



NEW BALANCES

## Russia, the EU, and the “Post-Soviet West”

Policy Perspectives

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NEW APPROACHES TO RESEARCH AND SECURITY IN EURASIA

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PONARS Eurasia is a global network of social scientists that seeks to promote scholarly work and policy engagement on transnational and comparative topics within the Eurasian space. PONARS Eurasia is based at the Institute for European, Russian and Eurasian Studies (IERES) at The George Washington University's Elliott School of International Affairs.

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*Cover images:*

French President Nicolas Sarkozy, center, German Chancellor Angela Merkel, right, and Russian President Dmitry Medvedev, left, pose for a group picture at the Hotel Royal in Deauville, France (2010). They met for a two-day summit meeting at the French resort to discuss joint security challenges and the upcoming G-20 summit. (AP Photo/Remy de la Mauviniere/Pool)

Colonel Vadim Severov stands near the Armavir early warning radar installation in Krasnodar Krai, Russia (2011). NATO and Russia are considering a joint missile defense system. Russian officials have said that the Armavir radar could be a part of it. (AP Photo/Ivan Sekretarev)

Russian President Dmitry Medvedev, right, and Ukrainian President Viktor Yanukovich, center, pose with children on the Russian-Ukrainian border near Bryansk, about 187 miles southwest of Moscow (2010). The two presidents began their two-day summit meeting at the border event. (AP Photo/RIA-Novosti, Vladimir Rodionov, Presidential Press Service)

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# Foreword

Cory Welt

*The George Washington University*

This collection of essays is based on the proceedings of a March 2011 workshop of the Program on New Approaches to Research and Security in Eurasia (PONARS Eurasia), held in collaboration with the Institute of World Economy and International Relations (IMEMO), Russian Academy of Sciences, Moscow. PONARS Eurasia is a program that promotes scholarly work and policy engagement on transnational and comparative topics within the Eurasian space, based on the expertise of a global network of social scientists.

The workshop – on Security Challenges in Russia and Eurasia – brought together scholars and experts from the Russian Federation, the United States, and Europe (including Ukraine and Azerbaijan) to propose initiatives for deepening international security cooperation in Eurasia; to consider the implications of changing relationships between Russia, the EU, and countries of post-Soviet Eastern Europe and the Caucasus; and to assess the domestic foundations of Russian security and democratic stability. We are publishing twenty-three essays from the workshop in three collected volumes, of which this is the second.

This volume, *New Balances: Russia, the EU, and the “Post-Soviet West,”* considers the implications of changing relationships between Russia, the EU, and countries of post-Soviet Eastern Europe and the Caucasus. The two essays in **Part I** look at contemporary EU-Russia relations. *Arkady Moshes* observes that the EU-Russia relationship has been subtly but usefully recalibrated. EU members have gained confidence that, in their energy relationship, Russia needs Europe as much as Europe needs Russia. They have also reconciled to the fact that differences in approaches toward their “common neighborhood” will persist, and they are more willing to speak in one voice with Russia. In the meantime, the attraction of Europe to Russia as an economic partner and model of development has only grown. *Sergey Golunov* assesses one aspect of EU-Russia relations highly relevant to many Russian citizens, the EU (Schengen) visa regime. While accepting certain reservations of Europeans against a more liberal – and even visa-free – regime with Russia, Golunov seeks to demonstrate that some of their most frequent objections are simply unsupported by the data. At the same time, he points to the responsibility of Russian officials in bureaucratically hindering westward travel.

**Part II** of the collection examines contemporary perceptions of Russia in four of its post-Soviet neighbors in East Europe and the Caucasus: Estonia, Ukraine, Azerbaijan, and Georgia. Two of the essays assess findings of recent opinion polls.

*Theodore Gerber, Heather Conley, and Lucy Moore* present findings from survey research on the perceptions of young people in Estonia (including ethnic Russians) and Russia of themselves and each other. They find marked differences on views toward history, state images, and ethnicity-related policies, but muted interethnic hostility or fear (the latter most frequently among ethnic Estonians, one-third of which expressed such feelings toward Russians). They also find ethnic Russians in Estonia to feel a strong connection to the places where they live (rather than Russia or, nostalgically, the USSR) and also to hold different attitudes toward Estonia depending on their citizenship status. *Anar Valiyev* looks at changing attitudes toward Russia among Azerbaijanis, finding declining levels of approval for friendship with Russia and intermarriage with Russians, but continued support for business relations and more positive views of Russian influence on Azerbaijan than of U.S. or European influence. Valiyev concludes that Azerbaijani attitudes toward Russia are still flexible and largely depend on the policies that Russia itself adopts.

The other two essays analyze specific aspects of Ukraine's and Georgia's current relations with Russia. *Olexiy Haran* and *Petro Burkovsky* argue that the Yanukovich administration in Ukraine has been less obsequious toward Russia than might have been expected. In particular, it has sought to check unbridled Russian economic expansion in Ukrainian industry and business while actively pursuing investment deemed beneficial to their development. However, the authors acknowledge that it is an open question whether Ukraine's "business-like" approach toward Russia and, correspondingly, other foreign partners is sustainable. Finally, *George Khelashvili* explains how the Saakashvili administration in Georgia persists in viewing Russia-Georgia relations through the prism of antagonistic Russia-U.S. relations. This has led the administration to the reckless conclusion that U.S. protection of Georgia is both necessary and sufficient for Georgian security against Russia and that, accordingly, its strategy of engagement with Russia's troubled North Caucasus in particular is risk-free.

We are sure you'll find these policy perspectives informative and thought-provoking. Many individuals were instrumental in the production of this volume, as well as the organization of the workshop that generated it. I would like to especially thank our colleague and co-organizer, IMEMO Leading Research Fellow Irina Kobrinskaya; Managing Editor Alexander Schmemmann; Program Assistant Olga Novikova; Graduate Research Assistants Wilder Bullard and Julija Filinovic; IERES Executive Associate Caitlin Katsiaficas; and IERES Director Henry Hale.

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# Russia and the European Union

## A NEW “BALANCE OF SELF-CONFIDENCE”

PONARS Eurasia Policy Memo No. 143

Arkady Moshes  
*Finnish Institute of International Affairs*

Most observers agree that in the latter half of the past decade, the EU-Russian relationship lacked substance, despite official parlance characterizing it as a “strategic partnership.” True, Russian energy kept flowing to EU member states, providing cash to pay for European exports to Russia, but that was about it. On all other fronts, disagreements prevailed, from interpretation of the legal commitments with which members of the Organization for Security and Cooperation in Europe and the Council of Europe should comply, to the tug of war in their common neighborhood. The last tangible deal between Russia and the EU – visa liberalization and re-admission of illegal immigrants – was endorsed in 2005 and entered into force in 2007. All attempts to revitalize the relationship by launching negotiations on a new framework agreement have failed. Numerous rounds of talks have been held, but with few results. No wonder that Russian Foreign Minister Sergei Lavrov, analyzing his country’s foreign relations at a press conference in January 2010, could not find much to say about the EU. He mentioned the “strategic partnership” in passing, as if it did not deserve a separate sentence. His single substantial EU-related comment dealt with the latter’s insufficient efforts to protect the rights of Russian speakers in Latvia.

Addressing a similar press conference a year later, Lavrov adopted a different tone. Referring to decisions taken during the two Russia-EU summits of 2010, he concluded that it was possible to increase interaction with the EU in a number of spheres. In particular, he mentioned the “Partnership for Modernization,” which aims to promote economic transformation in Russia, the proposal to establish a joint EU-Russia committee on security and foreign policy, and the advancement of discussions on visa liberalization.

It remains to be seen whether or not Lavrov’s official optimism is premature. But certain positive shifts on the ground can certainly be noticed. Russia currently has a more favorable attitude toward membership in the World Trade Organization, which promises to eventually remove what has been a major obstacle to progress in

negotiations on a new framework agreement. There have also been undeniable improvements in several bilateral relationships that previously complicated the overall agenda. The Russian-Polish breakthrough is the most important of these, and the December 2010 visit of Latvian President Valdis Zatlers to Moscow demonstrates the same trend.

Where has such a change in rhetoric and, to a certain extent, diplomacy come from, and how sustainable is it? This memo proposes that the source of the new dynamics between Russia and the EU is a growing realism in Moscow and Brussels, which has established a new “balance of self-confidence” in their relationship. Russia can no longer retain a condescending attitude toward Europe, motivated by the sense that as a rising power, its bargaining position continues to strengthen as it simultaneously plays the role of a balancer between Europe and Asia. The EU, in turn, has begun to internalize the conceptual premise that “it takes two to tango,” in other words, that it does not make sense for the EU to create an impression that it is more interested in a workable partnership than Russia. If this new balance is set correctly, it can be hoped that cooperation will go far beyond the current primitive commodity trade.

### **Interdependence, not Dependence**

The EU, like every large bureaucratic body, is slow. By definition, it is much slower than any individual state to adapt to change, but when the policy pendulum does begin to swing, it is equally difficult to reverse the momentum. Therefore, the EU approach to Russia is likely to be preserved at least in the medium-term. The critically important revision in EU thinking concerns its view of mutual economic relations. The “Review of EU-Russian Relations,” prepared by the European Commission in November 2008 after the Georgian-Russian conflict, sent a clear signal in this regard. The document unequivocally concluded that the EU can be firm in its relations with Russia since Russia needs the EU and EU markets for economic reasons more than the EU needs Russia.

This conclusion both followed and, as it happened, preceded evolution in the EU-Russian energy relationship. Several years ago in Brussels, one constantly heard the mantra that the EU had no alternative to its energy partnership with Russia. Some actors used this formula to mask their interest in extracting economic gain from increased cooperation, while others just wanted to find an argument to defend their compliant attitude to certain requests from Moscow or their inaction when it comes to democracy promotion.

Time, however, has proved this mantra wrong. Russia’s apparent readiness to use energy as a political tool, at least toward its post-Soviet neighbors, raised the prospect that excessive energy dependence on Russia would undermine the economic security of EU members. The time came for energy diversification projects and serious consideration of how to hedge against possible Russia-related risks. At the same time, Europe’s energy markets also profoundly changed. Due to the profitability of new technologies, liquefied and shale gas were entering the market. This boosted consumer



confidence and Russian gas exports to EU markets plunged. In order to guarantee sales, Gazprom had to offer benefits, such as price discounts or supply guarantees (even to small countries like Latvia and Estonia).

Another significant change has been a growing realization, if not yet consensus, that harmonizing EU and Russian policies in their common neighborhood will be extremely difficult, if not impossible. The documents adopted at the May 2009 Prague Summit, which launched the EU Eastern Partnership program, did not mention Russia. On the contrary, the summit declaration stated that the Eastern Partnership will be developed “in parallel” with bilateral cooperation efforts between the EU and unnamed third states. The wording may of course be interpreted in different ways, but the precedent of not including Russia in Europe’s institutional cooperation with post-Soviet states was set, something that several years before would have been inconceivable.

European Union policy on its Eastern periphery is far from being a success story as far as Russia is concerned. For instance, Brussels supports the pro-European aspirations of the Moldovan government and thus finds itself on the other side of the fence from Moscow, which is seen as trying to return the Communists to power. Meanwhile, in November 2010, the EU gave Ukraine (but not Russia) a strictly conditioned plan for advancing toward visa freedom – a clear heresy from the standpoint of the earlier “Russia first” policy. EU engagement with Belarus in 2009-2010 showed little signs of being conducted in consultation with Russia. As a result, the EU – or rather Belarusian President Alexander Lukashenko’s hint at the possibility of rapprochement with the EU – became a factor in Russia’s decision to reach a compromise with Belarus. In all cases, the EU’s behavior contrasted sharply with earlier patterns when it was ready to admit that Russia had a controlling say or even a veto on all regional developments.

The EU seems to be moving much closer to a common policy on Russia. This is a result of internal cohesion building and mutual socialization, which are natural processes six years after the EU’s eastern enlargement. “New” member states are now sending their second generation of EU commissioners and European Parliament members to Brussels. More specifically, two complementary phenomena are visible.

First, “new” member states are less concerned about their security and potential “second-class membership.” This directly results from the above-mentioned changes in Europe’s energy markets and the fact that NATO finally provided the Baltic States with defense contingency plans. They see that they are subjects and not simply objects of EU-Russia policy and that they can successfully make themselves heard in the corridors of Brussels.

Second, Germany has become more reluctant to sacrifice the common interests of the EU in its Eastern neighborhood for the sake of its own mercantile interests. This development can be connected to worsening public attitudes in Germany toward Russia since the Georgian war.\* According to a BBC poll in 2011, German citizens had the least positive attitude toward Russia among 27 countries polled globally, only 20

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\* A point the German Marshall Fund’s [Stephan Szabo](#) has elaborated upon.

percent of respondents viewed Russia positively, while 58 percent expressed a negative attitude. Additional factors accounting for this development are the 2009 defeat of the Social Democratic Party (the leaders of which have traditionally been less critical of Moscow), and the lowered expectations within Germany's business sector (reflected in the withdrawal of German energy giant "E.ON's" investment in Gazprom in fall 2010). Against this backdrop, it is not surprising that Berlin approved of the launch of the Eastern Partnership program in its existing form and has maintained a fairly reserved attitude toward Russia's proposal for a new European security treaty (German Chancellor Angela Merkel also stepped up her criticism of Russia's domestic affairs).

### **Russia: The "Eye Openers"**

The evolution of Russia's thinking on the relationship has little to do with Europe as such. Many have observed that the major change agent for Russia was the global economic crisis, which took Russian authorities by surprise in 2008. The following year, Russia had the worst economic performance among both the BRIC countries (Brazil, Russia, India, and China) and the G20. Under the best of circumstances, Russia will not return to the kind of growth it enjoyed during the past decade. Russia may or may not launch its course toward "modernization" that President Dmitry Medvedev announced, but if Russia does want to modernize, it makes sense to consider the EU as a natural partner in this endeavor – akin to when Vladimir Putin declared Russia's "European Choice" at the start of his first term in office ten years ago.

Russia can also no longer ignore external challenges. With its depopulating Far East, Russia appears to lack a strategy for coping with the rise of Asia (China in particular). It may not feel comfortable about its role as an energy appendage of Europe, but to replace that with the status of raw materials supplier to China is even less acceptable. After all, a majority of Russians consider themselves to be part of European civilization, even if many still find it difficult, after years of propaganda, to understand that today's Europe is not so much a concept of geography or history as it is a construct based on democratic norms. So far, Russia has failed to produce a clear response to the rise of China, but it is looking for one, and integration with Europe, even if not through the formal parameters of EU membership, is surely being discussed.

As far as Russia's view of the EU is concerned, the change is less pronounced. It is still possible to encounter in Russia a simplistic picture of the EU as an economic club, facing a currency crisis, and developing only limited police functions. But for the expert community: the implementation of the Treaty of Lisbon, the formation of the European External Action Service, the ability to help member states in need, the continuing enlargement of the eurozone (Estonia joined in January 2011), the stable, soft power of the EU in its eastern neighborhood, the willingness of states like Turkey and Ukraine to join – these, together with many other factors, point to strengths rather than weaknesses of the European project.

## **Conclusions**

No doubt, the emergence of a more realistic Russia-EU relationship is still a feeble trend and can be reversed. With oil prices going beyond \$100 per barrel, Moscow may conclude that it can afford to continue a policy of strategic solitude. European businesses, watching the return of Russia's growing purchasing power, may in turn choose trade and pragmatism over democratic change and normative transparency. Alternatively, Russia's 2011-12 elections, which are unlikely to comply with expected European standards, may provoke a wave of criticism and point to the ongoing presence of a "values gap," to which Moscow may respond with EU-unfriendly rhetoric and another round of self-isolation from Europe. If, however, the EU stays its course and does not revise its current approach, its chances of convincing Russia that a rule-based partnership with Europe best serves its own interests will remain higher than before.

# EU-Russia Visa Talks

## OPEN AND HIDDEN AGENDAS

PONARS Eurasia Policy Memo No. 144

**Sergey Golunov**  
*Durham University*

One of the most serious problems on the agenda of Russia-EU relations is the strict visa regime between Russia and the 25 European countries that share common external border controls as the Schengen Area. This visa regime slows down bilateral transborder movement and creates cavernous space for arbitrary and unfair refusals to visa applicants. People who have business visas (including scholars) cannot formally enter the Schengen Area as tourists, so they need to either cancel their visas and get new ones, or lie to EU border guards about the purpose of their visit (and risk being blacklisted). Apart from this, the so-called “borderless Schengen space” is actually not quite borderless for Russian visitors, who can sometimes be penalized for spending less time in a visa-issuing country than in other Schengen states. And for those who live far from EU consulates, even these problems pale in comparison to the huge costs of the visa application process. In addition to paying fees, they usually have to make at least two trips to submit and collect their documents (among Schengen states, only Estonia and Latvia accept applications by mail). While Russian official and semi-official discourse actively discusses the myriad of challenges related to the Russia-EU visa dialogue, the voices of the people are scarcely heard.\*

A systematic Russia-EU visa dialogue began in 2007. Since that time, many Schengen states have supported the abolition of visas in principle, but progress is slow and far too intangible. It is probable that some EU member states, not wishing to irritate Russia, nonetheless seek to drag out negotiations while trying in the meantime to secure concessions from Moscow in other spheres. Taking this into consideration, the statement by French President Nicolas Sarkozy in October 2010 that the visa system could be abolished in 10 to 15 years should not lead to great optimism.

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\* The author is deeply thankful to the Marie Curie Fellowships Program (funded by the European Commission) for research support.

Russia-EU visa issues are frequently discussed in the mass media, and have also been the focus of some scholarly works.\* The arguments raised for and against a visa-free regime are worth scrutinizing in some detail:

1. *Because Russian borders with Kazakhstan and Transcaucasian states are poorly guarded, third-country nationals will be able to illegally use a visa-free regime to enter the EU.*

A visa-free regime does not mean the abolition of border controls or some new rights for transit migrants, who will still have to have visas for travelling to the EU. Moreover, as Russia continues to intensively fortify its borders with Kazakhstan and the Transcaucasian states, statements that these borders are poorly guarded must be better supported. Only six thousand violators (mainly inhabitants of borderland areas) were apprehended at all Russian borders combined in 2009; this figure is far less than the typical annual number of apprehensions at the U.S.-Canada border alone.

2. *Visitors that are potentially undesirable for Schengen will be able to obtain (in the case of third-country illegal migrants) Russian citizenship or (in the case of unwanted Russian citizens) new passports with "new" personal data via the help of corrupt officials.*

To address this concern, the Russian government needs to compellingly demonstrate to their European partners that Russia's national passport system is strictly controlled.

3. *A visa-free regime will be beneficial to the Russian mafia.*

Since the latter half of the 2000s, Europol reports have mentioned Russian criminal gangs less frequently than before, though the scandalous arrests of "Russian mobsters" in the EU continues to occur and to attract public attention. However, it is not quite correct to equate the "Russian mafia" with criminals from Russia, as the phrase encompasses Russian speakers from a number of post-Soviet states. Many of the post-Soviet mobsters who have been detained in the EU actually resided in Europe for many years; some even had residence permits before being apprehended. As well, suspected criminals can be refused entry to the EU even under a visa-free regime, if such persons are blacklisted in the Schengen Information System (SIS). Better EU-Russian police cooperation would allow both parties to update and share their criminal databases. Organized criminals not blacklisted in the SIS generally have enough financial and other resources to prepare good visa applications to the most liberal EU consulates and, in the case of a denial, to appeal with the help of highly qualified lawyers. As a result, those criminals that are not blacklisted already probably have even less difficulty getting Schengen visas than do ordinary Russian citizens.

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\* See, in particular, Minna-Mari Salminen and Arkady Moshes, "[Practise What You Preach: The Prospects for Visa Freedom in Russia-EU Relations](#)," Finnish Institute for International Affairs, 2009.

4. *A massive influx of Russians may cause an outburst of crime in the EU.*  
Statistical data does not support such an assumption. In Finland, the most popular destination for Russian visitors to the Schengen zone – in 2010 more than 950,000 Finnish visas were issued to Russians – in no year between 2003 and 2008 did Russian citizens commit more than four percent of crimes (neither in terms of total crime rate nor major crime category).
5. *It would not be fair to implement a visa-free regime for an authoritarian state like Russia, especially before granting the same to EU partners in the Eastern European and South Caucasus Eastern Partnership.*  
Officially, Russia is also an important EU partner, while the democratic character of almost all Eastern Partnership states (with the possible exception of Moldova) may be questioned. In addition, according to the EU-Russia visa facilitation agreement (2007), holders of diplomatic passports (which includes diplomats as well as other high-standing officials) already have a right to visa-free travel to the Schengen zone, while representatives of regional governments have the right to obtain five-year, multi-entry visas. It is therefore ordinary citizens that are inconvenienced regardless of the state of the regime, not high-standing officials.
6. *Because most Abkhaz and South Ossetians have Russian citizenship, to grant them visa-free entry to the Schengen Area would mean encouraging separatism and approving of Russia's occupation of Georgian territories.*  
Such logic turns the inhabitants of Abkhazia and South Ossetia into slaves of their territorial status and not eligible for any citizenship except Georgian, which most have rejected (while voluntarily taking Russian citizenship). Concerning the practice of extensively granting citizenship, one EU member state – Romania – does the same (for Moldovans). Still, the question of whether Russia grants its citizenship too liberally – and if this creates a window for illegal immigration to the EU under a visa-free regime – is valid.
7. *A visa-free regime will be advantageous to Russian-based Islamist extremists seeking to target the EU.*  
The main source of terrorist threats to Europe lies not outside the EU but in it, while Russian-based Islamists target mainly Russia itself. However, recent evidence demonstrates that the latter can sometimes be dangerous to the EU as well. At the end of 2010, for example, ten Russian members of an Islamist group were arrested in Belgium. Probably only a tiny number of Russian citizens could ever plan to target Schengen states, but even these may be sufficient to cause serious damage. Close and extensive EU-Russian law enforcement cooperation might be considered a partial remedy against the transborder activities of extremists.

8. *A visa-free regime will cause the large-scale illegal immigration of Russian citizens to the EU.*

This argument is difficult to either confirm or reject persuasively. According to Eurostat, about 500,000 Russians migrated to the EU between 1996 and 2007.

There also exist some far-fetched estimates that millions, not hundreds of thousands, of Russians reside in the EU legally or illegally, but such statements have not received corroboration. Looking at Germany, according to Eurostat, half of the Russian citizens who went there consisted of repatriated ethnic Germans and the chain migration of non-Germans that accompanied it. Unsurprisingly, while Germany's official position toward a visa-free regime with Russia is "vaguely favorable," Russian policymakers unofficially consider Berlin the main opponent of this idea behind closed doors.

Several arguments against the notion of a "flood of Russian immigrants" to the EU can be put forward. First, abolition of visas alone will not grant Russian citizens the right to work in the EU. For many of them, staying in the EU illegally is not a very attractive option. They would have unskilled jobs without serious prospects of making a career – few Russians are fluent in languages of the Schengen Area, though German may be an exception. They would also be spending a large part of their relatively small salaries on accommodation and food, while living in permanent risk of deportation. At the same time, Russians who wish to improve their material conditions have the reasonably attractive alternatives of Moscow, St. Petersburg, or the energy producing regions of Siberia, where average salaries are comparable to those in, respectively, the Czech Republic, Poland, and Portugal. Finally, it should be noted that some countries with average salaries and GDP per capita lower than Russian ones have been accepted into the ranks of the EU (Bulgaria and Romania) or granted a visa-free regime (non-EU Balkan and some Latin American states).

That said, thanks to Russia's acute social and economic stratification (particularly in the North Caucasus), the argument that Russia has been treated unfairly because it was denied a visa-free regime is not entirely persuasive. Albania or Bosnia and Herzegovina, for instance, have GDPs per capita 2.5 to 6.5 times greater than any North Caucasian republic (Ingushetia's GDP is comparable to that of Afghanistan, Haiti, or Rwanda; the GDP of Dagestan, Kabardino-Balkaria, and North Ossetia is comparable to that of East Timor or Yemen). The unemployment rate in Chechnya and Ingushetia, in particular, is also significantly higher than in the poorest Balkan states. Finally, the growth of ethnic intolerance can prevent North Caucasian labor migrants from seeking to move to other Russian regions. As a result, such migrants could potentially take advantage of a visa-free regime to settle in the EU illegally. Moreover, the insecure situation in the North Caucasian republics and, in some cases, the rigidly authoritarian character of local leaderships, provides some inhabitants of the region with a justification to apply for asylum in the EU. While now it is mainly Poland that deals with thousands of such applicants annually, other EU members could also increasingly face this problem if visas are abolished.

Not all potential arguments against a visa-free regime with Russia are openly and explicitly expressed. Further implicit objections may include the following:

- *A strict visa regime retains the possibility to refuse suspicious or non-desirable applicants on the basis of non-transparent criteria, even if this involves ethnic, gender, or other forms of discrimination.*

Among Russian individuals and organisations dealing with EU consulates, it is widely believed that some of these consulates are biased against North Caucasians and Central Asians (or people born in “suspicious” traditionally Muslim regions irrespective of their ethnic background); young unmarried women; competitors of EU companies in cross-border business operations (e.g., small-scale passenger carriers); and Russian applicants as a whole when there are political conflicts at the government-to-government level.

- *Opening the EU space for visitors from “such a huge, unpredictable, authoritarian, and heavily corrupted country as Russia” could potentially damage the public image of EU politicians who make this decision.*

Rational arguments against such sentiments may not always be stronger than irrational perceptions. And as the previously cited report by the Finnish Institute of International Affairs indicates, EU officials do not have sufficient motivation to take on what they might perceive as a risky political move.

It goes without saying that the introduction of a visa-free regime with the EU would give a boost to the domestic status of Russia’s leadership (making it seem as if they had managed to make European partners show Russia respect). Yet while Russia can remove most actual and potential objections against visa-free travel relatively quickly, some issues – especially those in regard to the North Caucasus – are far more difficult to address.

Meanwhile, if the interests of ordinary travelers are no less important than national prestige, Russian officials should make serious efforts to get visa and other border-related expenses reduced as soon as possible. Russia could more actively persuade its EU partners to issue more long-term visas, make it possible to apply for visas by post, and adopt a more liberal approach toward trusted holders of business visas entering the Schengen Area for tourism, as well as for individuals who spend most of their time outside the countries that issue them their visas.

At the same time, for many Russian citizens it is not the Schengen visa regime but relevant policies of their own country that cause the greatest headaches and expenses. Take travel: to protect “traditional” airlines, Russia does not appear eager to develop low-cost EU routes or invite foreign budget airlines to Russian airports. It should also be mentioned that virtually all representatives of cross-border travel and tourist agencies – as interviewed by the author in every Russian province bordering the EU in April-May 2009 – believe that many local Russian customs officials are involved in systematic extortion, threatening to slow down inspections or finding “legal



infractions” in various documents. Though the prospect of any type of improvement seems far off, reducing transportation and internal corruption costs could help many people cross the Russia-EU border – perhaps even more than the introduction of a visa-free regime.

# Estonia and Russia through a Three-Way Mirror

## VIEWS OF THE POST-SOVIET GENERATION

PONARS Eurasia Policy Memo No. 145

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Heather A. Conley, *Center for Strategic and International Studies*

Lucy Moore, *Center for Strategic and International Studies*

Twenty years after independence, Estonia has joined the European Union, NATO, and, most recently, the Eurozone. Yet the country continues to struggle in its relationship with its Russian-speaking minority, who constitute roughly one quarter of Estonia's population. Many who were not automatically granted citizenship in post-Soviet Estonia (those who were not citizens of Estonia before WWII or their descendents) resent the requirement imposed by the Estonian government that they pass language and civics tests in order to obtain Estonian citizenship.

Today, seven and a half percent of the population are not Estonian citizens and are consigned to a stateless status embodied in their "gray" alien passports. Language laws restrict many desirable jobs to those who can speak Estonian. Sharply divergent perspectives on Soviet history and World War II add more fuel to the simmering tensions: many Estonians view the Soviet Union as a hostile occupying force, which is hard to square with the Russian view that Soviet troops liberated Estonia from Nazi occupation.

Tensions came to a boil in the April 2007 Bronze Night incident – when the Estonian government removed a Soviet-era war monument and soldiers' remains from the center of Tallinn to a military cemetery. Protests by Russian speakers turned violent, leaving one protester dead, 153 injured, and about 800 detained by police. Estonia was then hit by a cyberattack and its diplomats were harassed in Moscow. For its part, the Russian government has routinely condemned Estonia for allegedly mistreating Russian speakers, perhaps as part of a larger effort to extend its soft power by representing itself as the defender of the rights of Russian-speaking minorities outside Russia.

Although relations have improved somewhat since the Bronze Night incident, Estonia has recently increased enforcement of its policy that Russian-language high

schools must provide at least 60% of instruction in Estonian, producing anxiety among many Russian-speaking teachers that could well spread outside the classroom.

In light of their central place in the tensions between Russia and Estonia, the views of Estonia's Russian speakers regarding relations between the two countries are of interest to policymakers. In particular, it is worth considering how younger members of this group feel toward Russia, Estonia, and relations between them, for it is possible that those who grew up entirely in the post-Soviet era are less prone to see the world through the prism of Soviet-era tensions and conflicts.

To better understand the younger generation of Estonia's Russian speaking minority, the Center for Strategic and International Studies (CSIS) surveyed ethnic Russians aged 16 to 29 in Estonia on issues related to their identity, attitudes toward Estonia and Russia, and their views on Soviet history. Those surveyed were at most nine years old when Estonia declared independence from the Soviet Union, and some were not yet born. It is especially instructive to simultaneously compare the views of young ethnic Russians to their peers in the ethnic Estonian population and also in Russia; accordingly, the same survey was given to these other two groups at about the same time.

By examining young people's views toward their home country and Russia through this "three-way mirror" (Russians, Estonians, and Estonian Russians reflecting on themselves and each other), we hope to identify grounds upon which Estonian officials can build a constructive policy for mitigating tensions, as well as identify areas to avoid.

### **Methodology and Data**

The CSIS survey project was conducted under the direction of Sarah Mendelson, who left the organization last year to take a position in the U.S. government. Prior to the survey, the researchers conducted focus groups with ethnic Russians in Estonia, which they used to prepare the survey. The survey was pretested in both the Russian Federation ("RF") and Estonia. The Estonian part was prepared in both Estonian and Russian.

The survey in Russia was carried out by the Levada Analytic Center, which undertook a nationally representative probability survey sampling 1016 residents of the RF aged 16-29 between November 25 and December 8, 2009.

The survey in Estonia was carried out by Saar Poll, which surveyed 1003 ethnic Estonians and 1005 ethnic Russians from December 3, 2009 to January 7, 2010. A special effort was made to oversample non-citizens (with gray "alien" passports) who constitute 338 of the final Estonia sample. The remaining 667 ethnic Russians in the Estonia sample are Estonian citizens with regular "blue" passports.

The main aims of the surveys were to compare the views of young Russians living in Estonia with those of their peer ethnic Estonians and RF residents, compare the views of gray and blue passport holders within the Russian-speaking communities in Estonia, and see if citizenship status is related to political and other attitudes.

The survey covered a wide range of topics, including trust in political institutions and specific leaders; views of the Bronze Night incident and its aftermath; views about Estonia's citizenship policies, reports, and experiences of discrimination toward Russians in Estonia; attitudes toward Europe, the United States, and other countries; and understandings of Soviet history.

In this policy memo, we limit ourselves to presenting the responses to questions about Estonia, Russia, and relations between them. From the data, we compare views across ethnic groups (Estonians vs. Russians), countries (Estonia vs. Russia), and citizenship (among ethnic Russians in Estonia). Accordingly, we present response distributions for four groups: RF residents, ethnic Russian non-citizens of Estonia (gray passport holders), ethnic Russian citizens of Estonia (blue passport holders), and ethnic Estonians.

### Views of Countries

We showed respondents a list of nine countries and asked them to indicate which of the following terms best describes the relationship of each country to the respondent's country: enemy, rival, neutral country, partner, or ally. We included Russia among the countries in the Estonian survey and Estonia in the Russian survey.

About 50% of young Estonian adults perceive Russia as an enemy of Estonia, while 22% see Russia as a rival (see **Figure 1**).\* Although they are less likely than Estonians to see Russia as essentially hostile, about 50% of Estonian Russians nonetheless do see Russia as either an enemy or a rival, and only 25% as a partner or an ally (differences by passport type among ethnic Russians were not statistically significant). Within Russia, 29% sees Estonia as an enemy or rival while most see Estonia as a neutral country or find it hard to say.

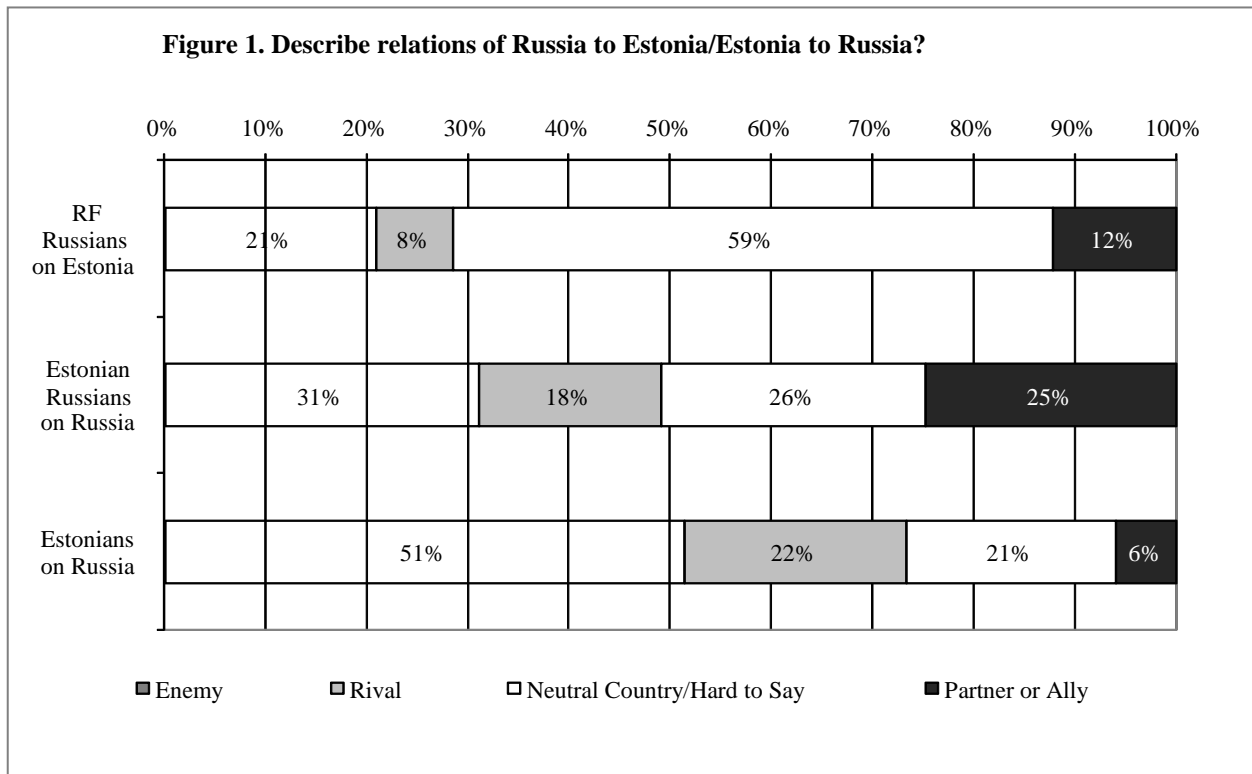
To gain more insight into how Estonians and Russians view both countries, we asked whether they agree or disagree with five phrases describing Russia, then asked whether the same phrases describe Estonia. The statistics show that nearly 9 out of 10 Estonians agree that Russia is a "threat to its neighbors" (**Figure 2**). Only half as many Estonian Russians agree and only one-third as many RF residents agree. If Estonian Russians are "in-between" the views of Estonians and Russians on many topics, they stand out in terms of their tendency to view Russia as having a strong economy; gray passport holders are particularly likely to endorse that view (80%), compared to 71% of blue passport holders, only 39% of RF residents, and 30% of Estonians.

Estonian residents, regardless of nationality and citizenship, agree by large margins that Russia is a superpower: in fact, they are more likely than RF residents to agree. All four groups concur that Russia is a "corrupt" country, while noteworthy minorities of Estonians (14%) and RF residents (9%) see Russia as weak.

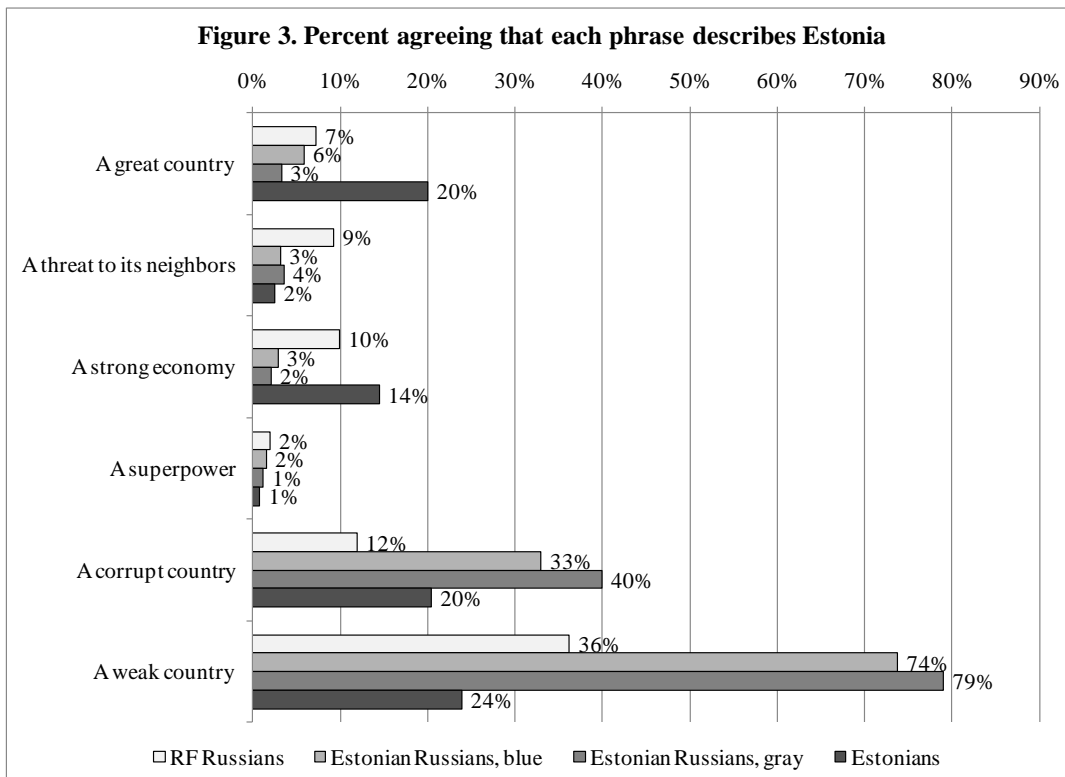
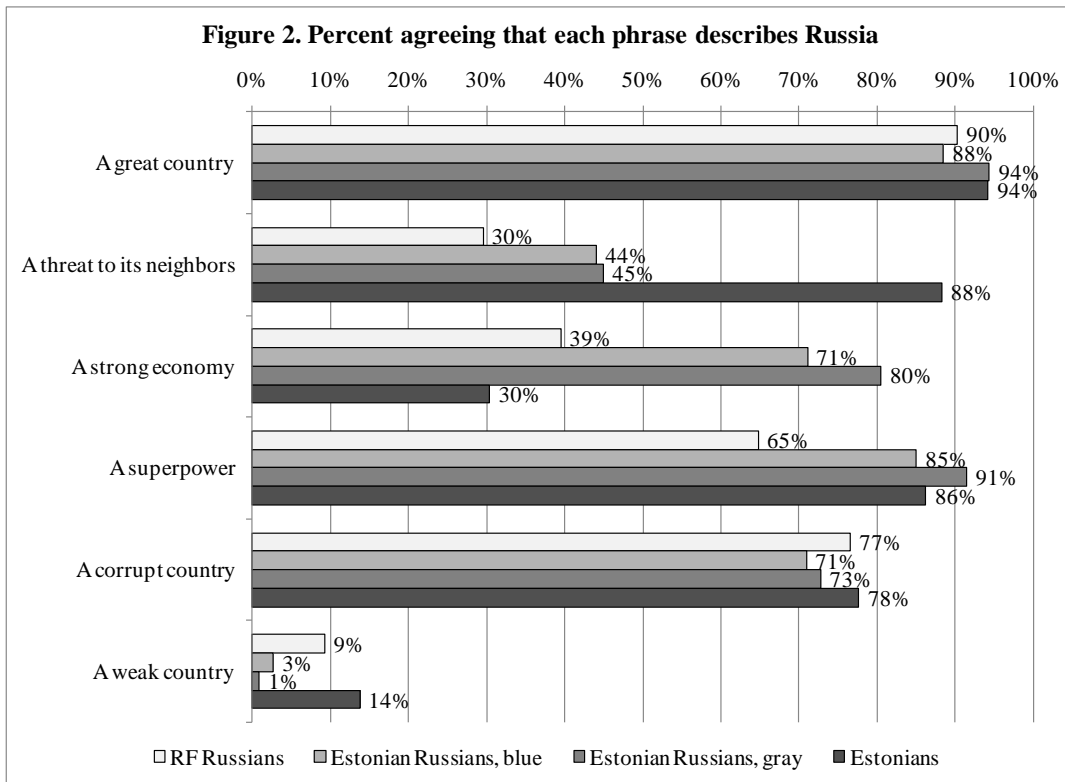
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\* All chart data is from surveys by the CSIS/Levada Analytic Center, 2009-2010.

**Figure 1. Describe relations of Russia to Estonia/Estonia to Russia?**

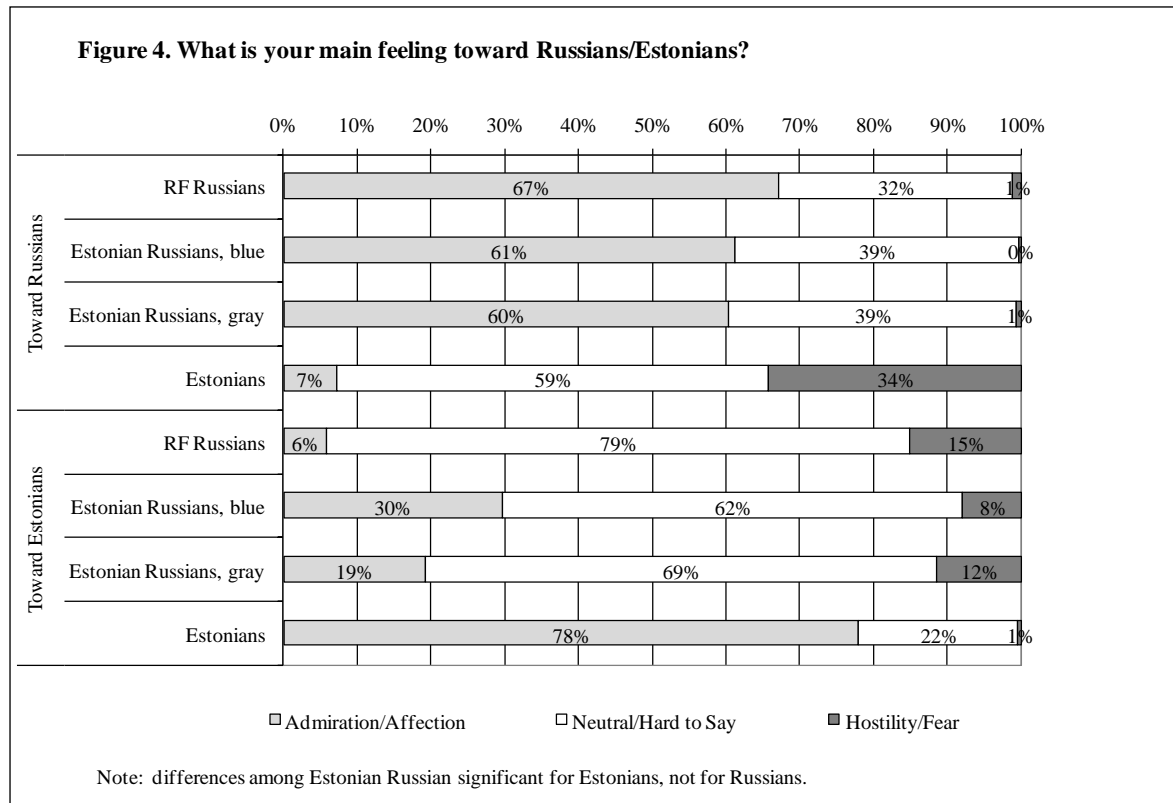


In contrast, few respondents in any group see Estonia as a threat to its neighbors (and, unsurprisingly, even less view it as a superpower) (Figure 3). Perhaps more surprisingly, all four groups are much less likely to link “a strong economy” to Estonia than to Russia, with Estonian Russians particularly unlikely to agree. In fact, Estonian Russians generally take a dim view of their country: between one-third and two-fifths agree Estonia is a corrupt country (compared to 20% of Estonians and 12% of RF residents), and three-quarters or more agree that Estonia is weak. By these measures, Estonian Russian young adults hold more critical views of Estonia and more favorable views of Russia than do their peers in Russia. Estonians clearly perceive Russia as a threat, but they also see Russia as a superpower with a strong economy. It should be noted, though, that the survey was conducted in Estonia at the end of a significant economic downturn in both Russia and Estonia. Real GDP growth in Estonia in 2009 dropped to -13.9%, and at the start of 2010 unemployment had reached 19%. Harsh economic times could be one reason why Estonians and Estonian Russians were downbeat on the economy.



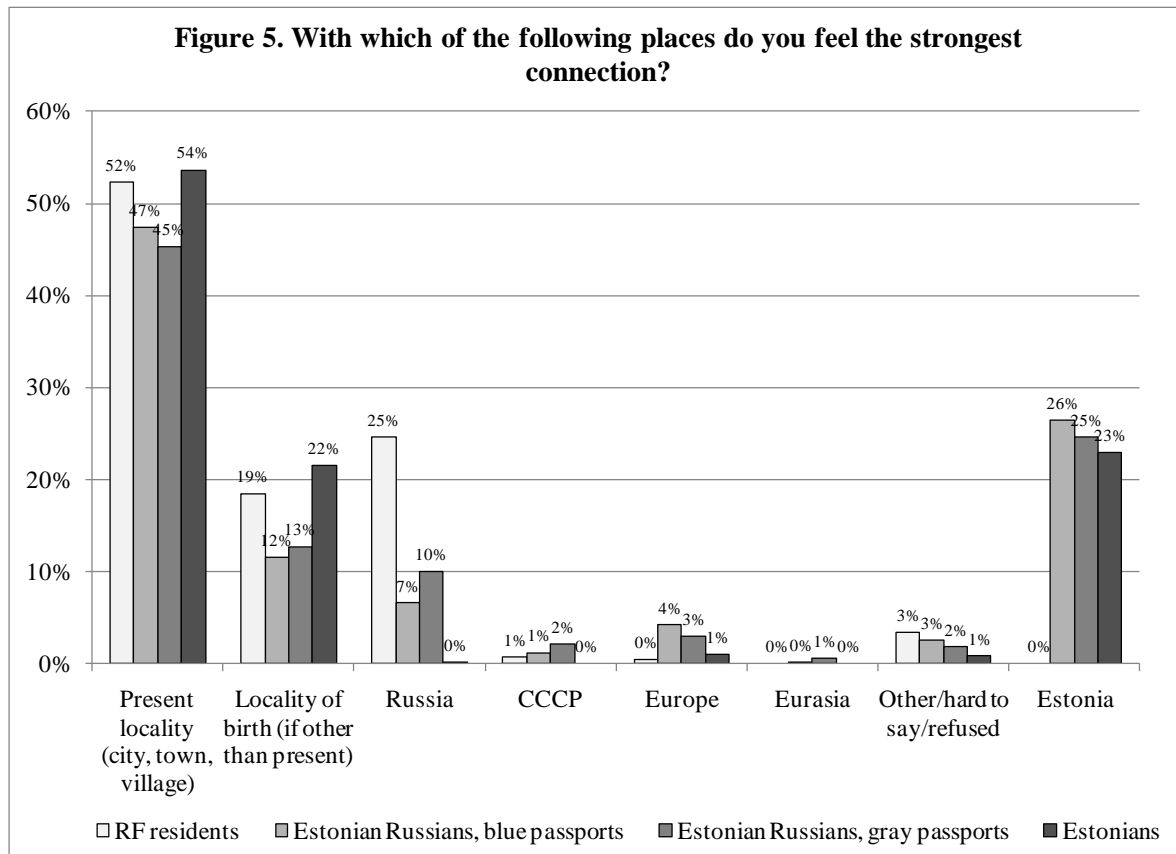
### Views of Russians and Estonians “As People”

How Russians and Estonians view one another and themselves “as people” provides a different perspective on relations between the two groups than how they view each other’s countries. We asked respondents to indicate which of the following words best characterizes how they feel about nine ethnic, religious, or national groups, including Russians and Estonians. The words were: admiration, affection, neutrality, hostility, or fear. Majorities among all three Russian groups view Russians in positive terms, though substantial numbers also view them neutrally or find it hard to say (**Figure 4**). Estonians are unlikely to view Russians with admiration or affection (7%). One-third of them openly declare hostility or fear in regard to Russians. While this is less than a majority, it also stands out as the strongest negative opinion of another group. Although only 6% of RF residents express positive feelings for Estonians, the vast majority are neutral or find it hard to say; only 15% view them negatively – less than half the number of Estonians who view Russians negatively. Estonian Russians are also largely neutral toward Estonians, though as many as 30% (among naturalized ethnic Russian citizens of Estonia) view them with admiration and affection. The Estonians are even more likely to express admiration or affection for their own people than the Russians are. These results suggest that the negative views of Estonian Russians toward their country have not hardened into negative views regarding the Estonian people, while there is more of a tendency among Estonians to express negative feelings about Russians.



## Place Identification

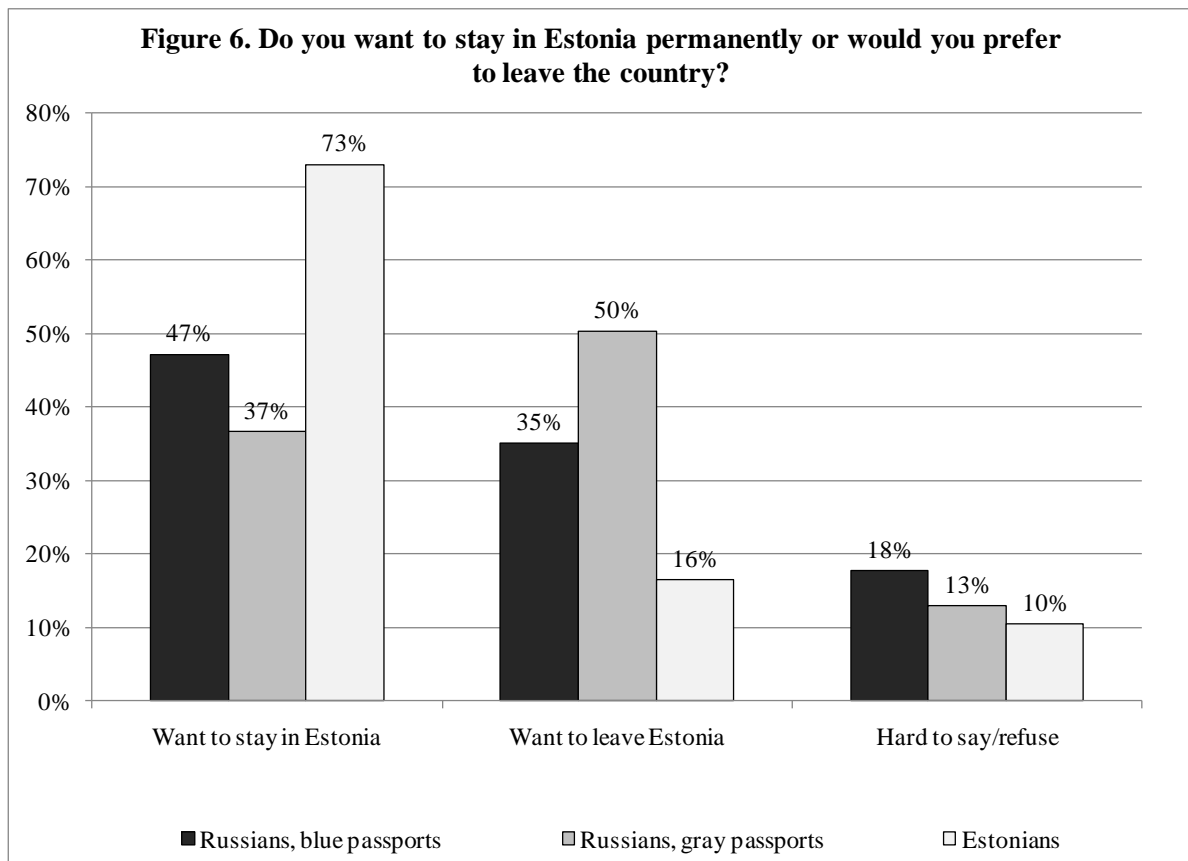
Another question related to how Russians and Estonians feel about their respective countries is how strong a sense of “place identification” they have for Russia and Estonia. We asked respondents to indicate the strength of connection they feel to a set of places. In all four groups, the model response for the strongest connection is their present locality (city, town, or village), with RF residents and Estonians choosing this option in somewhat greater numbers than Estonian Russians (Figure 5). Evidently, space identification tends to be localized, first and foremost, in both countries. About one-quarter of residents in each country feel the strongest place identification with their own country – with no significant differences by ethnicity or passport in Estonia. The number of Estonian Russians who say they identify most strongly with Russia is low, and few in any group identified most strongly with the USSR, Europe, or Eurasia. In fact, if we combine the categories of “strongest” and “strong” connections, we find that Estonian Russians are much more likely to express a strong identification with Estonia (70% of blue passport holders and 64% of gray passport holders) than with Russia (28% regardless of passport). By these measures, ethnic Russians in Estonia are considerably more likely to identify with Estonia than with Russia, despite their generally critical images of Estonia as a country and more positive views of Russia.





### To Stay or to Move?

Another key measure of how one views one's country of residence is whether one wishes to stay there permanently or "vote with one's feet" by leaving. We asked our respondents if they want to stay permanently in their current country of residence or move to another country (Figure 6). About three quarters of Estonians want to remain in Estonia and only 16% definitively want to leave. About half the Estonian Russians who acquired Estonian citizenship wish to stay there permanently, compared to only 37% of gray passport holders. Half of the latter want to leave the country, versus only 35% of blue passport holders. However, while many Estonian Russians, particularly gray passport holders, may want to leave Estonia, Russia is not typically their preferred destination: among those who say they prefer to leave Estonia, only 17% of blue passport holders and 28% of gray passport holders say they would even consider moving to Russia. Young adults living in the RF are not particularly eager to leave either: 77% of them want to stay permanently, which is statistically indistinguishable from the percentage of ethnic Estonians who want to stay permanently in Estonia.



## **Conclusion**

Our findings generally confirm what most observers would expect: young ethnic Russians and Estonians hold divergent views on Russia and Estonia. But there are some subtle signs that the situation is not beyond reconciliation. Mutual suspicions and fears about each other's countries are muted when it comes to people, a promising sign. In fact, ethnic Russians living in Estonia have complex views toward the two countries. While they think more highly of Russia and rather dimly of Estonia -- even compared to RF residents -- they nonetheless are more likely to view Estonians positively than negatively. They are also much more likely to express strong place identification with Estonia than with Russia (and are not likely to want to move to Russia). Unfortunately, other survey topics not examined here paint a less optimistic picture for the prospects of reconciliation of the post-Soviet generation in Estonia. Views are sharply divided on key aspects of Soviet history, the Bronze Night events, and Estonian language and citizenship policies. Clearly, these strongly divergent views reflect the legacy of World War II, Soviet occupation, and Estonian policies since independence in 1991. The polarized responses of cohorts who are too young to remember much or any of the Soviet period underscores that the post-Soviet divide will not simply resolve itself with the passing of older generations. Different perspectives have been passed along and continue to divide the post-Soviet generation. The survey data shows that the ethnic Russians in Estonia are, by their own choice, there to stay. This makes it all the more important for the Estonian government to find new approaches to overcome the cognitive divide between ethnic Estonians and Russians.

# Russian Expansion: A Challenge and Opportunity for the Emerging Authoritarian Regime in Ukraine

PONARS Eurasia Policy Memo No. 146

Olexiy Haran, *University of Kyiv-Mohyla Academy*  
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The year 2010 marked a swift rapprochement between new Ukrainian authorities, headed by President Viktor Yanukovich, and the Russian tandem of Prime Minister Vladimir Putin and President Dmitry Medvedev. The Kremlin and its loyal conglomerates managed to convert their growing political influence into a number of strategic agreements in Ukrainian energy, industrial, and financial sectors. However, these achievements did not meet early Russian expectations regarding possible Ukrainian concessions, while Ukraine's new ruling elites were surprised and disappointed with the Russian government's neglect of reciprocity and parity in economic and international affairs. As a result, both countries took a tactical timeout to reconsider their relationship. Although it is premature to say that a new crisis is evolving between Ukraine and Russia, there is clear evidence of a crisis in trust between the Ukrainian and Russian leadership.

## **The Kremlin's "All-Business" Approach**

After Yanukovich won the February 2010 presidential election, the Kremlin began a diplomatic and economic expansion in Ukraine that took advantage of Yanukovich's pro-Russian rhetoric and the huge losses of Ukrainian business groups from high gas prices and economic contraction.

In early May 2010, the Russian version of *Newsweek* published a leaked document from the Russian Ministry of Foreign Affairs titled "Program on the efficient and systemic employment of external capacities to promote the long-term development of the Russian Federation."\* The document, prepared in February 2010, acknowledged the "crucial role of the Black Sea Fleet" for Russian security, the "huge industrial and scientific capacity of Ukraine [and its] modern defense industry" and recommended

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\* It was available online in May 2010 here: <http://www.runewsweek.ru/country/34184/>, but access was later restricted. The document can be viewed here: Программа эффективного использования на системной основе внешнеполитических факторов в целях долгосрочного развития Российской Федерации: <http://www.flot2017.com/file/show/none/24253>.

integrating them “without establishing technological dependence for Russian industries.” This latter point could only mean the acquisition of Ukrainian enterprises in the aerospace, transportation, and energy sectors. The document also advised pushing Kyiv to establish a gas transportation consortium in order to control the gas transportation system, a goal considered strategically important for Russia. It recommended limiting Ukraine’s access to Caspian energy resources, increasing dependence on Russian fuel supplies for Ukrainian nuclear power stations, and supporting private companies in their bid to control large industrial enterprises in Ukraine.

Subsequent events demonstrated the logic of this plan. After tough negotiations with the Kremlin over reducing the price of gas, Yanukovich decided to make a geo-strategic concession. He signed an agreement with Medvedev in Kharkiv in April 2010, whereby Moscow agreed to decrease the price of natural gas sold to Ukraine by approximately one-third (by \$100 per 1000 cubic meters of gas) in exchange for leasing the Russian naval base in Sevastopol for an additional 25 years (after the present agreement expires in 2017) and for 5-year terms thereafter.

At the same time, the cost savings to Ukraine automatically converted into sovereign debt to the Russian government. According to the agreement, Ukraine’s debt is to be written off by 2042, and it will constitute a part of the payment for Russia’s lease of the naval base. If any future Ukrainian government decides to cancel the agreement, it will thus have to repay Russia billions of dollars. Moreover, the agreement establishes a permanent formula for the price of gas that was not reviewed as Yanukovich had requested, which means that the deduction is regulated by unilateral decision of the Russian government and its size can be unilaterally changed, a lever that the Kremlin use to control Ukraine’s heavy industry and export dynamics.

The Kharkiv agreements were based on the assumption that the Ukrainian government, dependent on the interests of oligarchs whose companies are the main contractors of Russian gas, would not reform the energy and industrial sector to reduce dependency on gas.

In April, after the Kharkiv agreements, Putin presented Yanukovich with a number of integrationist projects, starting with a merger between Naftogaz and Gazprom to embark on joint ventures in nuclear energy, mining, aerospace, and shipbuilding. In every case, Ukrainian assets were to become part of Russian corporations, while Ukrainian authorities would receive minority shares in the merged companies. For instance, after a merger of Naftogaz and Gazprom, the Ukrainian government was to reportedly end up with 3 percent of Gazprom’s shares. Putin also raised the possibility of Ukraine joining the Customs Union or even the Collective Security Treaty Organization (CSTO).

Besides gas, the most successful sphere for Russian expansion was Ukraine’s banking sector. The Russian VTB group became the top lender to the Ukrainian government, providing it and state-owned companies with more than \$3 billion in short- and medium-term loans. In case of a hypothetical default, these loans would be

used to force the Ukrainian government to cede control over strategic state assets in the gas sector.

### **Clash of Interests**

However, Russia's further encroachment into the Ukrainian economy following Yanukovich's election has been much slower than expected. The Ukrainian government made a number of proposals to secure the interests of loyal business groups. Russian businesses were asked to invest in the construction of new nuclear power plants and hydroelectric stations and to allow access to supplies of natural gas from Central Asia via Russian territory. As for the potential merger of Naftogaz and Gazprom, the Yanukovich administration suggested that the new joint venture include both Ukraine's gas transportation system and Russia's rich gas deposits. Gazprom was also asked to give legally binding guarantees of fixed oil and gas transit volumes. A joint aerospace venture promised to secure large contracts from Russia's armed forces, as well as to benefit from contracts between Russia and large Asian markets such as India and China.

Yanukovich made several statements that showed he was not going to surrender to Russia's economic expansion. In December 2010, he openly rejected Ukrainian membership in the Customs Union. He also called the Russian gas pipeline project South Stream "a form of pressure" against Ukraine in gas negotiations.

Ukrainian and Russian oligarchs clashed in several privatization cases. In 2010, the richest man in Ukraine and sponsor of Yanukovich, Rinat Akhmetov, attempted to stop the sale of Zaporizhstal (a large steel plant) to Russian investors supported by Russian state bank Vneshekonombank, the advisory board of which is chaired by Putin. He wanted to buy it himself but failed. Akhmetov had to agree to compensation to drop his claims. At the same time, he won over Russian businesses, which wanted to buy the Ilyich steel plant in Mariupol, Ukraine.

The Russian industrial group Transmashholding suffered from a suspension in the privatization of Luhanskteplovoz, a Ukrainian train producer and the largest in the CIS. The Transmashholding interest in Luhanskteplovoz has a long history. The company participated in the latter's privatization auction, but its participation was overruled by a court decision at the request of the previous government. In 2009, Yanukovich representatives announced that they would find a solution. In early 2011, Ukrainian authorities signed an agreement with Transmashholding – once the Russian company relinquished its claims on the Ukrainian government to pay fines for breaking the deal.

As well, newly-drafted conditions for privatizing the state telecommunication company, Ukrtelekom, contained restrictions against the participation of foreign companies. This was despite the fact that a major Russian company, Sistema, already the second largest player in the Ukrainian telecommunications market, expressed interest in buying it.

Finally, a private dealer of the Russian nuclear fuel company TVEL, a subsidiary of the state-owned Rosenergoatom, managed to secure a deal with the Ukrainian

Energoatom regarding long-term supplies and the removal of processed nuclear fuel to Russian territory. However, the deal did not allow Russia to remain a monopolist supplier, thus keeping intact an agreement between Energoatom and the U.S. company Westinghouse, which in 2011 will begin its own deliveries of nuclear fuel to Ukrainian power stations.

At the same time, where Yanukovych is personally interested in the involvement of Russian companies, their achievements are more impressive. For instance, in 2010 Naftogaz had to return to RosUkrEnergo, a joint venture between Gazprom and Yanukovych sponsor Dmitri Firtash, 12 billion cubic meters (bcm) of gas that it had bought at lower prices in 2008-2009 (compared with the higher gas prices of 2010). After negotiations with Lukoil owner Vahit Alekperov during the 2011 Davos summit, Yanukovych also ordered the establishment of a joint venture between Ukrainian state energy company Chornomornaftogaz and Russia's Lukoil to develop Black Sea oilfields.

### **Symbolic Concessions**

One area in which Yanukovych has made significant concessions to Russia is in the humanitarian sphere. The situation is complicated by the Yanukovych administration's belief that "national identity issues" can be handled administratively and easily manipulated. In fact, his policy has further polarized the country. During an April 2010 visit to the Council of Europe, Yanukovych rejected the view that Ukraine's 1933 Great Famine was genocide, thereby aligning himself to Russia's position. Minister of Education Dmytro Tabachnyk (known for his pro-Russian views) has also called for revisiting the way in which school textbooks address the Ukrainian national liberation movement of World War II and a return to more unfavorable Soviet interpretations.

In contrast to all his predecessors, Yanukovych has also given clear preference to that part of the Ukrainian Orthodox Church that is under the jurisdiction of the Moscow Patriarchate. Tellingly, he accepted the blessing of Russian Patriarch Kirill I, in Kyiv, even prior to his inauguration at the Ukrainian parliament.

Nonetheless, contrary to his electoral promises, Yanukovych declared early on that Ukrainian would remain Ukraine's sole state language. Still, his Party of Regions submitted a draft law on languages that would upgrade Russian to the status of a regional language throughout most of Ukrainian territory, something that would be a significant blow to the Ukrainian language. For the time being, Yanukovych's administration appears to have understood the explosive potential of this law and has refrained from pushing it forward.

In July 2010, the Ukrainian parliament also adopted a new law on the fundamentals of Ukraine's foreign and domestic policy, which excluded NATO membership (a goal former president Leonid Kuchma proclaimed back in 2003) and declared a new "non-alignment" policy for Ukraine (though it also highlighted European Union membership as a continued priority). At the same time, this meant that the law did not mention anything about CIS integrationist projects, including the Customs Union and the CSTO. Finally, Yanukovych ultimately rejected the idea of

recognizing Abkhazia and South Ossetia after toying with it during the presidential election cycle.

### **The Search for a New Balance**

The most important goal of Yanukovych's foreign policy, according to presidential aide and director of the National Institute for Strategic Studies Andriy Yermolayev, is to acquire from external powers legally binding guarantees of Ukrainian sovereignty (a legacy of the 1994 Budapest Memorandum that committed Russia, the United States, and Great Britain to such) and to use all opportunities in contemporary global markets to modernize the country. The key element of this strategy is to restore confidence in Ukraine among external powers and to participate in geopolitical projects that do not contradict Russian interests and enable the country to increase its standing.

In the latter half of 2010, therefore, the presidential administration attempted to intensify contacts and to improve relations with Poland, Germany, France, Great Britain, and the EU. The aim was to establish personal and trustworthy relations with their leaders and institutions and persuade them that under Yanukovych Ukraine had successfully stabilized relations with Russia while continuing to pursue European integration.

Yanukovych's foreign policy might yet evolve from its initial pro-Russian overtures into a new edition of the "multivector" policy pursued by Kuchma. However, such a policy could be undermined if Ukraine's ruling elites fail to follow European requirements concerning democracy and rule of law, as happened with the Kuchma regime in the early 2000s. At the end of 2010, the European Parliament expressed serious concerns about democracy in Ukraine, and EU officials warned of setbacks to plans to establish a deep and comprehensive free trade area (DCFTA) with Ukraine and a visa liberalization regime.

Nonetheless, negotiations on these issues continue and both sides stress that it is realistic to conclude an agreement on DCFTA by the end of 2011. Moscow also declared that if Ukraine joins the Customs Union it will receive enhanced economic preferences. However, the Customs Union and DCFTA are not compatible, so Yanukovych declared that cooperation with the Customs Union would be limited to the formula "3+1" (that is, without acquiring membership status in the Customs Union).

### **Possible Outcomes**

The further development of Ukrainian-Russian relations depends on how Yanukovych's team is able to react to emerging political and economic challenges. Ukraine's sovereign debt currently amounts to more than 40 percent of GDP, with much of it short-term, and no restructuring of the country's economy, core industries, or social infrastructure is taking place. Tepid global recovery and suppressed domestic demand leave little space for a substantial improvement of economic and social conditions, which at least was possible from 2000 to 2008.

Meanwhile, the "honeymoon" between Yanukovych and his supporters – let alone with other parts of society – has ended. Implementation of unpopular reforms

may demand, in the government's view, further restrictions of civil liberties, especially freedom of expression. In this context, Yanukovich's position toward Russia may serve to mobilize supporters inside Ukraine or to win the sympathies of former moderate opposition followers, as with Kuchma back in 1999. Speculating on how Yanukovich will deal with Russian expansion, it is necessary to consider the following three scenarios for Ukraine's future economic and political development.

**1. A second wave of economic recession + growing authoritarianism.** In this scenario, Russia will face a difficult dilemma: either to use its vast but still limited resources to build "safety nets" for Ukraine's ruling elites or to leave the country's "bailout" to the IMF and the West and, consequently, risk that its new gains in Ukraine will be lost or "forgotten." If Russia is hit hard by a second wave of recession that complicates its own domestic affairs, its attitude to Ukraine, in our opinion, will be shaped by the nature of the regime in Kyiv. If it is authoritarian, but weakened by economic recession, the Ukrainian president will be seen as a natural ally and a satellite worth saving. Russia's "rescue package" could include economic concessions from Ukraine and its membership in the CSTO. On the other hand, if Yanukovich decides to ease his grasp on power and address European concerns about democracy in order to obtain Western aid, Moscow will use Ukraine's debts to make Kyiv keep the promises it gave in 2010-11.

**2. Economic revival + growing authoritarianism.** Favorable external conditions will help Yanukovich smooth away the negative social impact of reform, while Ukrainian oligarchs will be more resolute in protecting their interests against Russian competitors. At the same time, Russia can help limit a sluggish recovery through its setting of gas prices and limiting Ukrainian exports. The biggest risk for Russia is that economic development combined with repression in Ukraine can create new opportunities for a pro-European opposition and the conclusion of power-sharing deals between opposition forces and oligarchs formally loyal to Yanukovich but interested in getting closer to the EU.

**3. Economic stagnation + political stalemate.** A failure of proclaimed reforms and poor economic performance will result in growing demand for permanent external aid and relatively cheap long-term loans. At the same time, growing disapproval of the state could push the Yanukovich team to exploit polarizing policies to divide and manipulate society. As a result, a weakened economy and state could give Russia a chance to spur Ukraine's reintegration into significant Russian integrationist projects. Another possibility, however, is that Yanukovich will be forced to distance himself from Russia, if Moscow demands too much and alienates not only the Ukrainian opposition but also power groups surrounding the Ukrainian president.



# Neither Friend nor Foe

## AZERBAIJANIS' PERCEPTIONS OF RUSSIA

PONARS Eurasia Policy Memo No. 147

Anar Valiyev  
*Azerbaijan Diplomatic Academy*

Since the collapse of the Soviet Union, Azerbaijani-Russian relations have undergone significant change. Consequently, the perception of Russia by ordinary Azerbaijanis has also often changed. Several factors have been influential in defining their perceptions.

The first factor is the Karabakh conflict and Russia's continued support of Armenia. Despite of its public support for Azerbaijan's territorial integrity, Russia continues to provide arms and other economic assistance to Armenia. Azerbaijanis also perceive the Russian base in Armenia as a major sign of Moscow's military support.

The second factor is Russia's constant opposition to major economic projects implemented by Azerbaijan, including the Baku-Ceyhan and Baku-Supsa pipelines and the Nabucco and Transcaspian pipeline projects. This also pertains to the unwillingness of Russia, until recently, to agree on the territorial status of the Caspian Sea.

The third factor is the presence of a significant number of Azerbaijani labor migrants in Russia and their remittances. Many rural, and even urban, Azerbaijanis survive only because of these remittances.

Lastly, Georgia and its relations with Russia have become an important factor in Azerbaijani-Russian relations. The Russia-Georgia war of August 2008 and Russia's recognition of Abkhazia and South Ossetia as independent states have complicated the perception of Russia in Azerbaijan, leading to doubts as to whether Russia can be a neutral broker in the Karabakh conflict.

### **Background**

The development of Azerbaijani views and perceptions of Russia can be divided into three stages. The first stage, 1992 to 2000, covers Boris Yeltsin's presidency. During these years, relations between the two countries swung from neutral to near hostile. Several issues contributed to these fluctuations. First, the Russian military establishment continued to support Armenia and provide it with military equipment. In addition, Russia was pressing heavily on Azerbaijan to join the Collective Security

Treaty Organization and to support other Russian initiatives. This first period was also characterized by the titanic efforts of Azerbaijan to build the Baku-Ceyhan pipeline to secure access to Western energy markets and Russia's continued hostility to such projects that bypassed Russia. The first period was also marked by the first Chechen war, in which the majority of Azerbaijanis were sympathetic to the Chechen cause. Thus, it is not surprising that Azerbaijanis had a negative attitude toward the actions of the Russian government at this time.

The second stage of relations between the two countries lasted from 2000 until 2008 and covered Vladimir Putin's two terms as president. This period was marked by purely pragmatic concerns. The Russian government rapidly came to understand the fruitlessness of attempts to disrupt Azerbaijan's movement toward the West and chose a soft and pragmatic approach instead. First, the Putin administration secured Azerbaijan's support in the second Chechen war. Second, economic interests overtook political ones and the Russian business elite began to actively cooperate with Azerbaijan. Last but not least, Putin was able to find common ground with both former Azerbaijani President Heidar Aliyev and current President Ilham Aliyev and to break down negative stereotypes. This was a period of joint projects, economic opportunities, and mutual understanding. The Azerbaijani public slowly began to change its attitude and to see Russia as an unbiased broker in resolving the Karabakh conflict. Meanwhile, despite the centralization of power and several of Putin's hardline actions, the Azerbaijani public moved away from "fearing" an "unpredictable" and "unstable" Russia, which instead began to acquire the image of a pragmatic and constructive partner.

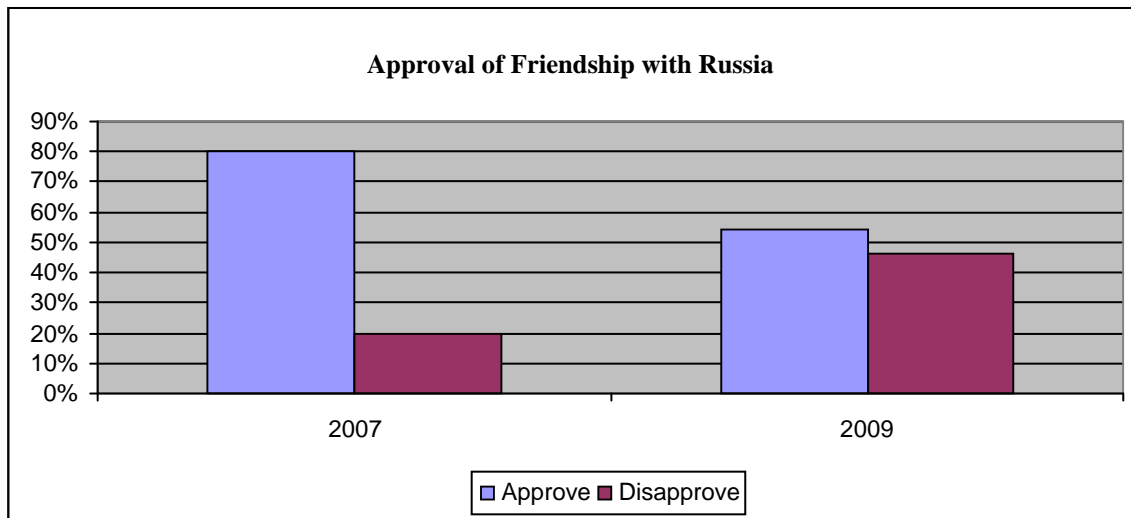
All this changed after the Russian-Georgian war, which heralded the beginning of a new stage in Azerbaijani perceptions of Russia. For the Azerbaijani public, it was shocking to see acts of aggression against an independent neighboring state. The fact that Georgian actions were directed toward preservation of its territorial integrity and Russia was seen as acting in violation of international law played a very negative role in shaping the image of Russia in Azerbaijan. During the August war, the Azerbaijani public was on the Georgian side, hoping that Georgia's success would strengthen their own position. Despite the fact that Russia did not take any direct action against Azerbaijan and, in fact, tried to mitigate the impact of war through frequent visits by state representatives and frequent mediation in the Karabakh settlement, a "fear" of Russia re-emerged in the country. At the same time, such fear did not strengthen any desire to counterbalance Russia by joining NATO. This is partly explained by the fact that the public believed Western powers did a poor job of saving Georgia from Russian aggression.

### **Changing Attitude, Changing Moods**

To gauge Azerbaijani attitudes toward Russia, it is difficult to rely on opinion polls, as few surveys have been conducted to address this theme. Most polls have been unrepresentative, significantly biased, or inconsistent. This study thus relies on various sources. One of the few comprehensive surveys is the Caucasus Barometer conducted

by the Caucasus Resource Research Center.\* Analyzing the results of surveys they conducted in 2007 and 2009, we see that the number of people approving of friendship with Russia dropped significantly, from 80% to 54% (**Figure 1**). Meanwhile, the number of people disapproving of friendship grew from 20% to 46%. This significant drop is surprising, taking into consideration the fact that Azerbaijanis have always separated the political side of relations with Russia from personal and cultural dimensions. Even during periods of high political tension, many Azerbaijanis favored close relations with Russians bearing in mind their possession of a common language and the absence of many cultural barriers. The August 2008 war may have affected Azerbaijani attitudes, but unfortunately, we do not have consistent data over several years to prove or disprove such a claim. Although it does not explain such a sudden drop, it is worth mentioning that the younger generation of Azerbaijanis (about 45% of Azerbaijan's population is below 25 years old) does not share such feelings of commonality with Russia. Knowledge and significance of the Russian language has decreased and been marginalized over time.

**Figure 1.**

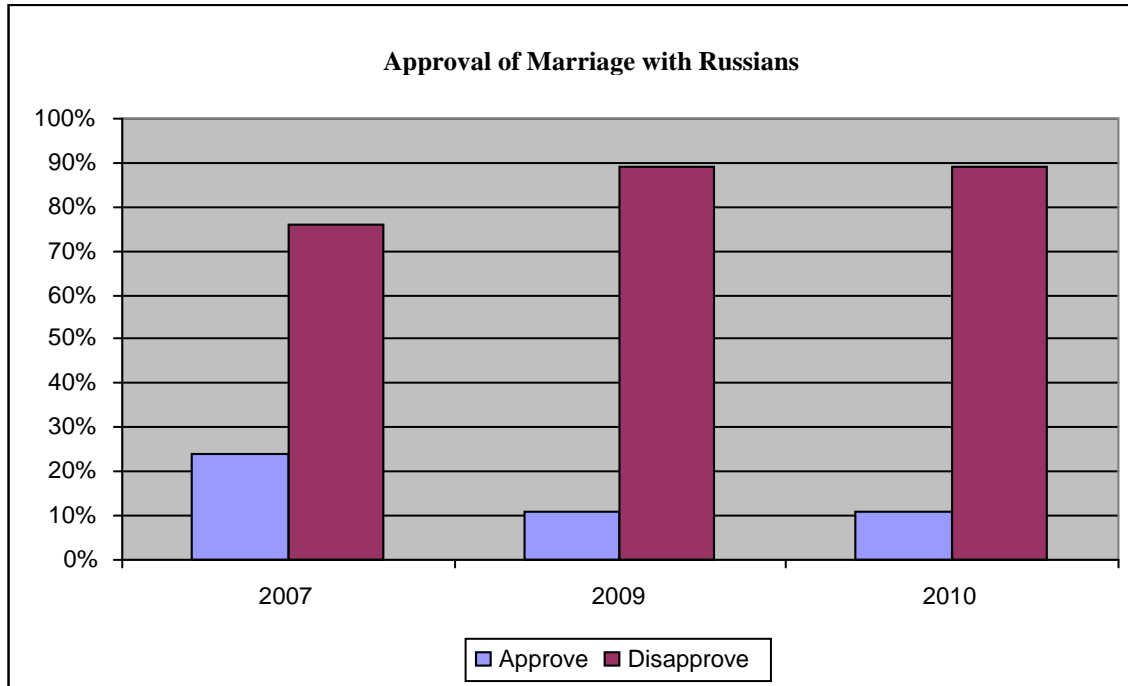


A similar point is reflected in the answers to a question regarding approval of marriage with Russians (**Figure 2**). The percentage of Azerbaijani respondents who disapprove of such marriages increased from 75% in 2007 to almost 90% in 2009 and 2010. Azerbaijanis, in contrast to their Caucasian neighbors, were always conservative in marital relations, even during Soviet times; because of differences in religion, culture, and tradition, marriage between Russians and Azerbaijanis was rare within Azerbaijan.

\* The Caucasus Barometer is one of the few reliable surveys. It uses multistage cluster sampling with preliminary stratification on nine geographically defined units in each country: capital, urban-Northeast, urban-Northwest, urban-Southeast, urban-Southwest, rural-Northeast, rural-Northwest, rural-Southeast, and rural-Southwest. The sampling frame in 2010 was the census in Azerbaijan and Georgia and electricity records in Armenia. The number of primary sampling units (PSUs) in each stratum was proportional to the population of each stratum. Fifty households on average were randomly selected in each PSU for an interview. The rough number of individual interviews per country was 2,001 in Azerbaijan, 2,089 in Georgia, and 1,922 in Armenia. The average expected margin of error varies between settlement types [capital, urban non-capital, and rural], but none are greater than 5%.

At the same time, many Azerbaijani labor migrants marry Russian women in Russia. In many cases, they have their own families in Azerbaijan that they support, but they also choose to live in civil marriage in Russia because of the benefits a Russian *propiska* (residence permit) or Russian citizenship bring.

**Figure 2.**



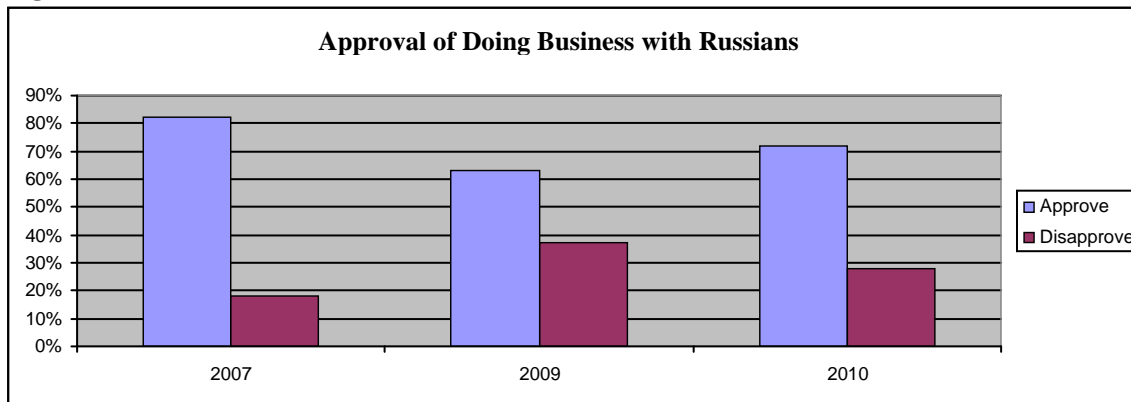
Approval of doing business with Russians has also significantly dropped (**Figure 3**). In 2007, the percentage of respondents who approved of business with Russians was around 82%; in 2009 and 2010, the number dropped to 62% and 70%, respectively.

In general, however, Azerbaijanis have usually been supportive of business relations with Russians, taking into consideration the high number of their compatriots living in Russia. By 2002, official Russian statistics documented 621,500 ethnic Azerbaijanis living in 55 administrative entities in the Russian Federation, making them the thirteenth-largest ethnic minority in the country. Russian law enforcement bodies and the Azerbaijani embassy in Moscow believe that the actual number of ethnic Azerbaijanis in Russia is much higher. Some modest estimates place their number between 1.3 to 1.8 million. These estimates also include seasonal workers or individuals who live in Russia on a temporary basis. Meanwhile, large remittances are sent by these labor migrants to Azerbaijan, though no definitive data on these remittances exists. Some claim that private remittances sent from Russia to Azerbaijan amount to somewhere between \$1.8 billion and \$2.4 billion every year. However, the Russian Central Bank puts this figure much lower: at only \$887 million in 2008. According to the World Bank, remittances coming to Azerbaijan from all countries increased from \$6

million in 1998 to a peak in 2008 of over \$1.5 billion, with 57% percent coming from Russia.

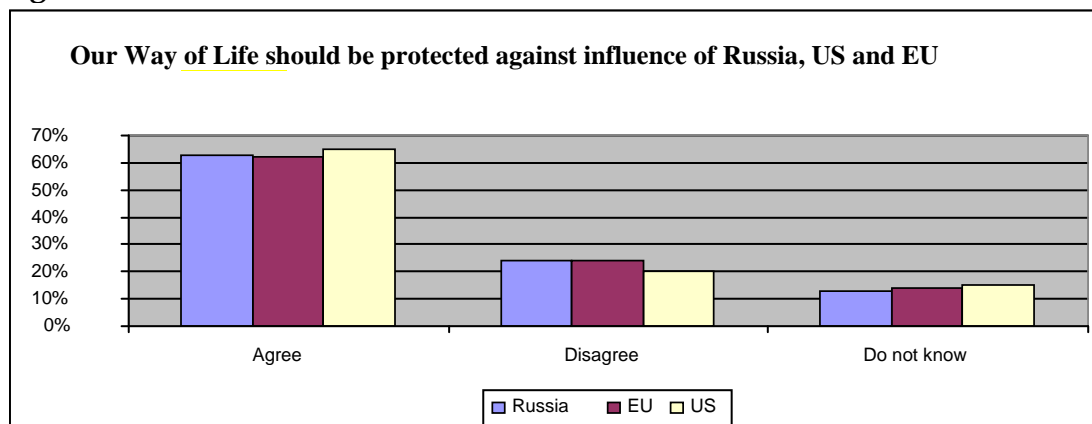
Taking the above into account, it is odd to observe the above-mentioned drop in approval of doing business with Russians. The data is insufficient to discern a clear pattern, but one factor may explain the observed tendency: the global financial crisis of 2008-2009 may have led many Azerbaijanis in Russia to lose their businesses or investments and forced them to return home. Loss of income or remittances could also have led to the rise in negative perceptions of doing business with Russians.

**Figure 3.**



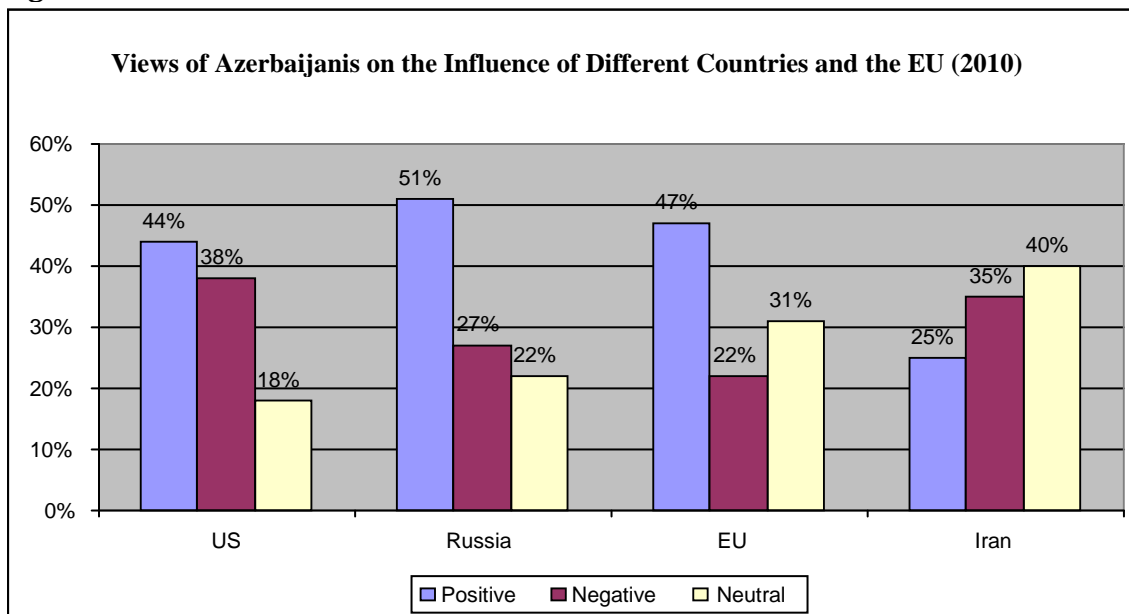
All these negative perceptions – declines in approval of doing business, friendships, and intermarriage with Russians, also stems from the conservative nature of Azerbaijanis, who fear a loss of identity and their way of life, together with an erosion of family values. The next table (**Figure 4**) suggests that a majority of Azerbaijanis not only believe their way of life should be strongly protected against the influence of other countries but that they do not distinguish in this case between Russia, the United States, and the European Union.

**Figure 4.**



Somewhat paradoxically but a poll conducted by the BBC in 2010 found that a majority of Azerbaijanis positively view the influence of Russia in Azerbaijan. Fifty-one percent of those polled positively assessed Russian influence in Azerbaijan, while only 27% viewed it negatively (Figure 5). Of all major regional players, Russia received the highest rating. Forty-four percent of those polled, positively assessed U.S. influence in Azerbaijan, while 38% negatively assessed the U.S. role. This could be explained by the fact that Russia was actively engaging with Azerbaijan last year in cultural, economic, and other areas. Several high-ranking Russian officials and delegations visited Baku that year. Meanwhile, Azerbaijani-U.S. relations were hitting a low point, which also added some points to Russia.

**Figure 5.**



### Conclusion

In addition to the factors discussed above, the Azerbaijani government and the media also contribute to the formation of Azerbaijani perceptions of Russia. Depending on the government's interests, perceptions and attitudes can easily be improved or worsened. A vivid example of this involves the substantial Russian arms supplies to Armenia that were revealed in the winter of 2009. The disclosure of this fact, and excessive media attention given to the issue, could have changed public attitudes toward Russia. Anti-immigrant hysteria in Moscow and the events on Manezh Square in December 2010 could also have affected perceptions. At the same time, Russian President Dmitry Medvedev's visit to Azerbaijan (September, 2010) in which several important documents were signed, and his strong statements in support of Azerbaijan, may have improved the perception of Azerbaijanis for some time. But compared to Azerbaijani perceptions of other countries in the region – such as Iran, Armenia, Georgia, Turkey,

and the countries of Central Asia – their perceptions of Russia swing from one extreme to another. The inability of Azerbaijanis to understand or define the role of Russia in the region contributes to this. For the last decade, Russia has been dramatically changing its policy in the region, which complicates the formulation of Azerbaijani perceptions. Georgia and Turkey (despite Azerbaijan’s short “cold war” with the latter in 2010) have always been perceived as friendly and amenable countries. Accordingly, attitudes to these countries have been rather stable. The same can be said about Armenia, which is in a state of war with Azerbaijan, or about Iran, which continues its hostile/neutral policy toward the country. Azerbaijanis have been more or less able to formulate their attitudes toward these states. It is only with Russia that Azerbaijanis have a problem.

It is very difficult to predict how views of Russia will change in the short- or long-term. But it is clear that they could go in any direction and depend on factors that may be out of the control of both Azerbaijan and Russia. The data appears to show that historical complexities, economic necessities, and not-entirely-compatible cultural aspects make Azerbaijani perceptions toward Russia rather unstable. As yet, views have not hardened, which keeps a window open for the solidification of a more positive outlook.

# Georgian Perceptions of the North Caucasus and U.S.-Russian Relations

PONARS Eurasia Policy Memo No. 148

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## **Introduction**

Georgian-Russian relations have been frozen since the August 2008 war. This “freeze” resembles the situation of other “frozen” conflicts that have existed in the Caucasus since the 1990s. Indeed, the Georgian-Russian conflict has little chance for settlement in the foreseeable future, while containing vast potential for a renewed violent outbreak. What keeps the situation from thawing? Are there any signs that the underlying differences of the two countries’ positions are easing? The main argument of this paper is that neither the Georgian nor Russian government has changed its position in the conflict or its underlying assumptions about regional politics – this situation sets the “frozen” conflict on an unavoidable collision course over the next few years. The apparent stabilization of Georgian-Russian tensions is predicated on the recent U.S.-Russian rapprochement rather than on any significant change in Georgian-Russian relations. Underlying causes as well as perceptions of the conflict remain unchanged and are fraught with the danger of a resumption in hostilities in the case of a cooling down of U.S.-Russian relations. Renewed Georgian-Russian hostilities would at best postpone any meaningful discussion about the new European architecture.

In addition to Russian intransigence toward Georgian President Mikheil Saakashvili, this danger is also due to a certain angle entertained by the current Georgian leadership in its confrontation with Russia as a response to the obvious power asymmetry between the two countries. First, Tbilisi launched a successful diplomatic offensive to portray Russia as an aggressor and “occupant” of Georgian breakaway territories. Second, the Georgian government cautiously sought to undermine Russia’s authority in the North Caucasus. Third, Saakashvili apparently hoped (and tentatively tried) to re-open the rift in U.S.-Russian relations in order to capitalize on the two great powers’ differences. This paper examines underlying assumptions and possible implications of the last two approaches.



### **Georgia and the North Caucasus: A New Potential Irritant for Moscow**

Since the war of August 2008, the increased presence of Russian troops in Abkhazia and South Ossetia has posed a direct military threat to Georgian independence and the survival of Saakashvili's government. No direct confrontation between Georgian and Russian, Abkhazian, or South Ossetian troops has happened. All sides have displayed a certain prudence, unlike the period preceding the conflict in 2008. The potential *casus belli*, however, may now be shifting from the southern to the northern slopes of the Caucasus Range.

Overall, Russian-Georgian diplomatic relations remain tense. Georgia has accused Russia of occupying its territories, a view that has been subsequently shared by U.S. and EU officials. This largely successful rhetorical and diplomatic offensive has been supplemented by a rhetorical appeal to the peoples of the North Caucasus. Saakashvili has publicly described these peoples as living in a "ghetto" under the authority of "feudal lords." To elaborate, Georgia's diplomatic policy in the North Caucasus against Russia has been evident in several related ways:

- The Georgian government significantly eased visa procedures for North Caucasians through the re-opened Kazbegi-Zemo Larsi border crossing in the north of Georgia. This easing applies to all residents of the "ethnic" republics of the North Caucasus, including Chechnya. This policy decision was officially explained by a "desire to restore [Georgia's] traditional relations with [its] neighboring peoples."
- Georgia invested significant amounts of resources to restore broadcasting of a Russian-language TV channel, *Kanal PIK* ("First Caucasus News"), aimed at Russia's Caucasian republics and seeking to "correct" the negative image of Georgia as presented by Russian news channels. A previous attempt to establish such a channel was unsuccessful after the presumed intervention of Gazprom, which reportedly bought nearly all of the new satellite's broadcast space.
- In May 2011, the Georgian Parliament officially recognized the Circassian genocide, committed by the Czarist Empire in the 19<sup>th</sup> century.
- The Georgian government, together with academic institutions and think tanks closely associated with the government, established contacts with North Caucasian civic movement leaders. A group of ethnic Dido activists from Dagestan (about 15,000 Didos live there) even appealed to the Georgian parliament with a request to incorporate them within Georgia's jurisdiction. A series of academic conferences on the question of the Circassian genocide was held in association with the conservative U.S.-based Jamestown Foundation.

- Saakashvili has recently emphasized his sympathy toward the idea of a so-called "common Caucasian home," which had previously been embraced by the first Georgian nationalist president, Zviad Gamsakhurdia. These steps seem to be coordinated and represent aspects of a single approach.

However, the Georgian government's actions have little policy thinking behind them. Georgia has little, if any, chance of political success in the North Caucasus. North Caucasians – particularly in western provinces, such as Adyghea, Kabardino-Balkaria, and Karachai-Cherkessia – became rather hostile to Georgians after the conflict in Abkhazia during 1992-93. Moreover, they became skeptical of Georgia's ability to resist Russia and help the North Caucasian people in their struggle with Moscow after the August 2008 war. Furthermore, it is not nationalism but Islamic fundamentalism that is a major mover of North Caucasian, anti-Russian sentiments. These factors leave little room to maneuver for Tbilisi, which counts on a resurgence of nationalist sentiments among Russia's southern republics.

Relations with the North Caucasus have been a major security issue for Georgia ever since its independence. The conflicts of Abkhazia and South Ossetia are rooted not only in Georgia's relations with its minorities but also with these minorities' relations with their northern kin (Abkhaz with Circassians, Kabardians, and Adygheans; South Ossetians with North Ossetians). The Georgian government's policy toward the North Caucasus oscillates between total neglect and awkward attempts at rapprochement, including the latest recognition of the Circassian genocide. A persuasive explanation for the Georgian government's approach to the North Caucasus lies with Tbilisi's overall perception of the fundamental nature of relations between Russia and the West, the United States in particular (as explained below).

It is not the purpose of this brief paper to discuss the merits and faults of the Georgian government's approach to the North Caucasus and Russia. The North Caucasus is not an aim in Georgia's policy but rather an instrument to advance its foreign policy agenda. The change of tone toward the peoples of the Caucasus is a derivative of Georgia's overall policy of antagonizing the U.S.-Russia relationship. The purpose of this paper is to demonstrate that Tbilisi's North Caucasian policy is a manifestation of a larger pattern: Tbilisi perseveres in its assumptions about the character of the contemporary international system and of bilateral U.S.-Russian relations. These assumptions will be discussed in the next section. They are as nebulous and questionable as they were before August 2008. The precarious "calm" in the Caucasus holds only due to the tentative U.S.-Russia "reset" and does not provide a basis for conflict resolution or durable peace.

### **Comparative Perspectives: Georgian Perceptions of U.S.-Russian Relations**

At first glance, Saakashvili's policy toward Russia is a mere extension and radicalization of former President Eduard Shevardnadze's insubordination to Moscow. However, there appears to be a fundamental difference between the two leaders' understanding of Russia and its relations with the outside world. More specifically, the current Georgian

government's worldview, including its perspective on the North Caucasus, stems from its peculiar understanding of the fundamental nature of U.S.-Russian relations.

It is true that Shevardnadze tried persistently to insulate Georgia from Russian influence, especially after 1995, when his policy of rapprochement with Russia spectacularly failed (in exchange, he managed to attract American political support and loyalty for Georgia). Shevardnadze believed there was an intrinsic disagreement and even conflict between Russia and the United States. He also well understood the existing asymmetry of power between Russia and the United States, especially evident during Russia's weakness in the 1990s. Yet, Shevardnadze realized that a belligerent Russia, however weak in comparison with the United States, posed an overwhelming danger for Georgian independence and sovereignty. Therefore, Shevardnadze tried not to establish Georgia as an irritant in U.S.-Russian relations. He managed to keep Vladimir Putin's Russia at bay and secure expansion of Georgia's political autonomy from Moscow at the same time, with significant U.S. material and political support.

Saakashvili, on the other hand, has based his political calculations on the asymmetry of power between the United States and Russia. According to this calculation, Georgia was supposed to be on the side of a more powerful state with the promise of material and political windfall from the "wave of the future." Like Shevardnadze, Saakashvili assumed a lingering conflict between Moscow and Washington. In contrast, however, Saakashvili's policy was aimed at widening this perceived rift between the United States and Russia, with the vague hope that Georgia could capitalize on it.

In so doing, Saakashvili disregarded two essential factors that Shevardnadze never failed to appreciate. First, he neglected the difference in the regional reach of the two powers, which gave Russia an advantage over the United States in exercising its military and economic power in its immediate vicinity. Second, Saakashvili underestimated the dangers of irritating Russia, even under the circumstances of the latter's weakness vis-à-vis the United States. Saakashvili's "irritation" policy was successful with the administration of George W. Bush, with tragic consequences. As for President Barack Obama's administration, Saakashvili can barely conceal his disappointment with the Democrats, particularly after Washington's refusal to hand Georgia so-called "defensive weapons." The underestimation of the dangers emanating from a renewed U.S.-Russian rift is obvious and potentially fatal for Georgia's existence as a united and independent state.

### **Conclusion, Dangers, and Implications for Designing a New European Security Architecture**

Failed assessments already led to one catastrophe. Following the August 2008 war, Saakashvili has continued "the line" – neither submitting to implicit and explicit Russian demands nor ceasing Georgia's role as an irritant in U.S.-Russian relations. Tbilisi's active policy toward the North Caucasus, as a means to aggravate the "Georgian question" in U.S.-Russian relations, is yet another manifestation of the persistence of assumptions that underpin Saakashvili's policy toward the United States

and Russia. The relative calm in the Caucasus over the past two years is predicated on Russia's acquiescence to Washington's "reset" policy and relative insignificance of Georgia for Russia's overall foreign policy, not on a fundamental improvement of the security situation.

It is true that Saakashvili has little chance to improve relations with Moscow, even at the expense of significant political concessions. He is also afraid that any of his potential successors would compromise Georgian sovereignty under Russian political, economic, and military pressure. Russian intransigence toward Saakashvili is more than obvious, too. These factors leave the whole process of conflict resolution between the two countries at an impasse. This situation is dangerous.

Despite Saakashvili's perceptions, Moscow's acquiescence to Washington is not caused by the existing asymmetry of power between the two states. Rather, this acquiescence is caused by a temporary absence of the ideological need to re-open a confrontation with Washington and hopes about renegotiating European security agreements. This confrontation may be renewed in the event of a breakdown in arms control or European security negotiations, or an increase in the domestic legitimacy of Putin's power at any time. Such a possibility is particularly obvious in the context of a worsening situation in the North Caucasus and interethnic relations in Moscow. Georgian meddling in this issue exacerbates the situation even further. This circumstance is rather ironic because the North Caucasus provide a logical point of convergence of Georgian and Russian security interests in terms of regional peace and stability.

Unfortunately, the current situation in the North Caucasus may provide a very expedient pretext for Russia's renewed belligerence toward Georgia. This was already the case when Chechen mercenaries found refuge in Georgia's Pankisi Gorge a decade ago. In the case of a renewed Georgian-Russian confrontation, U.S.-Russian relations may deteriorate again, much to Saakashvili's pleasure, but this would not rescue Tbilisi from the undesired repercussions of such a rift. Misguided hopes associated with a U.S.-Russian conflict may play the role of a self-fulfilling prophecy, fundamentally undermining the current precarious *modus vivendi* between Russia and the West.

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