Weak spots aplenty can be found on the Russian periphery these days. Georgia is a failed state even on the brightest of days; the Baltic states are no less defensible against the Red Army now than they were when they broke away from the Soviet Union in 1991; the entire Russian-Kazakh border is more of a joke than the U.S.-Canadian border in terms of security; Washington's once-solid relations with Russian borderlands such as Turkey and Korea are not what they once were; and Germany, France and the United Kingdom are, if anything, even less interested in going to bat for Lithuania than Washington is.

Ultimately, the disparity between Androsov's announcement and the Pentagon's bureaucratic reply is symptomatic of the way each nation sees its old Cold War adversary. Pentagon planners do not talk about Russia like they used to. They do — and not without some cause — crack jokes, something that is actually rather easy to do when one considers that the propeller-driven Tu-95s, designed in the early 1950s, were "intruding" on the newest fighter jets in the world, zipping supersonically around Guam.

But the simple truth of the matter is that Russia is one of only two countries in the world that can casually move strategic offensive weapons like the air-launched AS-15 cruise missiles across the face of the planet. The Tu-95 is certainly not a top-shelf plane these days — but when it's carrying a highly accurate cruise missile with an 1,800-mile range and a nuclear warhead, it doesn't have to be.

The credibility of containment comes down to perception as much as the hard and fast details of competing military hardware. And managing perception — as the "exchanged smiles" over Guam indicate — remains a Russian skill second to none.

U.K., Russia: The Continuation of the Great Game

July 17, 2007

Summary

The Russian government is expected to respond July 17 to the United Kingdom's expulsion of four Russian diplomats -- which itself was a reaction to Moscow's refusal to extradite the key suspect in the poisoning death of former Russian intelligence agent Alexander Litvinenko in London. Speculation is running rampant over what the next moves will be and whether the poisoning of a former agent will lead to a break in business between Russia and the United Kingdom. However, while each country is maintaining its pride and acting against the other, neither will allow the situation to degrade into anything beyond typical Cold War games.

Analysis

The Russian government is expected to respond July 17 to the expulsion of four Russian diplomats from the United Kingdom -- which itself came in retaliation for Moscow's refusal to extradite the key suspect in the poisoning death of former KGB agent Alexander Litvinenko in London. Russian and British media have been hanging on this story since Litvinenko's Nov. 23, 2006, death from radiation poisoning. But now, with each government working to take real steps against the other, concerns are growing about just how far British-Russian relations will deteriorate.

Though the autopsy has not been published, British Foreign Secretary David Miliband gave a detailed account July 16 during a meeting in London of how Andrei Lugovoi killed Litvinenko. Last week, Russian officials notified British prosecutors that Moscow was refusing to extradite Lugovoi because the Russian Constitution says Russian citizens cannot be handed over to other countries. This reaction was expected, as were Moscow's counteraccusations that the United Kingdom had refused to extradite exiled oligarch Boris Berezovsky and Chechen leader Akhmed Zakayev, both of whom have political asylum in the United Kingdom.

Continuing the tit-for-tat, London expelled four Russian midlevel diplomats July 16 and is considering visa restrictions for Russian government workers. Russian Duma Foreign Affairs head Konstantin Kosachyov said the United Kingdom's moves are in violation of the 1961 Vienna Convention on Diplomatic Relations, and that he "could not remember a state expelling foreign diplomats as a form of punishment."

However, the United Kingdom and Russia have a long history of these sort of spats. Each side has expelled the other's diplomats -- in 1971, 1985, 1996 and now -- amid countless intelligence sagas like the British "spy rock" scandal in 2006. The espionage game never ceased between Russia and the West, but the West's attention turned to other threats, such as the war against jihadists. Western fear of Russian intelligence's reach into other countries has increased in the past few years, however, as Russia has started reasserting itself.

Russia has reminded the West that it is still around with new missile threats, the elimination of key security treaties and increased meddling outside its borders. Now, the term "new Cold War" is being thrown around pretty frequently in the press. Poisonings, diplomatic expulsions and missile threats were all tactics that the Soviets used against the West, so such actions are expected to be seen again as Russia and the West fall into their former roles.

And risks are not limited to the world of espionage. Both Russia and the United Kingdom have been quick to make assurances that ongoing investment agreements

between the two countries will remain intact despite rising tensions between London and Moscow. Unlike government agencies and embassies, private organizations and investors have much less diplomatic and legal protection from either the United Kingdom's restriction efforts or Russian security services. Investors are already showing their nervousness; shares of Russian companies traded on the London Stock Exchange (LSE) fell between 0.3 percent and 4 percent on news of the British measures against Russia.

There are 42 Russian groups listed on the LSE and the junior Alternative Investment Market exchange, with a combined worth of roughly $550 billion. The United Kingdom is Russia's largest foreign investor; British investment in Russia includes ventures from companies such as BP, Imperial Energy Corp. and Royal Dutch/Shell, as well as interests of more than $68 billion. However, the only financial ties that would feel an official hit from a British-Russian spat would be direct aid or foreign direct investment (FDI) -- and FDI from the United Kingdom to Russia is only around $14 billion, while London no longer gives Russia direct aid.

But neither Russia nor the United Kingdom is interested in pushing the Litvinenko affair to the point where investors would be scared off, as doing so would hurt both sides. Both countries just want to flex their muscles enough to show that they will not ignore situations like the Litvinenko affair. It would be an extreme step if either country restricted investment in the other. Such restrictions also do not go along with the tactics London and Moscow typically use. But expelling each other's diplomats is a line both are content to draw without escalating the situation beyond a simple reminder that the "Great Game" continues.

The Coming Era of Russia's Dark Rider

April 17, 2007

By Peter Zeihan

Russian opposition members rallied in Moscow's Pushkin Square on April 14. The so-called Dissenters' March was organized by Other Russia, an umbrella group that includes everyone from unrepentant communists and free-market reformers to far-right ultranationalists whose only uniting characteristic is their common opposition to the centralization of power under President Vladimir Putin's administration.

Minutes after the march began, the 2,000 or so protesters found themselves outnumbered more than four to one by security forces. They quickly dispersed the activists, beating and briefly detaining those who sought to break through the riot-control lines. Among those arrested were chess-champion-turned-political-activist Garry Kasparov and Maria Gaidar, the daughter of Russia's first post-Soviet reformist prime minister. Former Prime Minister Mikhail Kasyanov only avoided arrest because his bodyguards helped him to escape. A Reuters crew was permitted to capture the events and disseminate them to the West. A day later, another protest, albeit far smaller, was broken up in a similar way in St. Petersburg, though Kasparov was detained before the protest even began.

What gives? The protests were insignificant in both numerical and political terms. Moreover, with all that is going on in the world right now, the last thing the Putin government needs is to attract negative attention to itself. The answer becomes apparent when one considers Russia's point in its historical cycle and the mounting pressures on Putin personally that have nothing whatsoever to do with "democracy."

The Russian Cycle

At the risk of sounding like a high school social studies teacher (or even George Friedman), history really does run in cycles. Take Europe for example. European history is a chronicle of the rise and fall of its geographic center. As Germany rises, the powers on its periphery buckle under its strength and are forced to pool resources in order to beat back Berlin. As Germany falters, the power vacuum at the middle of the Continent allows the countries on Germany's borders to rise in strength and become major powers themselves.

Since the formation of the first "Germany" in 800, this cycle has set the tempo and tenor of European affairs. A strong Germany means consolidation followed by a catastrophic war; a weak Germany creates a multilateral concert of powers and multistate competition (often involving war, but not on nearly as large a scale). For Europe this cycle of German rise and fall has run its course three times -- the Holy Roman Empire, Imperial Germany, Nazi Germany -- and is only now entering its fourth iteration with the reunified Germany.

Russia's cycle, however, is far less clinical than Europe's. It begins with a national catastrophe. Sometimes it manifests as a result of disastrous internal planning; sometimes it follows a foreign invasion. But always it rips up the existing social order and threatens Russia with chaos and dissolution. The most recent such catastrophe was the Soviet collapse followed by the 1998 financial crisis. Previous disasters include the crushing of Russian forces in World War I and the imposition of the Treaty of Brest-Litovsk; the "Time of Troubles," whose period of internal warfare and conspiracy-laden politics are a testament to the Russian predilection for understatement; and near annihilation under the Mongol occupation.

Out of the horrors of defeat, the Russians search desperately for the second phase of the cycle -- the arrival of a white rider -- and invariably they find one. The white rider rarely encapsulates what Westerners conceive of as a savior -- someone who will bring wealth and freedom. Russian concerns after such calamities are far more basic: they want stability. But by Russian standards, the white rider is a rather optimistic fellow. He truly believes that Russia can recover from its time of trial, once a level of order is restored. So the Russian white rider sets about imposing a sense of consistency and strength, ending the free fall of Russian life. Putin is the current incarnation of Russia's white rider, which puts him in the same category as past leaders such as Vladimir Lenin and, of course, Russia's "Greats": Catherine and Peter.

Contrary to portrayals of him by many in the Western media, Putin is not a hard-nosed autocrat set upon militarization and war. He is from St. Petersburg, Russia's "window on the West," and during the Cold War one of his chief responsibilities was snagging bits of Western technology to send home. He was (and remains) fully cognizant of Russia's weaknesses and ultimately wanted to see Russia integrated as a full-fledged member of the Western family of nations.

He also is pragmatic enough to have realized that his ideal for Russia's future and Russia's actual path are two lines that will not converge. So, since November 2005, Putin has been training two potential replacements: First Deputy Prime Ministers Dmitri Medvedev and Sergei Ivanov. At this point, nearly a year before Russia's next presidential election, determining which one will take over is a matter of pure guesswork. Also unclear is what role, if any, Putin will grab for himself -- up to and including a continuation of his presidency.

The question of who takes over in March 2008 is generating much interest and debate among Kremlinologists. It clearly matters a great deal both politically and economically, though geopolitically the discussion misses the point. The real takeaway is that Russia's current white horse period is coming to an end. Putin's efforts to stabilize Russia have succeeded, but his dreams of Westernizing Russia are dead. The darkness is about to set in.

The Dark Rider

In the third phase of the Russian cycle, the white rider realizes that the challenges ahead are more formidable than he first believed and that his (relative) idealism is more a hindrance than an asset. At this point the white rider gives way to a dark one, someone not burdened by the white rider's goals and predilections, and willing to do what he feels must be done regardless of moral implications. The most famous Russian dark rider in modern times is Josef Stalin, of course, while perhaps the most consuming were the "Vasilys" of the Vasily Period, which led to the greatest civil war in Russian medieval history. In particularly gloomy periods in Russia's past (which is saying something) the white rider himself actually has shed his idealism and become the dark rider. For example, Ivan the IV began his rule by diligently regenerating Russia's fortunes, before degenerating into the psychotic madman better known to history as Ivan the Terrible.

Under the rule of the dark rider, Russia descends into an extremely strict period of internal control and external aggression, which is largely dictated by Russia's geographic weaknesses. Unlike the United States, with its deep hinterland, extensive coasts and lengthy and navigable river networks, Russia's expansive barren landscape and lack of maritime transport options make trade, development and all-around life a constant struggle. Russia also lacks any meaningful barriers to hide behind, leaving it consistently vulnerable to outside attack.

Understanding that this geographic reality leaves Russia extremely insecure is critical to understanding Russia's dark periods. Once the dark rider takes the state's reins,

he acts by any means necessary to achieve Russian security. Internal opposition is ruthlessly quashed, economic life is fully subjugated to the state's needs and Russia's armies are built furiously with the intent of securing unsecurable borders. That typically means war: As Catherine the Great famously put it: "I have no way to defend my borders except to extend them."

After a period of unification and expansion under the dark rider, Russia inevitably suffers from overextension. No land power can endlessly expand: the farther its troops are from core territories, the more expensive they are to maintain and the more vulnerable they are to counterattack by foreign forces. Similarly, the more non-Russians who are brought under the aegis of the Russian state, the less able the state is to impose its will on its population -- at least without Stalin-style brute force. This overextension just as inevitably leads to stagnation as the post-dark rider leadership attempts to come to grips with Russia's new reality, but lacks the resources to do so. Attempts at reform transform stagnation into decline. Stalin gives way to a miscalculating Nikita Khrushchev, a barely conscious Leonid Brezhnev, an outmatched Mikhail Gorbachev and a very drunk Boris Yeltsin. A new disaster eventually manifests and the cycle begins anew.

Why the Crackdown?

The April 14-15 protests occurred at an inflection point between the second and third parts of the cycle -- as the white rider is giving way to a dark rider. Past Russian protests that involved 2,500 total people at most would have been allowed simply because they did not matter. The Putin government has a majority in the rubber-stamp Duma sufficient to pass any law or constitutional change in a short afternoon of parliamentary fury. All meaningful political parties have been disbanded, criminalized or marginalized; the political system is fully under Kremlin control. The Kasparov/Kasyanov protests did not threaten Putin in any meaningful way -- yet in both Moscow and St. Petersburg a few dozen people were blocked, beaten and hauled off to court.

This development was no accident. Roughly 9,000 riot police do not spontaneously materialize anywhere, and certainly not as the result of an overenthusiastic or less-than-sober local commander. A crackdown in one city could be a misunderstanding; a crackdown in two is state policy. And one does not send hundreds of batons swinging but allow Reuters to keep filming unless the objective is to allow the world to see. Putin *chose* to make these protests an issue.

Putin, then, is considering various groups and rationalizing his actions in the context of Russia's historical cycle:

- **The West:** Putin certainly does not want any Western capital to think he will take exiled oligarch Boris Berezovsky's recent threats of forcible revolution lying down. Berezovsky says violence is a possibility -- a probability even -- in the future of regime change in Russia? Fine. Putin can and did quite easily demonstrate that, when it comes to the application of force in internal politics, the Russian government remains without peer.
- **The people:** Putin knows that governance is not so much about ruling as it is about managing expectations. Russians crave stability, and Putin's ability to grant that stability has earned him significant gravitas throughout Russia as well as a grudging respect from even his most stalwart foes. He is portraying groups such as the Other Russia as troublemakers and disturbers of the peace. Such explanations make quite attractive packaging to the average Russian.

- **The opposition:** It is one thing to oppose a wildly powerful and popular government. It is another thing when that government beats you while the people nod approvingly and the international community barely murmurs its protest. Putin has driven home the message that the opposition is not just isolated and out of touch, but that it is abandoned.
- **The Kremlin:** Just because Putin is disappointed that his dreams are unattainable does not mean he wants to be tossed out the proverbial air lock. Showing any weakness during a transition period in Russian culture is tantamount to surrender -- particularly when Russia's siloviki (nationalists) are always seeking to rise to the top of the heap. Putin knows he has to be firm if he is to play any role in shaping Russia during and after the transition. After all, should Medvedev and Ivanov fail to make the grade, *someone* will need to rule Russia -- and the only man alive with more experience than Putin has a blood-alcohol level that precludes sound decision-making.

Russia's Interest in Litvinenko

November 30, 2006

By George Friedman

The recent death of a former Russian intelligence agent, Alexander Litvinenko, apparently after being poisoned with polonium-210, raises three interesting questions. First: Was he poisoned by the Russian Federal Security Service (FSB), the successor to the KGB? Second: If so, what were they trying to achieve? Third: Why were they using polonium-210, instead of other poisons the KGB used in the past? In short, the question is, what in the world is going on?

Litvinenko would seem to have cut a traditional figure in Russian and Soviet history, at least on the surface. The first part of his life was spent as a functionary of the state. Then, for reasons that are not altogether clear, he became an exile and a strident critic of the state he had served. He published two books that made explosive allegations about the FSB and President Vladimir Putin, and he recently had been investigating the shooting death of a Russian journalist, Anna Politkovskaya, who also was a critic of the Putin government. Clearly, he was intent on stirring up trouble for Moscow.

Russian and Soviet tradition on this is clear: Turncoats like Litvinenko must be dealt with, for two reasons. First, they represent an ongoing embarrassment to the state. And second, if they are permitted to continue with their criticisms, they will encourage other dissidents -- making it appear that, having once worked for the FSB, you can settle safely in a city like London and hurl thunderbolts at the motherland with impunity. The state must demonstrate that this will not be permitted -- that turncoats will be dealt with no matter what the circumstances.

The death of Litvinenko, then, certainly makes sense from a political perspective. But it is the perspective of the old Soviet Union -- not of the new Russia that many believed was being born, slowly and painfully, with economic opening some 15 years ago. This does not mean, however, that the killing would not serve a purpose for the Russian administration, in the current geopolitical context.

For years, we have been forecasting and following the transformation of Russia under Vladimir Putin. Putin became president of Russia to reverse the catastrophe of the Yeltsin years. Under communism, Russia led an empire that was relatively poor but enormously powerful in the international system. After the fall of communism, Russia lost its empire, stopped being enormously powerful, and became even poorer than before. Though Westerners celebrated the fall of communism and the Soviet Union, these turned out to be, for most Russians, a catastrophe with few mitigating tradeoffs.

Obviously, the new Russia was of enormous benefit to a small class of entrepreneurs, led by what became known as the oligarchs. These men appeared to be the cutting edge of capitalism in Russia. They were nothing of the sort. They were simply people who knew how to game the chaos of the fall of communism, figuring out how to reverse Soviet expropriation with private expropriation. The ability to turn state property into their own property represented free enterprise only to the most superficial or cynical viewers.

The West was filled with both in the 1990s. Many academics and journalists saw the process going on in Russia as the painful birth of a new liberal democracy. Western financial interests saw it as a tremendous opportunity to tap into the enormous value of a collapsing empire. The critical thing is that the creation of value, the justification

of capitalism, was not what was going on. Rather, the expropriation of existing value was the name of the game. Bankers loved it, analysts misunderstood it and the Russians were crushed by it.

It was this kind of chaos into which Putin stepped when he became president, and which he has slowly, inexorably, been bringing to heel for several years. This is the context in which Litvinenko's death -- which, admittedly, raises many questions -- must be understood.

The Andropov Doctrine

Let's go back to Yuri Andropov, who was the legendary head of the KGB in the 1970s and early 1980s, and the man who first realized that the Soviet Union was in massive trouble. Of all the institutions in the world, the KGB alone had the clearest idea of the condition of the Soviet Union. Andropov realized in the early 1980s that the Soviet economy was failing and that, with economic failure, it would collapse. Andropov knew that the exploitation of Western innovation had always been vital to the Soviet economy. The KGB had been tasked with economic and technical espionage in the West. Rather than developing their own technology, in many instances, the Soviets innovated by stealing Western technology via the KGB, essentially using the KGB as an research and development system. Andropov understood just how badly the Soviet Union needed this innovation and how inefficient the Soviet kleptocracy was.

Andropov engineered a new concept. If the Soviet Union was to survive, it had to forge a new relationship with the West. The regime needed not only Western technology, but also Western-style management systems and, above all, Western capital. Andropov realized that so long as the Soviet Union was perceived as a geopolitical threat to the West and, particularly, to the United States, this transfer was not going to take place. Therefore, the Soviet Union had to shift its global strategy and stop threatening Western geopolitical interests.

The Andropov doctrine argued that the Soviet Union could not survive if it did not end, or at least mitigate, the Cold War. Furthermore, if it was to entice Western investment and utilize that investment efficiently, it needed to do two things. First, there had to be a restructuring of the Soviet economy (perestroika). Second, the Soviet system had to be opened to accept innovation (glasnost). Andropov's dream for the Soviet Union never really took hold during his lifetime, as he died several months after becoming the Soviet leader. He was replaced by a nonentity, Konstantin Chernenko, who also died after a short time in office. And then there was Mikhail Gorbachev, who came to embody the KGB's strategy.

Gorbachev was clearly perceived by the West as a reformer, which he certainly was. But less clear to the West were his motives for reform. He was in favor of glasnost and perestroika, but not because he rejected the Soviet system. Rather, Gorbachev embraced these because, like the KGB, he was desperately trying to save the system. Gorbachev pursued the core vision of Yuri Andropov -- and by the time he took over, he was the last hope for that vision. His task was to end the Cold War and trade geopolitical concessions for economic relations with the West.

It was a well-thought-out policy, but it was ultimately a desperate one -- and it failed. In conceding Central Europe, allowing it to break away without Soviet resistance, Gorbachev lost control of the entire empire, and it collapsed. At that point, the economic restructuring went out of control, and openness became the cover for chaos -- with the rising oligarchs and others looting the state for personal gain. But one thing remained: The KGB, both as an institution and as a group of individuals, continued to operate.

Saving the System: A Motive for Murder?

As a young KGB operative, Vladimir Putin was a follower of Andropov. Like Andropov, Putin was committed to the restructuring of the Soviet Union in order to save it. He was a foot soldier in that process.

Putin and his FSB faction realized in the late 1990s that, however lucrative the economic opening process might have been for some, the net effect on Russia was catastrophic. Unlike the oligarchs, many of whom were indifferent to the fate of Russia, Putin understood that the path they were on would only lead to another revolution -- one even more catastrophic than the first. Outside of Moscow and St. Petersburg, there was hunger and desperation. The conditions for disaster were all there.

Putin also realized that Russia had not reaped the sought-after payoff with its loss of prestige and power in the world. Russia had traded geopolitics but had not gotten sufficient benefits in return. This was driven home during the Kosovo crisis, when the United States treated fundamental Russian interests in the Balkans with indifference and contempt. It was clear to Putin by then that Boris Yeltsin had to go. And go he did, with Putin taking over.

Putin is a creation of Andropov. In his bones, he believes in the need for a close economic relationship with the West. But his motives are not those of the oligarchs, and certainly not those of the West. His goal, like that of the KGB, is the preservation and reconstruction of the Russian state. For Putin, perestroika and glasnost were tactical necessities that caused a strategic disaster. He came into office with the intention of reversing that disaster. He continued to believe in the need for openness and restructuring, but only as a means toward Russian power, not as an end in itself.

For Putin, the only solution to Russian chaos was the reassertion of Russian value. The state was the center of Russian society, and the intelligence apparatus was the center of the Russian state. Thus, Putin embarked on a new, slowly implemented policy. First, bring the oligarchs under control; don't necessarily destroy them, but compel them to work in parallel with the state. Second, increase Moscow's control over the outlying regions. Third, re-create a Russian sphere of influence in the former Soviet Union. Fourth, use the intelligence services internally to achieve these ends and externally to reassert Russian global authority.

None of these goals could be accomplished if a former intelligence officer could betray the organs of the state and sit in London hurling insults at Putin, the FSB and Russia. For a KGB man trained by Andropov, this would show how far Russia had fallen. Something would have to be done about it. Litvinenko's death, seen from this standpoint, was a necessary and inevitable step if Putin's new strategy to save the Russian state is to have meaning.

Anomaly

That, at least, is the logic. It makes sense that Litvinenko would have been killed by the FSB. But there is an oddity: The KGB/FSB have tended to use poison mostly in cases where they wanted someone dead, but wanted to leave it unclear how he died and who killed him. Poison traditionally has been used when someone wants to leave a corpse in a way that would not incur an autopsy or, if a normal autopsy is conducted, the real cause of death would not be discovered (as the poisons used would rapidly degrade or leave the body). When the KGB/FSB wanted someone dead, and wanted the world to know why he had been killed -- or by whom -- they would use two bullets to the brain. A professional hit leaves no ambiguity.

The use of polonium-210 in this case, then, is very odd. First, it took a long time to kill Litvinenko -- giving him plenty of time to give interviews to the press and level

charges against the Kremlin. Second, there was no way to rationalize his death as a heart attack or brain aneurysm. Radiation poisoning doesn't look like anything but what it is. Third, polonium-210 is not widely available. It is not something you pick up at your local pharmacy. The average homicidal maniac would not be able to get hold of it or use it.

So, we have a poisoning that was unmistakably deliberate. Litvinenko was killed slowly, leaving him plenty of time to confirm that he thought Putin did it. And the poison would be very difficult to obtain by anyone other than a state agency. Whether it was delivered from Russia -- something the Russians have denied -- or stolen and deployed in the United Kingdom, this is not something to be tried at home, kids. So, there was a killing, designed to look like what it was -- a sophisticated hit.

This certainly raises questions among conspiracy theorists and others. The linkage back to the Russian state appears so direct that some might argue it points to other actors or factions out to stir up trouble for Putin, rather than to Putin himself. Others might say that Litvinenko was killed slowly, yet with an obvious poisoning signature, so that he in effect could help broadcast the Kremlin's message -- and cause other dissidents to think seriously about their actions.

We know only what everyone else knows about this case, and we are working deductively. For all we know, Litvinenko had a very angry former girlfriend who worked in a nuclear lab. But while that's possible, one cannot dismiss the fact that his death -- in so public a manner -- fits in directly with the logic of today's Russia and the interests of Vladimir Putin and his group. It is not that we know or necessarily believe Putin personally ordered a killing, but we do know that, in the vast apparatus of the FSB, giving such an order would not have been contrary to the current inclinations of the leadership.

And whatever the public's impression of the case might be, the KGB/FSB has not suddenly returned to the scene. In fact, it never left. Putin has been getting the system back under control for years. The free-for-all over economic matters has ended, and Putin has been restructuring the Russian economy for several years to increase state control, without totally reversing openness. This process, however, requires the existence of a highly disciplined FSB -- and that is not compatible with someone like a Litvinenko publicly criticizing the Kremlin from London. Litvinenko's death would certainly make that point very clear.

Belarus, Russia: Minsk Bows to Moscow

October 27, 2006

Summary

Russian President Vladimir Putin said Oct. 25 in his annual teleconference that Russia might restrict deliveries of crude oil to Belarusian refineries if Minsk and Moscow fail to reach an agreement on customs duties. Belarus responded by offering either a share of the customs revenues or the privatization of a state-owned oil refinery, the country's largest (in effect handing it over to the Russians). The two countries are negotiating the terms of their union state, and the latest exchange indicates how it will shape up, assuming things move forward -- with Belarus succumbing to Russian rule.

Analysis

During his Oct. 25 teleconference with his citizens, Russian President Vladimir Putin said Russia could restrict crude exports to Belarus if the two countries fail to reach an agreement on customs duties. Belarusian officials quickly responded in a conciliatory tone, paving the way for Russia to gain more control over its neighbor's assets.

Under the customs union agreement between the two countries, no duties are paid on crude exported from Russia to Belarus. Russian oil companies such as LUKoil, Slavneft and Surgutneftegaz have taken advantage of those terms by exporting crude to Belarus, refining there and then exporting abroad at low Belarusian tariffs. The Kremlin is unhappy that the Russian economy receives no benefit from this arrangement.

The Belarusians have offered one of two options to appease their neighbor. One is to hand over 85 percent of the Belarusian export tariff revenues to Russia and to bring those fees more in line with Russia's tariffs. The other -- suggested by Belarusian Economic Minister Nikolai Zaichenko -- is the privatization and sale of a controlling share of the Naftan refinery, the largest in Belarus. Naftan processes 66 million barrels of crude annually and Russian oil companies -- such as the state-controlled Rosneft and Gazpromneft as well as the private LUKoil -- are said to be interested in the asset.

Along with Putin's announcement, the Russian oil transport monopoly Transneft stated Oct.12 that it could cut exports along the Belarus branch of the Druzhba pipeline by as much as 30 percent this quarter. Belarus and Russia are also currently negotiating prices for natural gas delivery. The Russian natural gas monopoly Gazprom has posed the price of $200 per 1,000 cubic meters, a much larger increase from the current $46.68 than Minsk expected. However, Gazprom has indicated a willingness to accept some assets in trade. Naftan -- as well as Belarus' natural gas distribution network -- could become part of the bargain.

The latest example of Russo-Belarusian interaction indicates the shape their proposed union would take. The union -- over which Putin could preside in order to escape term limits -- is far from a reality, as the leaders' relationship is strained and the unification would require a significant investment, which would land mostly on Russia's reluctant shoulders. The two nations are still struggling to implement a common currency, a necessary step toward the economic consolidation that would precede the complete union. However, the underlying factor is this: Belarus relies heavily on Russian subsidies and subsidized products, and Belarusian President

Aleksandr Lukashenko knows who is keeping his economy afloat. Lukashenko has isolated his country, and he deals with a few partners who are close to him in ideology, but no Cuba, Venezuela or Iran does -- or could do -- as much for his state as Russia.

As much as Lukashenko wants to be independent of Putin (and as much as Putin wishes he did not have to deal with the asinine Lukashenko), the Belarusian leader knows he will not be infinitely indulged. No longer will Minsk receive cheap natural gas, nor be able to make an easy profit from Russian petroleum exports. If this union ever becomes a reality, it will not be under Lukashenko's terms.

Russia, U.S.: Putin's Strategy of Persuasion

June 28, 2006

Summary

Russian President Vladimir Putin, speaking to Russian ambassadors at the Russian Foreign Ministry on June 27, mentioned the need to start negotiations for replacing the Strategic Arms Reduction Treaty (START-1), set to expire in 2009. While insisting on mutual respect and equal footing in relations with the United States, Putin is working in the context of START-1 to portray Russia's former Cold War enemy as the irresponsible player in order to strengthen Moscow's policy positions.

Analysis

Russian President Vladimir Putin addressed senior diplomats June 27 in the Russian Foreign Ministry. Along with discussing the main aspects of Russian foreign policy, Putin voiced the need for a more equitable relationship with the United States -- one of mutual respect and equal footing. Part of that relationship, Putin said, should be the beginning of talks between the two countries to replace the Strategic Arms Reduction Treaty (START-1) -- a pact that limits both sides' nuclear capabilities and requires mutual inspections -- that was signed five months before the fall of the Soviet Union in 1991 and is set to expire in 2009. With that statement, Putin is drawing attention to the fact that the United States wants to allow a treaty that limits its military options to lapse.

Russia feels that it would benefit from the mutual inspections which START-1 requires -- a reversal from Moscow's previous position. Russian intercontinental ballistic missiles are coming to the end of their shelf-lives, and the new SS-27 model is has been wracked with delays. The access to U.S. weapons and surveillance programs that comes with the inspections would benefit Russia's already robust research and development, as well as provide verification of the United States' capabilities. At the same time, the United States does not wish to limit itself, as Washington realizes that Russia cannot sustain the same rate of growth, and other potential competitors such as China are not bound by limitations like START-1. It is Washington's unwillingness to restrict armaments that Putin is playing up as irresponsible in order to put Russia in a better light.

Although the rhetoric is directed at the United States, Putin is really speaking to Europe. The continent was caught between the two sides of the Cold War, and this latest message is directed at Berlin and Paris. Europe does not wish to be caught between Russia and the United States if the two should engage in another arms race and would like to see a commitment from Washington to limit its capabilities. Russia would like to use this concern to drive a wedge between Europe and the United States, by influencing the Europeans to tell Washington that they do not agree with its lack of a commitment to disarmament. Russia already holds influence with Germany and France, including but not limited to energy supplies, and the Europeans themselves do not always want to support U.S. policies.

Putin's greater agenda is to direct U.S. attention away from Russia's borders and areas of interest. Strengthening its periphery is essential to Russia's survival, and that includes retaining a degree of control in the former Soviet states. NATO's potential encroachment upon Russia's borders in Ukraine and Georgia is a major threat to Russia's geopolitical calculus, and Moscow will use all of its resources to prevent it. Part of this strategy is to shift Europe's thinking in a direction that more closely coincides with Moscow's goals.

The United States, however, is not letting Russia do as it would please. U.S. Vice President Dick Cheney gave a speech in Lithuania on May 4 in which he berated Russia for its interference with the former Soviet states and brought to mind Cold-War era rhetoric. The United States also has troops deployed in Japan and is negotiating with Central European allies such as Poland, the Czech Republic and Hungary to install an anti-missile base. Post-Soviet Central Europe has been very supportive of Washington, and while these states would turn toward the United States if caught in the middle of a Russo-U.S. dispute, the Central Europeans can only depend on trans-Atlantic relations to a point.

Russia, in turn, has announced its defense budget for 2007, complete with numerous upgrades to its aircraft, tanks and weapons. Russia is positioning itself to strengthen its forces, beef up its periphery and present itself as powerful, both to achieve its goals abroad and show strength at home, where the campaign for president is in its beginning stages.

Putin has, in his speech, told the international community that he is going to assert Russian rights just as any other nation would, and that any opposition to Russia protecting its sovereignty and maintaining its great power status is irrational. Moscow is positioning itself to look like a leader in disarmament, portraying the United States as the irresponsible party acting out of selfish interests. While such rhetoric will not influence U.S. policy, Putin has used it as an appeal to European nations in hopes of persuading those countries to speak out against Washington's policy regarding disarmament.

Geopolitical Diary: A Russian Message For NATO

June 8, 2006

Russian Foreign Minister Sergei Lavrov said Wednesday in a speech to the Duma that "every country has the right to make sovereign decisions…. At the same time, the acceptance into NATO of Ukraine and Georgia will mean a colossal geopolitical shift, and we assess such steps from the point of view of our interests." This is pretty blunt language for a diplomat. Russia does not want to see a colossal geopolitical shift, and that's what it thinks is happening.

The Russian Foreign Ministry also condemned Ukraine's decision to bar several senior Russian lawmakers from Ukraine. One of these, Vladimir Zhirinovsky, is a fairly notorious Russian nationalist. The Russian Foreign Ministry doesn't much care for Zhirinovsky, but it also obviously doesn't care for Ukraine barring Russian legislators -- even if, as the Ukrainians put it, he was known for "insulting statements about Ukraine." At the same time, a Ukrainian diplomat was also refused entry to Russia.

Both Ukraine and Georgia clearly want to join NATO. There are multinational joint military exercises scheduled for July in Ukraine, to include U.S. forces. These have met with protests by pro-Russian Ukrainians, whom the Ukrainian government claims are being stirred up by the Russians. At the same time, Georgia announced that it will build a NATO-compliant military based in Gori, to join the one already built in Senaki.

As we have said, NATO's expansion to Ukraine would be the break point for Russia. Adding to that a NATO base in the Caucasus would absolutely convince the Russians that the United States is planning to encircle them. Russia has been busy trying to demonstrate the cost of this strategy to NATO and the United States. It has intruded into U.S. areas of interest in the Middle East, particularly regarding Hamas and Iran. It has not intruded as aggressively as it could, still signaling Washington that things are not past the break point. Nevertheless, as NATO accession looms for Ukraine and Georgia, things will get less pleasant.

There is a fundamental difference in NATO's admitting Georgia and Ukraine from the admission of other former Soviet bloc nations. NATO is a military alliance. Bringing in Hungary or the Czech Republic meant little from that point of view; there is no real, immediate threat for NATO to protect them from. Admitting Ukraine and Georgia would mean entering into a formal alliance with countries that face serious regional threats. It would mean making a commitment to defending those countries and therefore, in some way, for assuring their stability. It is hard to defend an unstable country.

Every other expansion of NATO has been notional. By that we mean that it amounted to a political signal, far more than a serious political commitment. That is not the case with these two countries. In fact, that is the point the Russians are working very hard to make. The Russian statement on Wednesday was a message. Russia regards Ukrainian and Georgian membership in NATO as a major, unwelcome geopolitical shift. As such, Moscow will resist this process -- and failing that, will consider these two countries a threat to Russia.

Geographically, the defense of either of these countries against a major regional power -- which Russia certainly is -- is a significant burden. Neither country can defend itself. Moreover, each country has other regional antagonists that NATO would be committed against -- such as, in Georgia's case, Armenia. That is quite a tangle to get into.

What is attracting Washington is the opportunity to guarantee, by surrounding it with NATO members, that Russia will not re-emerge as a superpower. The Russians see this move as that, plus a threat to the long-term territorial integrity of the Russian Federation. The Russians do not believe that they can simply accept this as a fait accompli, as they accepted other NATO expansions. Therefore, this will trigger Russian responses in the region and more broadly.

The most important thing to watch here is relations between Russia and China. China has been very careful not to get entangled with anti-American alliances. It has important economic issues to deal with. However, given recent U.S. statements on how it views China, access to Russian military technology becomes more important to Beijing. And Russia knows it does not, by itself, have the weight to counter the United States. Therefore, the logic here, over the coming months, is closer ties between Moscow and Beijing. When this happened last, in 1948, Washington found itself in an uncomfortable position. Therefore, it has to calculate how quickly it can move and consolidate its position via NATO before the Russians can act.

And then there is also the question of the European members of NATO -- particularly France and Germany -- whose acceptance of NATO expansion up to this point has been a signal to Washington of a willingness to cooperate. On the other hand, NATO is going to a complicated and dangerous place. Paris and Berlin may not have the appetite for Washington's game.

The Russian Reversal: Part 2

January 27, 2006

Editor's Note: *This is the second of a two-part piece on Russia's recent geopolitical moves in the former Soviet Union.*

Summary

Ukraine, the Caucasus and Central Asia have been subject to Russia's attempts to reassert control over its periphery. Paralleling these foreign policy maneuvers are Russian President Vladimir Putin's domestic policy changes meant to centralize power within Russia. Moscow's external and internal moves are part of Putin's plan to reverse international influence in the former Soviet Union.

Analysis

Central Asia

Russia's moves to regain influence in its near abroad have reached former Soviet Union (FSU) countries in Central Asia. After a flirtation with the West, Uzbekistan has recently come back into the Russian fold -- a shift clearly indicated when, after providing the United States with a base of operations for the Afghan theater, Uzbek President Islam Karimov evicted the U.S. military. The resource-rich nation has negotiated a contract with Russia asking for protection from the West and suppression of opposition forces in exchange for Russian natural gas monopoly Gazprom's developing Uzbek gas deposits. The final contracts sold natural gas exploration and development rights for $1.5 billion and stopped just short of providing Gazprom a monopoly over a large share of all the natural gas in Central Asia. Also, on Jan. 25, Uzbekistan joined the Eurasian Economic Community and was thus incorporated into another Russian-led, post-Soviet organization. Partnering with Uzbekistan will sufficiently protect Russia's southern flank, sandwich the China-friendly Kazakhstan and allow Russia to project regional influence.

Other countries in Central Asia can be expected to remain in Russia's camp, to various degrees. The unpredictable Saparmurat Niyazov (better known as Turkmenbashi) will keep Turkmenistan supplying natural gas through Gazprom's network as long as he feels it is advantageous. The pro-Russian Tajik President Emomali Rakhmonov is expected to remain in power for the foreseeable future. Although Kazakhstan is cooperating with China, especially in the realm of energy, its Russian minority keeps it from straying too far from its northern neighbor. Kazakhstan will lean politically toward Russia and economically toward China, but it is unlikely to become a flashpoint of conflict in the near future. Kyrgyzstan recently experienced its own "color revolution" -- in this case, "Tulip." The leadership there moved the country away from subservience to Russia; though Uzbekistan evicted the U.S. military, Kyrgyzstan continues assuring the United States that it is a partner in the Afghanistan campaign and will continue to host Americans, albeit with a substantial price hike. However, the Kyrgyz government is adamant about not turning away from Russia completely.

As Russia secures its presence on its Central Asian and Transcaucasian flank, it can devote more attention to the growing problems in Ukraine. The Russian political will to retain a degree of control in the rebellious nation supersedes any discomfort caused by disgruntled Europeans. Belarus remains a solid partner and buffer to the north, but further up are the Baltics, which have almost entirely left the Russian sphere of influence. Gazprom and the Russian oil companies occasionally try to

reassert Russia's presence in the Baltic energy sector, but Moscow cannot count on any of the three states to serve as protection from the Western ways to which they have subscribed. If Ukraine remains on its Westward course, Russia will lose the last meaningful vestige of protection from European encroachment, but Moscow has shown willingness to sacrifice a lot to maintain its strategic depth.

Russia's Internal Concerns

Within Russia's borders, forces are moving to consolidate the Kremlin's rule. The ongoing scandal involving four British diplomats bolsters Russia's plans to reduce foreign influence and prevent a "color revolution" on its own soil -- particularly its policies regarding nongovernmental organizations (NGOs).

Since his re-election in 2004, Russian President Vladimir Putin's government has accused international NGOs of everything from nonpayment of taxes to open subversion of Russian power structures. In May 2005, Nikolai Patrushev, head of the FSB, said that U.S. and other organizations are planning uprisings that would lead to a "color revolution" in Russia. Recently, a case was re-opened against the British Council -- an NGO that teaches English in St. Petersburg and Moscow -- for nonpayment of taxes. Also recently, four British diplomats were not only charged with spying but also were accused of supporting Russian NGOs for the purposes of deposing the current regime. In the allegations against the British diplomats, it is unclear whether it was the reported spying that financed Russian NGOs such as the Moscow Helsinki Group and The Eurasia Foundation, though officials from those organizations did have contact with the embassy employees. Both organizations admittedly receive grants from the British and other Western sources.

Putin signed a controversial bill Jan. 10 requiring all NGOs to re-register and adhere to stricter financial and structural rules in doing so. He waited until Jan. 17 -- after German Chancellor Angela Merkel's visit to Moscow -- to announce the bill's passage into law, as he knew Merkel disapproves of the move. This law solidified the Kremlin's assault on organizations that could disagree with its agenda, especially ones that accept foreign money and influence.

The nature of the Putin presidency has created another circumstance that should be considered in any study of Russia and its periphery. As the former head of the FSB -- successor to the KGB and the best-informed agency in all of Russia -- Putin, along with his allies, has kept files on all former Soviet functionaries in the republics. Most of the former Soviet states are still ruled by those functionaries. Even if a country's leader did not inherit his position after the fall of the Soviet Union, people in his government held Soviet posts. The idea of *kompromat* is not new to the FSU -- few practices have changed since the Soviet Union's demise. Even the Georgian team of young reformers has been associated with former Soviet Minister of Foreign Affairs Eduard Shevardnadze.

Putin has reversed Yuri Andropov's long-standing policy of trading geopolitical concessions for economic stability. He has shown no qualms about abandoning international obligations to promote his policy of re-establishing a protective barrier around Russia. Also high on his agenda is retaining influence after the March 2008 presidential election. Although constitutionally barred from running for another term, he could become the president of the impending Russia-Belarus union or take a high position in the government of his hand-picked successor.

With these steps, Putin has made it his priority to fortify Russia's geopolitical position at the expense of economic consideration and international reputation. He can be expected to do what -- by post-Soviet standards -- would be unthinkable in order to retain power, control the flanks and diminish international influence in Russia.

The Russian Reversal: Part 1

January 26, 2006

Editor's Note: *This is the first of a two-part piece on Russia's recent geopolitical moves in the former Soviet Union.*

Summary

Recent events in Ukraine and Georgia and the recent scandal involving British diplomats in Russia have hinted at Russia's attempts to reassert control over its interior and periphery. Russian President Vladimir Putin's administration has enacted laws restricting nongovernmental organizations and has used natural gas policy to impose Putin's will on Russia and the former Soviet states as well as Europe. Moscow is preparing to try reversing the tide of pro-Western "color revolutions" that have swept the region and shield its borders from further Western political and economic encroachment by fortifying its near abroad. In the next several years, Putin will consolidate his power and find a way to remain in a position of influence beyond the March 2008 elections.

Analysis

Russia has been especially active during the past several months in consolidating power in the Kremlin and reinforcing its position in its near abroad. The "color revolutions" in the former Soviet Union (FSU) have destabilized the Russian flank and precipitated moves to centralize and reinforce Moscow's power in the region. Recent incidents in several FSU countries resulted from Russian action or reaction and represent the former regional overlord's attempts to slowly start its comeback.

Russia has for the past two decades conducted a policy of trying to strengthen itself through economics at the cost of geographical influence. Russian President Vladimir Putin has recently decided that this plan will not give Russia the best chance to remain a strong player in the world arena. Thus, in efforts to tie the periphery back to Russia, Putin is making moves to create new tensions -- or exacerbate old ones -- in the friction points surrounding Russia.

Ukraine

Ukraine has been at the forefront of international attention of late, primarily because recent events there have affected Western European states. The Russo-Ukrainian natural gas debacle, which reduced supplies to Germany and other countries, put Europe on alert and led it to reconsider its current reliance on Russian energy. In particular, Germany will delay and possibly scrap the construction of a natural gas pipeline directly connecting it to Russia. The second gas shutoff to Europe, blamed on cold weather and Ukraine's blatant siphoning of natural gas meant for delivery to the Continent, has further cast Russia as an unreliable energy partner.

However, Russia is willing to accept this economic risk to gain geopolitically. Endangering Ukraine's political shift toward the West is worth the inconvenience; Russia considers Ukraine's alignment a paramount concern because Ukraine's geography is vital to Russian security and physical integrity. Without Ukraine, Russia's ability to control Belarus, the North Caucasus and other areas would be greatly diminished. Putin might say he is involved in Ukrainian politics out of concern for the Russian minority there, but he is certainly involved for his own interests.

The Ukraine situation is further complicated by Russia and Ukraine's takeover of each other's strategic objects on the Crimean peninsula. Operating under a lease, the Russian Black Sea Fleet has its only warm-water station on the peninsula and also maintains bases and lighthouses along the coast. The Ukrainians are drawing attention to the area in a bid to sway the upcoming Ukrainian parliamentary elections in favor of President Viktor Yushchenko's faction. Russia is portrayed as an aggressor and interloper, and the nationalistic element in Ukraine is provoking hostilities in the Crimea in order to inspire support for Yushchenko's Western-leaning Our Ukraine party, which came to power in the Orange Revolution, in the run up to the elections. Russia, meanwhile, will certainly support whichever candidate toes its line during the elections.

The Caucasus

Trouble in the Caucasus has been prevalent lately as well. The region's very nature lends to outside interference; the many disparate groups in the Caucasus have warred for centuries and are vulnerable to Russian influence. The mountainous terrain is conducive to ethnic and social instabilities and tensions, of which outsiders have always taken advantage.

Hostilities are on the rise between Russia and Georgia after a series of announcements regarding the future of Georgia's secessionist regions; tensions escalated further after three explosions cut off energy supplies from Russia. On Jan. 17, Russia announced it would consider heeding the Georgian Parliament's request to withdraw peacekeepers from the disputed Abkhazia and South Ossetia. On the same day, Georgian President Mikhail Saakashvili announced an additional military draft. This series of actions, plus the recurrent tensions in the Gali region on the Abkhaz border, indicate a willingness among both the Russians and the Georgians to escalate the situation.

Explosions Jan. 22 along two natural gas pipelines and an electricity transmission line -- all close to the Georgian border in Russia -- precipitated yet another confrontation. The incidents disabled energy delivery to Georgia, which quickly rerouted supplies from Azerbaijan, Iran and Turkey. Saakashvili had been pushing to diversify the natural gas supply even before the explosions, and the transition to alternative sources was relatively easy.

The question about the explosions is not who benefited from them -- the question is who among the beneficiaries took the initiative? Georgian authorities have accused the Russians, specifically Russia's military intelligence agency GRU. The Russians have blamed the Chechens -- the Northern Caucasus has not grown any less volatile -- and pinned a charge of terrorism to the investigation.

However, there are additional implications. The natural gas pipelines were struck in Russia's North Ossetia, just across the border from the Georgian-controlled South Ossetia. The electricity transmission line went down in Russia's Karachaevo-Cherkessia, near Abkhazia. Both of Georgia's breakaway regions are propped up by Russia, which also supports the Armenian-populated Samtskhe-Javakheti, where Russia holds an army base. Russia could use the energy infrastructure attacks to try to destabilize Georgia and its leadership, which came to power through the "Rose Revolution." Russia has shown that it is willing to do what is needed to achieve its goals, even if it means withdrawing support from certain regions.

Also in the Caucasus, the Nagorno-Karabakh conflict is resurfacing. The Armenian-populated area of Azerbaijan was taken by force by militants who also secured a corridor to Armenia and a surrounding barrier. A tenuous cease-fire has been in place

since 1994, and now French President Jacques Chirac has invited the presidents of Armenia and Azerbaijan to meet in Paris in February to negotiate a settlement. However, Azerbaijan is in a position to escalate hostilities. Since his recent re-election, President Ilham Aliyev has been consolidating power in preparation for the income Azerbaijan will receive when the Baku-Tbilisi-Ceyhan oil pipeline launches (which is due any time now). The revenue will surpass anything Azerbaijan has ever collected, and the possibility of it buying arms and attacking is substantial.

During his visit to Baku on Jan. 24, Russian Defense Minister Sergei Ivanov said Russia wants to station peacekeepers in Nagorno-Karabakh rather than risk depending on troops from the Organization for Security and Cooperation in Europe, and that it is willing to arm both Armenia and Azerbaijan. The Azerbaijani defense minister, in turn, said if the negotiations do not go well, Azerbaijan is ready to retake Nagorno-Karabakh by force. Armenia receives support from its diaspora community, Russia and, to a lesser degree, from Iran and the United States. Azerbaijan counts on U.S. financial and military support, as well as heavy Western investments into its energy sector. Russia would stand to benefit from its involvement in this conflict as well, de-stabilizing both of the factions and establishing itself in the Transcaucasus.

Ukraine: The Geopolitical Struggle Heats Up

December 2, 2005

Summary

Events in and around Ukraine on Dec. 1 -- from the EU-Ukraine summit to anti-NATO rallies in Kiev -- indicate that the struggle between Russia and the West over the crisis-riddled country is accelerating. A resolution is not likely before Ukraine's parliamentary elections in March 2006.

Analysis

Ukraine saw a flurry of activity Dec. 1. Kiev hosted the EU-Ukraine summit and a meeting of the Democratic Choice Community -- an organization comprising Ukraine, Georgia, Moldova, the Baltic states and several Eastern European countries. Downtown Kiev saw a 30,000-strong anti-NATO rally. Russian Chief of the General Staff Yuri Baluyevsky warned that NATO's inclusion of Ukraine or other members of the Commonwealth of Independent States would threaten Russia, and Russia would counter. Russian, Ukrainian and European officials continued heated discussions on transiting Russian natural gas across Ukraine en route to Europe, and on the price Ukraine should pay for Russian gas.

Also, former Ukrainian security officer Maj. Nikolay Melnichenko arrived in Kiev with tape recordings dating from former President Leonid Kuchma's presidency. Washington has declared the tapes -- which contain compromising discussions between Kuchma and other officials -- authentic. One key event that was supposed to happen Dec. 1 -- but did not -- was Kiev's signing of 30 enabling documents for the Russian-led United Economic Space (UES). Signatures are being gathered simultaneously for referendums on Ukraine's membership in NATO and UES -- organizations representing opposite directions for Kiev.

Let us connect the dots.

After Ukraine's pro-Western "Orange Revolution" in 2004, its new regime aligned with Washington. Internal power struggles and economic crises led President Viktor Yushchenko -- seeking to save himself and his pro-U.S. course -- to dismiss Prime Minister Yulia Timoshenko and her government. September gave Moscow an opportunity to reverse Ukraine's course, as the pro-Russian Ukrainian opposition strengthened. Various polls show that this opposition is at least as popular as Yushchenko, if not more so. Also, Timoshenko -- now in the opposition -- has become a Ukrainian geopolitical wild card.

Ukraine's current crises suggest that Yushchenko's regime could lose power in the parliamentary elections in March. Fearing this, Yushchenko is pushing hard to get Ukraine into NATO -- which he hopes will protect his government from Russia and the socio-economically suffering Ukrainian masses. Washington and London -- hoping to help Yushchenko, who seems to be the political figure most likely to keep Ukraine on a Western course -- have hinted that Ukraine's accession to NATO could be on the fast track. Russia and Ukraine's pro-Russian opposition understand they should act fast -- hence the flurry of activity.

The opposition's Dec. 1 rally in Kiev was a warning shot meant to show strong resistance to Yushchenko's NATO plan, which has little support in Ukraine now anyway. Russia has other tools to pry Kiev away from the West. Russia can use gas prices -- which, for Ukraine, are set to increase to the global market level of $160 per 1,000 cubic meters (from $50 per 1,000 cubic meters) effective in 2006. Moscow

can also threaten to stop military-technical collaboration with Kiev if Ukraine joins NATO. Much of Ukraine's heavy industry focuses on the military-industrial complex and making parts for Russian weapons; if collaboration ceases, Ukraine's economy would certainly feel it. And from Russia's perspective, collaborating with a NATO member would give NATO access to secrets about Russian weapons currently under production.

Washington and Yushchenko have their own tools, and they are using them now as they push to accelerate Ukraine's move toward the West (though the European Union's statement at the current EU-Ukraine summit that it will soon grant Ukraine market-economy status does not help Kiev in real terms). Melnichenko's tapes can be used to compromise Kuchma-related opposition figures and help Yushchenko's regime win the upcoming elections. Kiev has also refused to enable the Russia-led UES and has tried to solicit Europe's help in talking Russia into lowering gas prices for 2006 (though Ukraine has met with no success in this). Also, the Democratic Choice Community has turned from a talk shop into a meaningful, pro-U.S. alliance on Russia's western border. That alliance could back Kiev against Moscow.

It does not seem that the Ukrainian geopolitical situation will see a resolution before March, since Russia and the West each immediately counter the other's moves. The current trend appears to favor Russia, since Ukraine's economic situation -- and thus public support for the regime -- is deteriorating, and the Bush administration might be too preoccupied with its own problems to intervene on Yushchenko's behalf soon enough or strongly enough. All in all, the Ukrainian imbroglio likely will roll right into the March parliamentary elections, possibly making them the most important elections in Ukrainian history.

The Far-Reaching Changes in Russia

November 14, 2005

Summary

Broad-ranging developments in the former Soviet Union indicate an evolution in thinking in the Kremlin. Russia is reaching out to regain its influence in the former Soviet world from the Central Asians, the Eastern Europeans, the West -- and perhaps even China.

Analysis

Nov. 14 witnessed a busy morning in the former Soviet world.

- Russian President Vladimir Putin is in Uzbekistan to sign an "alliance" agreement which, according to some rumors, includes a military base for Russia in Uzbekistan.
- Gazprom reached a five-year transit deal with Kazakhstan's state natural gas transit company KazMunaiGas to transit 55 billion cubic meters of Turkmen and Uzbek natural gas a year, giving Gazprom monopoly control over all three states' natural gas exports
- The Russian Federal Security Service (FSB) has apprehended Igor Reshetin, general director of TsNIIMASH-Export company, and two of his deputies for illegally transferring space technology to the Chinese.
- The presidential administrators for the Volga and Russian Far East regions -- Sergei Kiriyenko and Konstantin Pulikovsky -- were dismissed from their positions.
- Putin promoted presidential chief of staff and chairman of Gazprom, Dmitry Medvedev, to be the country's first deputy prime minister. He will retain his position at Gazprom, but leave the presidential administration.
- Putin also promoted Defense Minister Sergei Ivanov to the position of deputy prime minister.

It is easiest to understand these changes in terms of geopolitics first, personalities second and finally the shaping of policies.

Russia is in a vise. Though it has bounced back from the depths of the 1998 ruble crisis, the Russian military, economic, social and demographic fabric not only is badly frayed but continues to tear. Advancing geopolitical pressure from the West, China and the Islamic world compounds these indigenously arising problems; collectively they threaten the future existence of the Russian state itself. Under Putin, the Russian government has been struggling with how to address these myriad threats and preserve itself, and the Nov. 14 changes must be viewed in this light.

The rise of people such as Medvedev and Ivanov is hardly shocking. Medvedev is Putin's protégé, while Ivanov is the leader of the siloviki, a loose alliance of Russian foreign, military and intelligence personnel who want to restore Russia to its imperial glory. The two men's stars have been rising for some time, and Putin has been sure to keep them close. Now both potential presidential successors are even closer.

Medvedev is a canny operator who is an economic strategist, while Ivanov commands the respect of the bulk of the country's nationalist forces as well as the military. But both of them are also pragmatists like Putin. Their view of Russia's challenges is not drowned in hyperbole while their views of Russia's options are not jaundiced by Soviet-era ideology.

These are not men who regularly moan about how unfairly Western markets treat Russian goods, or about how NATO is poised to invade Murmansk. These are men

who see things the way they actually are and plan accordingly. Medvedev's role with Gazprom makes him central, and extremely effective, in Russia's relations with Europe, while Ivanov's clear-eyed capabilities have helped him manipulate Russia's more enthusiastically paranoid nationalists into a coherent political force more or less under Kremlin control.

Both men's fingerprints -- but particularly Ivanov's -- are all over the Nov. 14 summit with Uzbekistan. Tashkent has been extremely cold toward Moscow since the end of the Soviet Union, seeing itself -- and not Russia -- as the natural heir to rule in Central Asia. There are more Uzbeks in Central Asia than any other nationality, and Uzbekistan -- not Russia -- borders every one of the former Soviet Central Asian states.

Such feelings persisted until the Andijan uprising in May revealed both how tenuous Tashkent's political hold on the country was and how quickly the United States could turn on an "ally" that was less than ethically pure. The result was an about-face resulting in a headlong rush into the Russian embrace -- one shepherded, we might add, by people like Ivanov.

Similarly, both men's fingerprints -- but particularly Medvedev's -- are all over the Gazprom-KazMunaiGas accord. All natural gas produced in the former Soviet Union comes from Gazprom, Kazakhstan, Uzbekistan or Turkmenistan, with any natural gas originating in a country ending in "stan" having to transit through Kazakhstan and Russia on its way to any market. The KazMunaiGas deal means that Gazprom -- and by extension, the Kremlin -- now owns *all* of that gas. Any state wanting to use Central Asian gas in order to get energy independence from Russia is now out of luck.

This is particularly worrisome for states such as Ukraine and the Baltic States who now have no reasonable alternatives to Russian-owned natural gas. Russia has been bandying the threat of sharply higher energy prices around for years. Now it has finally taken the concrete step necessary to make that an arbitrary reality.

But Russia's efforts to reclaim its authority do not seem to be limited to Central Asia or Russia's western frontier, but also to Russian Asia. For the past several years the Russians have intermittently explored means of forming an alliance with China. The Russian position is that the two adjacent land powers should have a vested interest in working together. As Stratfor's regular readers know, such an assessment is inherently flawed.

States that border each other are far more likely to compete for influence than cooperate. This has been lost on many Russians who are so reflexively hostile to the West that they see the largest threat to Russia's existence from Washington and NATO, as opposed to its own rising Muslim population or the Chinese colossus to the southeast. China, for example, even after downsizing its army, still has more men under arms than NATO did at the height of the Cold War.

And while many Russians dream of a Chinese alliance against the West, China has been taking advantage of that misperception and preparing for a world in which Russia no longer matters. It is Beijing, not Moscow, which has been building rail lines and petroleum pipelines into Central Asia and acquiring Central Asian energy firms. It is Beijing, not Moscow, which is now pre-eminent in influence in North Korea. It is Beijing, not Moscow, which quietly sponsors an unofficial policy of encouraging migration of its citizens to resource-rich Russian Siberia. It is Beijing, not Moscow, which is purchasing component after component of Russian military technology as part of a broad-based modernization program. And it is Beijing, not Moscow, which likes to hold large-scale military maneuvers on the border named innocuous things like "Northern Sword."

Moscow has been slow to recognize the shifts in China with the transition from Jiang Zemin to Hu Jintao. Just as Jiang was taken off guard by the change from the easily manipulable former Russian President Boris Yeltsin to the more calculating Putin, Russia has misread the evolution of Chinese policies from Jiang to Hu, thinking that China is still pursuing the same means as it did under Jiang's reign.

This is not the case. Beijing now looks to enhance its influence globally through integration rather than confrontation. Moscow has misread Chinese intent several times recently, from the evolution of the Shanghai Cooperation Organization to the recent Chinese-Russian defense exercises. China is fully engaged in the old three-player game and views Washington as its major concern, with Russia being simply a tool of foreign policy.

Reshetin's arrest and Pulikovsky's dismissal are critical developments in their own right and indicate that the Kremlin is belatedly realizing the depth of the changes in Beijing. Space cooperation is among the hallmarks of Russian-Chinese cooperation. Russian technical knowledge is key to the Chinese space and military missile program, and the FSB is now specifically saying that Reshetin provided the Chinese with dual-use technology. Pulikovsky was Putin's point man in North Korea, and on his watch the Chinese have all but displaced the Russians at the North Korean table.

Reshetin's and Pulikovsky's departures from the scene indicate that someone in the Kremlin feels that relations with the Chinese are not proceeding according to plan. Unlike many of their countrymen, Medvedev and Ivanov have a more balanced view of China -- seeing among the many possibilities a plausible, and perhaps even probable, threat.

In a country as organizationally, institutionally and ideologically brittle as Russia, having the right people in the right positions is essential to putting the country on a sustainable path. Stratfor has long stated that should Russia not prove able to regain its influence in Ukraine -- and indeed, on its own territory -- that Russia's ability to even exist is in doubt.

Medvedev and Ivanov's rise cannot alone reverse Russia's fall, but their expertise, charisma and influence will at least help give it a chance.

Dmitry Medvedev is a former St. Petersburg lawyer who has been under Putin’s wing for more than a decade. Putin brought Medvedev to Moscow with him in 1999 and steadily promoted him up the ranks until he replaced Alexander Voloshin (the Kremlin’s gray cardinal) as the head of the presidential administration (chief of staff) in October 2003. Medvedev ran Putin’s election campaign in 2000, the year when he also became chairman of the board of Gazprom. From 2001 to 2002, he served as deputy chairman but was named chairman once again in 2002. Medvedev has Putin’s trust as much as anyone can, and what wealth Medvedev has is largely traced to his links to Putin.

Medvedev received his doctorate in 1990; he is only 40 years old. He is a technocrat with a more-or-less Western outlook, and he is quite pragmatic when it comes to evaluating Russia’s potential tools. He is the architect of many Gazprom policies that would both unify and strengthen government control over the firm, while opening it up to foreign investment to raise money. He certainly believes in using Gazprom as a tool of Russian foreign policy, and unlike many others who believe the same, he actually has a clear idea of just how to do it.

He is still chairman of Gazprom and now Russia’s first deputy prime minister.

Sergei Ivanov is, like Putin, former KGB. He was still in the organization when the Berlin Wall fell and when tanks rolled through Red Square. He is even rumored to have been ejected from the United Kingdom for espionage after the Cold War ended (he was at Russia's Embassy in London until 1998). Putin made him deputy director of the KGB in 1998, and Yeltsin bumped him up to the Russian Security Council in 1999; Putin retained him in that position. Since then, Putin has experimented with Ivanov in several different foreign policy topics, such as CIS and military cooperation. In 2001, Ivanov became the first civilian to serve as Russia's defense minister.

His experience with NATO has been touchy; thus, the country's military/foreign policy/intelligence sectors love him. Putin used him to great effect in harnessing nationalism in the 2004 elections, something that he almost proved too good at because a radical nationalist party -- Rodina -- got more support than the government was comfortable with.

Geopolitically, Ivanov is a Eurasianist (as opposed to an Atlanticist or a Asianist) and believes that Russia's future is in being a stand-alone power balancing the West and China. As such, he would rather not shut off cooperation with either side, but neither does he want to fully ally with either.

Ivanov has kept his post as defense minister and is now Russia's deputy prime minister.

Russia: Foreign Policy Moves During V-E Day

May 11, 2005

Summary

U.S. President George W. Bush's administration has adopted a strategy to make sure Russia becomes progressively weaker, so that it never again poses a threat to the United States. Though this strategy remains the same, the tactics have changed -- as Bush demonstrated during his meeting with Russian President Vladimir Putin on May 9. Putin, meanwhile, worked to rally Russia's allies together to counteract Washington's strategy and make Russia strong again.

Analysis

Russian President Vladimir Putin and U.S. President George W. Bush held a summit May 9 on the sidelines of the 60th anniversary V-E Day celebrations in Moscow. The two leaders discussed possible ways to bring their countries closer -- and shift Moscow's policies more to Washington's liking -- but still found many points of contention. Putin also used the V-E Day celebrations to put forth extra effort to reach out to allies. For example, in the presence of Putin and of France's President Jacques Chirac, a statue of Gen. Charles de Gaulle erected in the center of Moscow was unveiled May 8. The 26-foot monument stands taller than the statue of de Gaulle at the Champs-Elysees in Paris.

The celebrations in Moscow served as a catalyst for foreign policy moves. Putin not only met with Bush to discuss Russia's possible policy changes, he also used the gathering of world leaders to garner support for Russia.

The second Bush administration wants to make sure that Russia can never rise again to rival the United States' status as a superpower. Washington's main geopolitical weapon has been U.S.-encouraged "revolutions" that could progressively weaken Russia -- possibly to the point of disintegration -- without the United States having to confront Russia (and its nuclear arsenal) directly. The "revolutions" aim not only to change regimes in former Soviet Union (FSU) nations into pro-U.S. and anti-Russian governments, but also to help change Russia's regime, or at least its course.

U.S. policy toward Russia has not changed. However, Bush's tactics have become softer and now include some moderation. In particular, Bush told Georgia's leadership to decide the fate of Russian military bases at the negotiating table, and he reminded the Baltic governments that they should try to incorporate their large Russian minority groups instead of treating them as non-citizens. Bush further said that the G-8 should not exclude Russia, as some anti-Russian politicians in the United States have demanded.

Perhaps Bush did not want to offend Russians too much during the V-E Day ceremonies, which represent a sensitive time. More likely, the Bush administration realized that pressuring Putin too much too quickly could result in his overthrow -- not by pro-Western opposition groups, but by anti-U.S. nationalists. Indeed, faced with that choice, Washington would much prefer to deal with Putin.

It remains to be seen whether this softer rhetoric means that the United States will take Russian interests into account. So far, though, in spite of Bush's softer tone, Washington's pressure on Russia has not wavered from the level that Putin faced during his last summit with Bush, held in February in Bratislava.

This U.S. pressure has built up recently in order to help Bush extract major concessions from Putin at their May 9 summit in Moscow. U.S. Secretary of State Condoleezza Rice visited Moscow to this end, basically demanding that Putin not interfere with pro-U.S. liberal opposition groups preparing a "revolution" inside Russia (in other words, that Putin go along with Washington's policy of advancing democracy in the FSU and Russia).

Bush further stepped up pressure on Putin by attacking Russia's last true ally, Belarus, calling it the only remaining dictatorship in Europe and asking Belarus' neighbors to help change the regime. Last but not least, Bush's visit to the most anti-Russian FSU countries -- the Baltics, whose governments do not hide their aid to anti-government opposition in pro-Russian Belarus, and who actively contact anti-Kremlin figures within Russia itself -- shows that Washington is maintaining its policy of changing regimes or strategic courses in the FSU, including Russia, to favor the United States.

Sources in the Russian government say that at their May 9 meeting, Bush and Putin discussed how to bring their nations closer and how Moscow can implement policies inside and outside the country to suit Washington. Stratfor believes that Bush and Putin have made only limited progress on this front; they still disagree to various extents on too many issues. Some of these include ending Russian support for regimes quarrelling with Washington, granting the United States access to Russian nuclear arms sites, abandoning Belarus as an ally and canceling the construction of a nuclear plant in Iran.

Washington does not insist on regime changes in the FSU; it prefers policy changes because it sees these as cheaper and easier to accomplish. It matters little to Washington who personally stays in power in Moscow, as long as the Kremlin's policy becomes genuinely pro-U.S. Putin himself suggested to Bush that Russia's course could become more pro-Western, as Stratfor said in an analysis of Putin's visit to Israel. If Putin indeed changes the country's course to Washington's satisfaction, there might be no need for a Washington-promoted "revolution" in Russia.

Though Putin said Russia could go down the pro-Western path, it is hardly a pro-U.S. country. Moscow challenges Washington indirectly by helping U.S. adversaries, and Putin has tried to counteract Washington's policy toward Russia with alliances throughout the world. On May 10, Russia signed four "roadmap" agreements with the European Union to arrange greater cooperation in four areas: economic matters; freedom, security and justice; external security; and research, education and culture. Such alliances go along with Russia's long-term strategy of constructing a multi-polar world as an alternative to U.S. hegemony.

Many countries could benefit from partnering up with a revived Russia -- such alliances would make it easy to stand up to the United States if necessary. However, the question of whether Russia will strengthen in the face of the continuing U.S. geopolitical offensive into the FSU remains unanswered.

Weak allies are liabilities rather than benefits. The United States might be powerful enough to afford weaker partners, but other states must think twice before committing themselves to an ally that could collapse -- which Russia could do, if it does not reverse its downward spiral quickly -- because the costs of such a relationship would far outweigh the benefits.

So even though many countries want to partner with Russia, they want a strong -- or at least resurgent -- Russia that can still uphold the geopolitical values of a multi-polar world and firmly resist U.S. pressure.

At his brief V-E Day summits, Putin faced tough questions from some potential major allies trying to determine whether they should count on Moscow when the Kremlin seems to be caving to Bush's demands and surrendering position after position. In particular, Chirac, German Chancellor Gerhard Schroeder, Chinese President Hu Jintao and Indian Prime Minister Manmohan Singh all want to hear from Putin whether he will allow Washington to have some control over Russia's nuclear arsenal. In the eyes of these potential allies, such a move would spell the end of Russia's days as an independent player.

It seems Putin is coming under pressure from not only the United States but also Washington's geopolitical rivals. Putin will likely remain true to his past geopolitical behavior when facing pressure from opposite directions: He will straddle the fence, continuing dialog both with Washington and its adversaries and trying to get close to all of them while delaying the finalization of Russia's geostrategic course as long as he can.

So for now, Russia's course remains unchanged -- and the high-stakes geopolitical game continues to the next round.

V-E Day: Sixty Years From Russia's Geopolitical Triumph To Catastrophe

May 10, 2005

Summary

The world's spotlight is on Russia during the May 8-10 celebrations marking the 60th anniversary of the World War II defeat of Nazi Germany and its allies in Europe. As most of the world's important heads of state gather in Moscow for the celebrations, Russia is likely to have mixed emotions as it looks back on its World War II victory but looks ahead to an uncertain future.

Analysis

The May 8-10 international celebration of the 60th anniversary of the Allies' victory in Europe during World War II has brought almost all of the most important world leaders to Moscow. Russia, as a host and top contributor to that victory, will be at the center of it all, as President Vladimir Putin presides over formal and informal meetings among world leaders and other important encounters.

For Russia itself, however, the commemoration is likely to be bittersweet. Since the end of World War II, Russia has gone from powerful prominence to a state in turmoil. The Russia of 2005 is struggling to end an internal war with Chechen militants -- which has the world holding its breath, hoping no militant attack shakes Moscow during the celebrations -- and facing criticism from its near abroad and those countries that fought alongside Russia to bring about V-E Day 60 years ago.

The V-E Day celebrations will confirm that the post-World War II world order is over and that a new order has come into being. The outcome of World War II has little import in this order -- as the strongest powers, whether winners or losers 60 years ago, stand to benefit. Meanwhile, Russia has been left behind.

The V-E Day celebrations, which were supposed to involve reconciliation among old enemies and celebration of the former Allies' joint victories, have become an opportunity for countries from all corners of the world to hurl accusations at Russia. Rather than Russia's contribution to the victory in Europe, the main focus has been Russia's occupation of neighboring territories after the war. This will only alienate Russia -- which is in critical condition geopolitically, but not dead -- and give rise to the potential for a Russian backlash against its real and perceived enemies.

From the ashes -- literally -- of World War II, the Russian-led Soviet Union emerged as a powerful winner, having gained enormous geopolitical leverage that later greatly helped the country become a superpower on par with the United States. U.S. President Franklin D. Roosevelt and British Prime Minister Winston Churchill, leaders of the two other main partners against Nazi Germany, acknowledged the prime role the Soviet Union played in defeating Nazi forces.

Indeed, the Soviet Union broke up and destroyed the majority of Germany's military machine, fighting from June 22, 1941, until May 9, 1945. Even after the Allies opened the second front in Europe, two-thirds of Germany's best divisions were deployed on the eastern front. During that time, 27 million Russians perished, including 18 million civilians who died as a result of Nazi oppression -- by far the highest national toll of civilian and overall casualties in the war.

After World War II ended, its major victors emerged as the main architects of the then-new world order. That order was confirmed even before the end of the war by

the creation of the U.N. Security Council, with the war's five winners taking permanent council seats. The United States and the Soviet Union, as the post-war superpowers, took leading roles in this venue -- and many others.

Sixty years after the geopolitical triumph in World War II, Russia is recovering from what Putin has called the century's greatest geopolitical catastrophe: the collapse of the Soviet Union. Russia's systemic weakness has continued for more than two decades -- and this weakness invites other powers to push Russia out of its traditional sphere of influence.

As the world's only superpower now, the United States has taken the lead by advancing its forces, interests and allies deeply into the former Soviet Union (FSU). The second Bush administration's strategic decision to make its geopolitical offensive into the FSU and Russia proper one of its top two priorities (the other is to contain and pressure China) makes Russia's position untenable. If Moscow does not react decisively -- and quickly -- Russia could slide into geopolitical, and perhaps historic, oblivion.

The way in which the V-E Day celebrations have been met and how Russia is treated in the process clearly underscores Russia's perils. U.S. President George W. Bush sandwiched his trip to Moscow between visits to his two most anti-Russian allies, where he spoke more about Russia as an occupying force in World War II than about Russia's contribution to the Nazi defeat. Georgian President Mikhail Saakashvili -- whose compatriots once fought shoulder to shoulder with Russians against invading German forces -- delivered an ultimatum to Moscow: He will not attend the celebration unless Russia agrees to his terms for a speedy withdrawal of Russian troops from Georgia (an issue that has nothing to do with the celebration). British Prime Minister Tony Blair, occupied in the aftermath of national elections, might have accepted Russia's invitation. However, he told the weakened giant that he could not attend the commemoration because he is too busy. The list of such responses goes on.

This shows how far the mighty Russia has fallen geopolitically. Despite Russia's intention to use the V-E Day celebrations to confirm it is still a world power, it seems the commemoration will demonstrate quite the opposite. It will show that the post-World War II order has indeed ended and that a new, very different world order is coming into maturity.

Beyond World War II's winners such as the United States -- which is enjoying thus far unrivalled superpower status -- and China, which has seen a rise to prominence, this new world order is empowering losers such as Germany and Japan, which now are staking claims as candidates for permanent positions on the U.N. Security Council.

Rearranging the world order implies that 60-year-old agreements and results can be reconsidered -- and changed. Certainly, any change would favor the new order, meaning the powers that remain strong -- and their allies -- need not worry about losing their post-war territorial gains.

Remember: Yalta and related agreements changed a lot of borders, and the Soviet Union was not the only country that gained territory. Poland, for example, got one-third of its total territory from Germany. Enjoying Washington's support -- and Berlin's official reluctance to even raise the issue -- Warsaw can probably feel safe that no revision is likely in the near future. The same goes for many others, but not for those too weak now to resist possible revisions -- including Russia. This giant state has come under consistent pressure from foreign states and non-state players to give back what the Soviet Union gained as the result of its military victories and agreements with the United States, Britain and others at the end of World War II.

This pressure is all too evident at the V-E Day celebrations. Latvia refuses to sign a border treaty with Russia without attaching its unilateral declaration on its territorial claim to Russia. Georgia insists it will send no official visitors to Moscow until the Russian giant agrees to the tiny country's request for the quick withdrawal of Russian troops. Japanese Prime Minister Junichiro Koizumi will talk with Putin as if Japan's defeat -- in part from Russian efforts -- does not matter; Koizumi insists that Tokyo will not cooperate with Moscow until the four South Kuril Islands belong to Japan.

Nations, especially small nations, behave this way toward their giant neighbors only if they feel the giant neighbor is chronically -- perhaps fatally -- ill. Because of the state Russia is in now, Putin will continue to face tough pressure from other countries wanting to benefit from Russia's weakness. The United States is first on this list. But Putin will have to answer unpleasant questions from the countries Moscow will try to get as allies, too.

Belarus: The Latest Target in a U.S. Geopolitical Offensive

April 26, 2005

Summary

U.S. Secretary of State Condoleezza Rice's recent visit to Moscow and Vilnius, Lithuania, marks Washington's latest move to overthrow Belarus' regime, which Rice called the last "dictatorship" in Europe. This campaign is integral to the U.S. geopolitical offensive to reach deep into the former Soviet Union (FSU) and deprive Russia of its last real FSU ally. Russian President Vladimir Putin loathes Belarusian President Aleksandr Lukashenko but supports him since, without Russia, Lukashenko -- and in turn Belarus -- would fall and Minsk would become anti-Russian. Putin and Lukashenko signed more than 10 agreements during the April 22 Russia-Belarus Union State summit, marking an immediate reaction to Washington's major push to split Belarus and Russia.

Analysis

During her three-day tour through Moscow and Vilnius, Lithuania, ahead of U.S. President George W. Bush's May visit to Moscow, U.S. Secretary of State Condoleezza Rice said April 21 that Belarus is the "last remaining true dictatorship in the heart of Europe." She followed this up by meeting with and encouraging members of the Belarusian opposition. On April 22, Belarusian President Aleksandr Lukashenko and Russian President Vladimir Putin met in Moscow for a Union State summit and signed various agreements regarding economic, foreign political, military, technological and humanitarian cooperation.

The political pressure Rice exerted during her trip to Moscow is only one component of a U.S. geopolitical offensive in the form of a pro-democracy campaign -- which will only grow in magnitude -- against Belarus. Washington also has challenged Lukashenko's regime through political pressure, rallying Minsk's pro-Western neighbors, legislation and supporting opposition parties. This U.S. pressure has cornered Putin into supporting Lukashenko, whom he usually dislikes, for fear of losing Russia's closest ally -- and its last ally in the FSU. Though Washington will continue to work to split Russia and Belarus, Minsk will not leave Moscow's side and the two will continue cooperating in the foreseeable future.

Rice's remarks demonstrate the beginning of a major U.S. campaign geared toward yet another pro-Western "revolution" in the former Soviet Union (FSU) -- this time in Belarus. The continued popularity and momentum of other pro-Western "revolutions" in Eastern Europe has created the perfect environment for Washington to strike out at Belarus and -- more important -- to rob Moscow of its closest ally. The mounting campaign comes well before Belarus' 2006 fall elections, but such advance preparations are necessary to start finding pro-Western opposition support within a country whose people and government have enjoyed a long and strong alliance with Russia.

In addition to Bush's Feb. 24 foreshadowing at the Bratislava Summit that "Belarus will someday proudly belong to the country of democracies," Belarus has also heard calls for a pro-Western "revolution" from its neighbors. Poland's Parliamentary Speaker Wlodzimierz Cimoszewicz called Lukashenko an "irritated dictator" April 20 after Lukashenko's state of the nation address in which he verbally attacked the Polish Embassy in Minsk for interfering in Belarusian internal affairs by supporting

the opposition. During the Georgia-Ukraine-Uzbekistan-Azerbaijan-Moldova (GUUAM) summit on April 22, Georgian President Mikhail Saakashvili announced GUUAM's support for democratic developments in Belarus.

On Oct. 20 the U.S. Congress passed the Belarus Democracy Act, a bill allowing the U.S. government to support and finance pro-Western opposition parties in Belarus. Congress also is looking at a more general bill, the Advance Democracy Act introduced by Sen. John McCain on March 5, which would give the U.S. government further administrative and financial means to carry out pro-democracy campaigns throughout the world.

In addition to political support, the U.S. government also is providing practical, real assistance to the Belarusian opposition. On March 13, a delegation of leading Belarusian opposition members began a six-day visit to Washington during which they had the opportunity to meet with McCain. The U.S. Senate also recently approved $5 million in funding to opposition movements that take the form of pro-democracy programs -- of which $2 million already has been reserved for consolidating the pro-Western democratic political parties in Belarus.

Russia and Belarus used their Union State summit April 22 to respond rapidly to Rice's comments and Washington's continued pressure. Besides budgetary and social welfare agreements, Minsk and Moscow also signed agreements establishing joint foreign policy and calling for bilateral military-technical cooperation and joint operations by Russian and Belarusian troops in the region. By highly publicizing and praising the Union State meeting and the ruling governments' signing more than 10 documents of cooperation, Russia and Belarus affirmed that they rejected Washington's pro-democracy policy and are prepared to stay together.

The agreements advance the relationship between Belarus and Russia. Minsk has always been a strong and loyal ally of Moscow, but in recent years Putin has let his personal dislike of Lukashenko prevent any real progress in talks concerning the formation of a Union State. Lukashenko has enjoyed greater popularity than Putin among Belarusians and Russians for his strong defiance of the United States and preference for internal development over Westernization, as sources in the Russian Federal Security Service say, based on classified polls.

U.S. pressure, however, will not cause Putin's personal disdain for Lukashenko to disappear entirely; it will still prevent the union from developing rapidly. Putin will most likely take small, steady but easily reversible steps to advance the union that will still demonstrate Moscow's commitment to Minsk, which has no other ally than Moscow and will therefore take what it can get.

Despite this personal rivalry, U.S. pressure will force Putin and Lukashenko to work together in the foreseeable future. Russia is desperate not to lose Belarus as an ally -- as Putin's warming up to Lukashenko evidenced -- and Lukashenko is by far the most credible pro-Russian candidate in Minsk. Contrary to its objective, Rice's visit to Moscow and Vilnius has bound Russia and Belarus even closer together.

Pivot Points

March 2, 2005

By George Friedman

There are rare occasions when two distinct geopolitical processes reach a pivot point at the same time, that precise place where the evolution of a process takes a critical turn. Last week saw three such points. In Iraq, the security network around the guerrilla leadership appeared to be breaking wide open. In Israel, Palestinian Islamic Jihad -- and the Islamist radicals -- made its decision and its move on the peace process. The Bush-Putin summit ended and was followed by a Russian announcement that Moscow would sell nuclear technology to Iran. The history of the U.S.-jihadist war, the Israeli-Palestinian relationship and Russia's relationship to the United States all depend on how the pivot of history swings.

Iraq

In Iraq, the fundamental question since the election has been whether the Sunni elders in the four Sunni-dominated provinces would move to suppress the insurgency and join the political process or would choose to accept the consequences of continued insurgency in the hope of a greater role in Iraq down the road. It was our view that the elders had more influence than it appeared, as well as more cohesion: They were capable of making decisions and acting on them. At the same time, they did not have the ability to simply and directly suppress the insurrection -- they would have to act indirectly.

The indirect action would be to provide intelligence to the Americans on the insurgency so that the United States -- which did not have clear intelligence on the insurgent leaders' movements, in particular -- could cripple it. Obviously, this would be a covert transfer of information, but, at the same time, the insurgents would have no doubt as to the ultimate origin of the break. Therefore, the transfer of intelligence would have to be followed by immediate and definitive action. In addition, we argued that the Saudi intelligence service, which knows more than it tells, would now be motivated to provide intelligence that would lead to the suppression of the Sunni insurgents.

Over the past week, we have seen public announcements about the capture of senior operatives linked to Abu Musab al-Zarqawi. We also have seen the surrender, by Syria, of Saddam Hussein's half-brother. And there are indications that al-Zarqawi himself is now on the run, isolated and unable to operate his network, and that a large number of minor operatives have been swept up. In other words, the United States got intelligence that it did not have before that allowed it to penetrate deeply into the insurgents' security system.

The pivot point is this: How badly crippled are the insurgents by this penetration? If they are hurt but not helpless, we can expect them to strike back quickly, and their first targets will be those among the Sunni community who they think betrayed them. The United States cannot provide protection to the complicit elders, since that would erase any doubt. On the other hand, if the insurgents don't strike back, their support structure could simply collapse, on the assumption that they are finished. It is particularly important that both jihadist and Baathist leaders have been captured. It signals that the entire range of insurgents has been penetrated. Thus, the insurgency is now in crisis.

It can go two ways. First, it could take the direction we expected last December, when we argued that the guerrilla movement was self-sustaining and that any such

counteroffensive could be contained by the guerrillas. In other words, the war could go on. Alternatively, that forecast could prove wrong, and the change in the position of the Sunni leadership might lead to the collapse of the insurgency, leaving in its place, at most, a low-grade movement of little strategic importance.

The pivotal question: Will the new intelligence provided by the Americans break the insurgency? The future of Iraq does not rest on that question, but the future of the Sunnis of Iraq does. The first hint we will have of the answer is whether the insurgents strike out at Sunni collaborators in the next two weeks. If they don't, their position will disintegrate rapidly.

Israel-Palestine

The death of Yasser Arafat created a new government for the Palestinian National Authority (PNA) and a new political dynamic between Israel and the Palestinians. Part of the new reality was rooted in debilitating attacks that Israel had carried out against the Hamas leadership. It appeared that Hamas did not have the military capability to mount another suicide bombing campaign -- leaving a political settlement as its only recourse.

On the Israeli side, the administration of Prime Minister Ariel Sharon, perhaps alone among Israeli governments, was capable of reaching a political settlement with the Palestinians. Of all of Israel's potential leaders, Sharon was least vulnerable to the charge of being willing to take chances with Israel's national security. Apart from his own soldierly biography, he championed construction of the wall between Israeli and Palestinian territories and drove the attacks against Hamas' leadership.

In the end, however, the future of the peace process does not rest in the hands of Ariel Sharon or PNA President Mahmoud Abbas -- it lies in the hands of Hamas and its sister organization, Palestinian Islamic Jihad. If they reject the principle of a settlement with Israel that recognizes Israel's right to exist on what had been Arab land, and if they take action against Israel, the process could collapse. Since the Palestinian elections, everyone has been waiting to see what the Islamists would do. There were indications that they would not oppose the peace process -- which is not at all the same as supporting it -- but it also was clear that they were unhappy with the way decision-making was taking place within the PNA. No one knew which way they would go or, in the end, whether they had the ability to carry out a suicide campaign.

On the night of Feb. 25, someone attacked a nightclub in Tel Aviv with a suicide bomb. Palestinian Islamic Jihad claimed responsibility. So we know that the Islamists can, in fact, carry out at least one such attack, and there is no reason not to assume, therefore, that they can carry out more. The question is why they did it.

A few explanations present themselves. One is that the Tel Aviv action was carried out because Palestinian militants have decided to oppose the peace process; another is that they wanted to remind everyone, especially Abbas, that there would be no peace process without their participation, and that if he thought they were a spent force, he was badly mistaken. In other words, the bombing could have been designed to position the Islamists politically within the PNA, in order to have leverage over the peace process.

A third explanation -- and in our view, the far more likely one -- is that Syria was somehow involved. Both the Israelis and the Americans have made claims to this effect. According to this line of logic, the Syrians were trying to relieve the pressure on themselves by focusing attention back on the Palestinians. If the intifada broke out again, the pressure for Syria to withdraw from Lebanon would ease up.

We suspect the Israelis would like to blame Damascus for direct involvement in order to increase pressure on Syria and relieve pressure on the peace process. After all, if it wasn't the Palestinians, the process can move forward. Washington has claimed that a Palestinian group planned the Tel Aviv operation from a base in Damascus -- further increasing the already considerable pressure on an increasingly isolated state. Whatever the case, Syria's situation is in no way improved.

Two questions now present themselves. First, are the Islamists in a position to restart a sustained suicide bombing campaign in Israel, or are intermittent attacks the most they can do at this point? Second, what is Sharon's pain threshold? How long can he tolerate these actions without halting the peace process and striking back?

The problem is this: Even if the leadership of the Islamists were to agree to a cease-fire, other splinter groups could peel off and carry out at least some attacks. Regardless of whether a decision has been made at the top to resume the war, the fact is that someone will continue to wage war and there will be, at the very least, intermittent attacks. We know what Sharon will do if there are broad attacks, but what will he do if there is one attack every month? At what point would he call off the peace process?

Russia

The Feb. 24 meeting between U.S. President George W. Bush and Russian President Vladimir Putin went about as expected: badly. Following the meeting, Bush went after Putin publicly at the press conference, which put Putin in the position of having to react very publicly and painfully. Putin is not playing a strong hand, and Bush forced it. The result was Russia's announcement Feb. 27 that it would deliver nuclear technology to the Iranians -- albeit for peaceful purposes. That is the last thing Bush wanted to see, but he made it inevitable.

Bush is trapped by two logics. First, since 1989, the United States has been rolling Russia back, constantly pressing forward, denying Moscow its sphere of influence (Eastern Europe and the former Soviet Union itself). At this point, the Baltics and much of Central Asia are beyond Russian control. Moscow is struggling to hold on to its influence in the Caucasus. Finally, the political shifts in Kiev have moved Ukraine out of the Russian sphere of influence. Putin's public clearly doesn't see any economic payoff from these geopolitical reversals. There is momentum in geopolitics, and all the momentum is impelling the United States to press forward, heedless of the pressures that are being built up on Russia.

The second logic is the key: The United States sees Russia as locked into the decisions and relationships that it entered into in the early 1990s. Washington expects that pressure on Russia will yield accommodation. This means that it expects that continuing the Russian rollback will inevitably lead to Russian accommodation.

Periods in which policies are continued even when objective realities have shifted are common in geopolitics. However, the summit in Bratislava has brought the situation to a head. Putin does not have the freedom of action that he had in the past, or that Yeltsin had, precisely because the political result in Russia of America's unrelenting pressure has put him in such a position that he can't accommodate Washington, even if he wished to do so. Russia is, objectively, at its geopolitical breakpoint -- any further, and the survival of Russia is seriously in doubt. At least, enough Russians believe that to be the case that Putin is locked into place.

The Russian decision on Iran, along with arms transfers to Syria and China, indicate Russia's counterstrategy. It sees its only lever with the United States as weapons and technology transfers to countries that the United States either is in conflict with or

that Washington regards as a long-term threat to some interests. Russia's counters are, in fact, painful. SA-18s in Syria's hands, nuclear technology in the hands of Iran or Backfire bombers in the hands of the Chinese -- these things really hurt.

Bush has his answer from Putin, and now he must make a fundamental decision. He can draw back from pressure on Russia in return for controls on Russian arms sales, or he can continue the pressure and see more aggressive moves -- and decreased cooperation -- from Moscow.

Conclusion

Consider the set of outcomes that hangs in the balance. There are three pivots, each with two possible results. So there are six possible outcomes -- from peace in Iraq and Israel and stable relations with Russia, to continued insurgency in Iraq, intifada in Israel and a mini-Cold War with the Russians. It can be a combination as well. What is clear is that we are at a decisive point in the post-Sept. 11 world. When three issues converge like this, it usually means that old issues are going away and new ones are coming up fast.

Finding Russia's Limit

December 4, 2004

By George Friedman

Most political crises have little meaning in the countries where they occur, let alone internationally or historically. On rare occasion, a crisis comes along that has profound significance far beyond what appears to be the case. That is the case with the Ukrainian election. We do not like hyperbole and normally try to understate things, but the crisis over the Ukrainian election, and the manner in which it is resolved, can define the future of Eurasia -- and therefore the world -- for generations. This particular crisis might not be definitive, but the issue it presents about the Ukraine will be.

The issue in the election is relatively simple. There are two factions in Ukraine, defined to a great extent by geography. One faction, concentrated in the western Ukraine, favors closer ties between Ukraine and the West. This faction goes so far as to support Ukrainian membership in NATO. The other faction, concentrated in eastern Ukraine, favors closer ties with Russia and wants relations with the West to develop in the context of a primary Russo-Ukrainian relationship. For many in this faction there is a desire to create a closer relationship, even some sort of federation, with Russia and Belarus.

An election was held for a new president that was, in effect, a referendum on the direction that Ukraine should go. The pro-Russian faction won the election, but it was immediately charged that it did so by fraud. The United States and European countries supported the claim of fraud and demanded some unspecified solution that would allow the pro-Western faction to win. Russia argued that the pro-Russian faction had won fairly and demanded that the West not interfere in Ukraine's internal affairs. It was a fairly typical election, save for the enormous interest that outside powers showed in the outcome.

In order to understand the excitement -- and to go beyond the idea that this is simply about helping democracy grow in Ukraine -- we need to consider the geopolitical implications of each side winning. In order to do this, we need to consider the geopolitical condition of the former Soviet Union. There are these essential questions:

1. Will the disintegration of the Soviet Union be followed by a disintegration of the Russian Federation?
2. To what extent will Russia have secure and defensible borders, and to what extent will it be able to claim a sphere of influence in surrounding countries?
3. To what extent will Western institutions, particularly NATO, incorporate former Soviet republics, and to what extent will Western -- and particularly U.S. -- military power intrude into the former Soviet Union?

A Decade of Western Moves

In the decade since the disintegration of the Soviet Union, Western institutions -- especially NATO -- have intruded or shown intentions of intruding deep into the former Soviet empire. Some central European countries already are members of NATO, and others are lining up. Parts of the former Soviet Union, like the Baltics, also have been included. In a parallel process, the United States has developed strategic military relations with countries in the Caucasus and in the Muslim states to Russia's south. This process has been accelerating since Sept. 11.

From the Russian viewpoint, these intrusions have gone far beyond the understandings Moscow thought Russia had with the West after the collapse of the Soviet Union. The idea of NATO coming into central Europe would have once seemed farfetched and the idea of it coming into the former Soviet Union preposterous. The Russians have reason to believe they had assurances from both the Bush Sr. and Clinton administrations on the limits of Western and U.S. expansion. Whatever these understandings were, they have not been respected.

International relations do not deal in sentimentality, and Russian weakness and the need for economic relations with the West made it impossible for Russia to deter the expansion. On the other side, knowing that Russian weakness was not necessarily permanent, the United States saw an opportunity for redefining Eurasia in such a way that the reemergence of a Russian superpower would become impossible. Essentially, the temptation to expand into power vacuums created by Russian weakness has proven irresistible -- as a simple means of buying insurance against the future.

As deep as the intrusion has been, however, one country has thus far not been seriously on the table -- Ukraine. If Ukraine moves into the Russian sphere of influence, Russia has not in any way reversed its massive decline. However, if Ukraine were to join NATO, Russia would have entered an era in which its decline is not only irreversible, but in which the ability of the Russian Federation to survive becomes highly questionable.

Ukraine stretches from the Carpathian Mountains, at the point where Poland, Slovakia, Hungary and Romania converge, east nearly to the Don River in the Russian heartland, a distance of more than 800 miles along the underbelly of Belarus and Russia. It constitutes the northern coast of the Black Sea. Moscow is less than 300 miles from the Ukrainian frontier; Volgograd, formerly Stalingrad, is less than 200 miles away.

If Ukraine were part of NATO, Russia would become indefensible. This does not mean NATO would have the intention of invading Russia. It would mean that if NATO's intentions were to change -- and nations must always assume the worst about the intentions of others -- Russia would find itself fighting along nearly the lines of Adolf Hitler's deepest penetration into the country in World War II. And they would find themselves fighting on those lines on the first day of the war. They would lose the ability to defend themselves conventionally.

Looking at the map more closely, there is a solid NATO salient in the west, growing U.S. influence and presence in the Caucasus and a growing U.S. economic presence in Kazakhstan and the Muslim republics in the south. U.S. troops already are in Uzbekistan and Kyrgyzstan. Southern Russia to the Caucasus would be accessible to Moscow only through the 300 mile-wide Volgograd corridor. The ability of the Russians to project credible power into the Caucasus dramatically would decline. The Black Sea would be virtually surrounded by U.S. allies and become an American lake. There would be U.S. naval bases in Odessa and the Crimea. Russian ability to influence events in the Caucasus would evaporate.

Under these circumstances, the ability of Russia to resist centrifugal forces inside the federation would simply disintegrate. It would not be a matter of Chechnya alone. Secessionist movements in the Russian Pacific Maritime Provinces, Karelia and in other regions would surge. Resistance could prove particularly robust in Russia's titular republics such as Tatarstan and Bashkortostan, which incidentally not only provide a sizable portion of Russia's oil output, but also sit astride the only infrastructure that pumps Siberian oil to the rest of Russia and the rest of the world. Moscow -- and President Vladimir Putin -- would find itself presiding over the second

wave of disintegration. Serious force projection even inside Russia would become difficult, leaving Russia with a nuclear option and not much else. If Ukraine were to move decisively to the west and join NATO, we do not think it too extreme to raise the question of whether the Russian Federation could survive.

The Stakes in Ukraine

For the Russians, the outcome of the Ukrainian elections is a matter of fundamental national security. Russia can tolerate an independent Ukraine. It can tolerate a Ukraine with close economic ties to the West, but this election has posed a further possibility -- the idea of NATO expanding into Ukraine. The possibility was stated as a serious option and not rejected by the United States or Europe. Therefore, from the Russian viewpoint, the defeat of the pro-NATO opposition party was a matter of national necessity.

The United States and Europe responded exactly as the Russians feared they would. They demanded the election go to the pro-Western faction. This is not read in Moscow as simply the West's love of a fair election. Rather, it is seen by the Russians as a concerted effort to take control of Ukraine and put Russia in an untenable position.

The central European viewpoint is that the historical opportunity to cripple Russia must not be lost. Countries that have drawn close to the United States -- such as Poland -- understand what is at stake and, after half a century of Soviet domination, want more than anything to cripple Russia. The United States would prefer to see Russia in one piece, but has no objection to crippling Russia, as it might give the United States a freer hand in central Asia to wage its war.

The problem is that in the Ukraine, the United States has encountered the Russian limit. The United States and Europe have pushed and probed at Russia for more than a decade without hitting a point the Russians simply cannot live with. With the Ukrainian election, the United States has found that point. It is not clear if the United States is aware it has hit this limit. The United States has become used to a passive Russia and the move into Ukraine seems to be simply another phase in a process that began in 1989. It seems not to have a cost.

The Russians do not always respond in the region on which they are focused. We find remarks by Russian Defense Minister Sergei Ivanov warning the United States that its path in Afghanistan is unacceptable to the Russians because it is too soft on the Taliban -- a statement made while visiting India and asking for renewed strategic relations -- to be a warning to the United States that Russia is capable of causing serious problems for the United States in its war on terrorism, to be an example of this. Russia announcing it was introducing a new class of intercontinental ballistic missiles (ICBM) is another example. There will be many more.

Putin cannot possibly give on this and he will not. The issue for Russia is not fair elections but national survival. That means the only way to defuse the Ukrainian crisis is for guarantees on the role of NATO in Ukraine. The problem is that the West has made previous guarantees to the Russians on other NATO expansions that it did not heed. Credibility is not high.

Putin has begun domestically increasing his power. There is an assumption that he is eager to avoid a confrontation with the West, which is certainly true. He helped U.S. President George W. Bush win re-election by making a number of supporting comments. He expects to be repaid. If the Bush administration presses hard on Ukraine, we suspect this will be the trigger of a fundamental re-evaluation by Russia of its strategy. Which means Washington needs to either back off or move very fast.

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