

Russian Foreign Policy

TRADITIONAL VECTORS IN A NEW GEOPOLITICAL SITUATION

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The Ukraine crisis is transforming the global geopolitical order. It is eliciting new controversies and clarifying existing ones. It is also intensifying efforts to accelerate integration processes in both the East and West. The United States, with new zeal, is working with its partners in Europe and the Pacific. Meanwhile, Russia is trying to strengthen traditional partnerships in Eurasia and Asia, but since its fundamental economic and security interests have not changed, the European vector remains its main focus.

In the newly emerging geopolitical context, however, the Eastern and Western vectors of Russia's foreign policy are acquiring different meanings and require new approaches. New strategic issues bring forward new existential problems for Russia. How can Russia preserve equality in a deepened partnership with China? How can it remain the leader of Eurasian integration? How can it avoid further deterioration of relations with the European Union and the United States? What new partnership formats can Russia seek in order to avoid isolation in light of the recently imposed Western sanctions?

The New World Order

Very few political scientists, even Zbigniew Brzezinski, could have foreseen the pivotal role Ukraine would play in the process of reformatting the post-Cold War world order. The Ukrainian crisis put an end to a long period of "innuendo," when the former Cold War adversaries spoke to each other in a straightforward manner only rarely (as Russian President Vladimir Putin did in his 2007 Munich speech) and never really achieved a level of real understanding and trust. Mutual suspicions reached their peak in 2014, with current Russian-Western relations characterized by many as a new Cold War.

This definition may be justified on the basis of the scale and level of animosities. Still, at least four elements make U.S.-Russian relations today different from during the "classical" Cold War.

First, with the proliferation of weapons of mass destruction (WMD), the apparent ineffectiveness of the nonproliferation regime, and a lack of transparency or treaty restrictions on China's nuclear arsenal, the basic framework of the Cold War—mutual nuclear deterrence — does not apply any longer. This does not mean that the new period of Russian-Western tensions does not touch upon the military sphere. On the contrary, it gives new meaning to and justification for Russia's recent military build-up (which many experts point out is detrimental to Russia's economic and social spheres).

Second, deep interdependence in the global economic system prevents both Russia and the West from taking overly harsh and irreversible steps. The way sanctions against Russia have been introduced and the divergent positions of Western states toward them illustrates the point.

Third, numerous problems of global security—stability in Afghanistan and Pakistan, Iran and North Korea, conflicts in the Middle East, drug trafficking, WMD proliferation, and terrorism—cannot be solved without Russia's active participation or, at the very least, consent.

Finally, with the rise of new emerging economies, China first and foremost, the new international system is no longer bilateral, as it was during the Cold War.

Integration in the New World Order

The crisis in Ukraine, which has served as a trigger in worsening Russian-Western relations, is only a minor part of a greater international transformation. Developments in Ukraine and perceptions of them in Russia and the West might have been different if they had not followed the chain of conflicts and revolutions in recent years that swept across post-Soviet (and post-socialist) states and Eastern Europe, as well as the Arab Spring. In a way, the Ukraine crisis obtained dramatic meaning as the apex of a cumulative effect of the last quarter-century of challenging East-West relations.

One element of the new "Great Game" underway is a competition for maximal independence (something Russian and Chinese policy documents especially stress) and maintenance of status in the emerging global power balance. Another element is the strengthening of one's own position through coalition-building, which makes leading powers turn to integration projects with new zeal.

It is this competition over integration projects, namely between the EU's Eastern Partnership project and Russia's Eurasian integration initiatives, that provoked the start of the Ukraine crisis in November 2013.

Since the collapse of the Soviet Union, Russia has striven to deepen and enlarge integration in Eurasia, in particular via the Customs Union, the Eurasian Economic

Union (to be launched in January 2015), and the Collective Security Treaty Organization (CSTO). With the withdrawal of the ISAF contingent from Afghanistan, one cannot exclude a more active role for the CSTO, as well as the Shanghai Cooperation Organization (SCO), in maintaining stability in Afghanistan and Central Asia. Still, within the SCO, Russia is keen to prevent China's domination and is trying to keep the two on an equal status. This has hampered the development of the SCO, particularly in the financial-economic sphere.

The Ukraine crisis has created serious problems for Russia's Eurasian integration project. The extent to which Russia will lose Ukraine as an economic and defense partner has yet to be verifiably assessed and depends much on the outcome of the crisis. In political terms, however, there have already been losses. Russia's partners in the Customs Union, Belarus and Kazakhstan, have already expressed their reservations, particularly with regard to Crimea's accession to the Russian Federation. Encouraging their greater integration, including a degree of devolution of national authority to the Eurasian Economic Commission, will be challenging.

Over the last few years, Russia has begun to restore and strengthen cooperation with countries outside of Eurasia. Western sanctions have provided a reason to devote even greater attention to potential partners in Central and South America, East Asia, and the Pacific. While Russia previously focused such efforts on cultivating bilateral relations, it is now paying more attention to multilateral institutions, as exemplified by Russia's efforts to give the BRICS grouping greater substance.

The logic of the Kremlin's approach is to enter into and strengthen formations that can counterbalance Western (particularly U.S.-initiated) integration projects, be they transatlantic or transpacific (Russian political scientist Sergey Rogov has referred to the United States as "The Lord of Two Rings"). Such projects do not necessarily isolate Russia, but they do leave it in a position "in-between." At the same time, in integration formats where Russia is a member, as in the SCO, it has to strive for equal status with China. Thus, as a counterweight to Beijing, Moscow is strengthening its relations with other states in the Asian-Pacific region, particularly India, Vietnam, South Korea, and Japan.

The exact nature of these new international relations depends on the outcome of the Ukraine crisis.

What Are Russia's Real Interests?

Russia's fundamental aims remain the same: modernizing the economy and ensuring a stable external environment that is amicable to domestic socioeconomic development. Modernization, apart from structural reforms, presupposes the re-industrialization of the country on a new technological level which, in turn, requires new technology and

investments. Ensuring external stability requires regulating conflicts in neighboring states and combating drug trafficking, illegal migration, terrorism, and Islamic extremism.

In implementing the first aim, modernizing the economy, Europe is a key partner, as the current structure of Russia's foreign economic ties indicates. Russia's trade and investment ties heavily favor Europe. This cannot be changed overnight. In 2013 the volume of trade with the EU was \$417.5 billion, or 49.4 percent of its total trade. Russia's trade with China was practically five times less at \$88.8 billion (10.5 percent of Russia's foreign trade). By comparison, the volume of trade with the United States was \$27.7 billion (3.3 percent). During the first five months of 2014, statistics did not change: the EU made up 49.6 percent of Russia's foreign trade, China 11 percent, and the United States 3.6 percent.

Of particular importance for Russia is direct foreign investment. In 2013, the EU provided 75.9 percent of Russia's foreign investment (\$60.2 billion), while China was the source of just 0.9 percent (\$683 million), less even than Hungary. From the United States came \$459 million (0.6 percent). Russian foreign direct investment in 2013 included \$21.9 billion to the EU 23 percent, \$14 billion to China, and just \$763 million to the United States (0.8 percent).

After the introduction of Western sanctions, the present balance will not quickly change, even with respect to the arms trade. Russian arms sales account for \$15.2 billion, of which about 50 percent go to BRIC states. Imports (without the Mistral contract, the fate of which had not yet been determined as of this writing) stand at \$100-150 million and include electronic equipment for planes and tanks from France, along with drones and electronics from Israel. Russia also had contracts with Italy, Germany, Sweden, and the United States (for supplying helicopters in Afghanistan).

The real problem for Russia as a result of sanctions lies in the financial domain and, particularly, dual-use technologies. If current trends do not change in the medium-term, the sanctions will have a detrimental effect on the course of Russian economic development. China cannot replace Europe as a source of technology, while financial overdependence on Beijing's credits is highly undesirable.

Moscow is aware of this dilemma, as Putin's recent addresses and speeches have revealed. Even in his March "Crimean" speech, Putin made overtures to the West. He did the same in July after the shooting down of Malaysian Airlines Flight 17. In his speech to the Russian diplomatic corps in July (at a biannual meeting where the tasks for Russian diplomacy are set), Putin elevated the EU to Russia's number one foreign policy priority, displacing the post-Soviet Commonwealth of Independent States (CIS). While making steps eastward, Russia's president still appears to be looking to the West.

Conclusion

For the foreseeable future, current trends in Russian-Western relations are likely to persist. The fostering of animosity has become the game of politicians attempting to rally public opinion. Still, responsible realists on both sides will continue to call for keeping the doors open for dialogue, if not at an official level, then at least by other means.