

Russia's Periphery in the Global Arena: Do Regions Matter in the Kremlin's Foreign Policy?

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The conventional wisdom is that since the collapse of Communism the regions and republics of the Russian Federation have taken advantage of political and economic decentralization to articulate and conduct quasi-foreign policies of their own. Indeed, developments such as Chechnya declaring independence and insisting on its right to self-determination, the Republic of Tatarstan appointing its own trade representatives in 14 locations outside Russia and the governor of Primorsky krai stalling the implementation of the 1991 border demarcation agreement with China until 1999 could be cited as evidence of Russia becoming less and less of a "unitary" actor in the global arena. And yet, upon a closer look, the impact of these developments on Russia's foreign relations has been marginal: even the Islamic states other than Afghanistan have not recognized Chechnya's independence; Tatarstan's approval of the North Atlantic Treaty Organization (NATO) military campaign in Kosovo did not change Moscow's wholesale condemnation of NATO's action; and the border between Russia and China in Primorsky krai has been set exactly along the lines of the 1991 demarcation treaty, ceding hundreds of hectares of land to China except for a tiny piece of land with a Russian military cemetery near Lake Khasan. Moreover, while campaigning against Chinese encroachment in the Russian Far East, the governor of Primorsky krai supported former president Boris Yeltsin's and current president Vladimir Putin's strategy for a "strategic partnership" with Beijing. These developments raise some broad questions:

- How do center-periphery relations in Russia affect Russia's foreign policy;
- How does Moscow respond to the regions' international activities; and
- What types of regions are likely to have a greater impact on Moscow's foreign policy?

Russian Regions and Moscow's Foreign Policy: Impact on Formulation

A fundamental transformation of center-periphery relations in post-Soviet Russia suggests that the impact of regional decentralization on foreign policy may not have had much direct impact on specific foreign policy decisions, but it has affected Russia's military and economic capacity, keying the Kremlin's threat assessments and subsequent policy preferences. The impact of center-periphery relations on Moscow's foreign policy formulation building up to Putin's rise to power has happened at a number of levels:

Economic Underpinnings of Military Power

Redistribution of revenue flows among the regions in the 1990s as a result of bargaining with Moscow over taxation, subsidies, loans, and jurisdiction over production assets and natural resources has generally weakened Russia's capacity to sustain the military economically, giving rise to policy recommendations for downsizing of the armed forces and sweeping military reform. For example, in 1997, Vladimir Lysenko who chaired the State Duma subcommittee on federal relations, concluded in an internal Duma publication that as a result of power-sharing treaties signed between Moscow and the regions, "some subjects of the Federation have to spend their last pennies on supporting the [federal] armed forces, police, transportation, and communication networks, whereas other subjects spend money on their local projects ensuring a higher standard of living for the local populations and, respectively, acquiring the capacity to purchase the loyalty of government agencies." In other words, Moscow feared that richer regions would buy off representatives of federal power ministries, thus undermining the center's hold on coercive power. The two massive military campaigns in Chechnya have also drained resources required for a comprehensive military reform.

Perception of Disintegrating "Economic Space" of Russia

An analysis conducted in 1999 by the Moscow Center for Strategic Research (CSR), tasked by Putin to develop policy guidelines on the influence of Russia's constituent units on federal policies, reported regional elites engaging in "attempts at developing multiple channels of dialog with foreign powers," thus contributing to the "formation of unitary government at the level of the subjects of the Russian Federation." Individual attempts by regional elites to foster international ties have been linked to the growing capacity of regional leaders to control currency emissions (through surrogate payments), industrial assets, and the flow of goods and services within Russia--all seen as trends destructive to Russia's common market. The threat of Russia being "squeezed out" of the North and South Caucasus (and, hence, out of the "great game" for Caspian oil resources) if Chechnya achieved independence contributed to the perception of a clear and present threat of Russia's economic disintegration in the 1990s.

Demographic Vulnerability

Whereas Putin voiced concern with population decline and the deterioration of life expectancy in Russia, CSR reported that Russian regions took measures to "artificially 'correct' the demographic situation" by encouraging "illegal and uncontrollable migration," with the number of migrants [primarily migrant workers] arriving in Russia estimated at 1 to 1.5 million people. The encouragement of illegal migration into the regions, the Center assessed, "posed a threat to the national labor market and criminalized the law enforcement system [i.e., passport and visa service, police, and the federal

migration service]." The Center also estimated that by engaging in illicit economic activities these migrants drained the budget of 7 to 7.5 million US dollars.

Vulnerability to Separatist Claims

While not mentioning traditional threats of separatism coming from Chechnya and the North Caucasus, Putin's leading think tank in 1999 saw cross-border migration of ethnic Kazakhs in the southern Urals areas and ethnic Armenians in the North Caucasus (Krasnodarsky krai) as having the potential to lead to separatist claims on behalf of these non-Russian ethnic groups. "The separatist leaders of these groups," claimed the CSR report, "have already set the task of creating national-territorial entities based on the idea of the separation of peoples." My own interviews indicate that the leaders of Primorsky krai, including Yeltsin's former representative in Vladivostok, continue to issue warnings that Chinese migration poses a similar problem of "creeping Chinafication," eventually leading to Chinese annexation of the vast and resource rich areas of the Russian Far East.

These perceptions of internal vulnerability to regional disintegration, economic contraction, and demographic decline partially engendered and enhanced Moscow's perceptions of external vulnerability, associated with the enlargement and consolidation of Western alliances (especially NATO) and regional institutions such as the European Union (EU). The stark contrast between the perceptions of Russia's internal weakness and unambiguous strengthening of major outside powers--from the Visegrad Group to China--has nourished a security dilemma. This dilemma underlies the Kremlin's heightened opposition to the following: NATO enlargement, the consolidation and enlargement of the EU, the "Eurasian Corridor" project for transporting Caspian oil to the West, international mediation of internal political conflicts (most notably in Chechnya), and NATO air strikes and military presence in Kosovo.

Domestic Response: A "Gathering of Russia's Lands"

In response to the perceived threat of regional disintegration, the Kremlin took measures that throughout the 1990s gradually--and often unintentionally--reduced the regions' capacity both to influence the decision-making process of the center in foreign policy and to develop their own foreign policies and conduct independent "paradiplomacy."

Treaties on Division of Powers

Whereas power-sharing treaties that Moscow concluded since 1992 with over 40 of Russia's regions and republics generally redistributed jurisdictions over foreign relations and international trade in favor of the regions, the same treaties also bound regional elites to operate within federal institutional constraints set by the foreign ministry, the ministry of foreign economic relations, the Federal Security Service, the defense ministry, Rosvooruzheniye (Russia's arms export monopoly), and other federal agencies. In short,

while gaining more rights on paper, the regions agreed they would coordinate their initiatives with the federal foreign policy establishment. Considering sheer staff numbers, expertise, and international contacts of the federal agencies, the agreement to coordinate policy ensured that Moscow would have disproportionate leverage over the regions and republics in comparison to regional influence over federal policy. The regions quickly found out that they lacked diplomatic personnel, policy experts, analysts, and managers to design strategies for and to conduct foreign relations. In a telling example, in the 1990s no ethnic Tatar who served within federal agencies and had experience with foreign policy responded to the call of the president of Tatarstan, Mintimer Shaimiev, to return to Tatarstan and staff the foreign relations department in Kazan.

Regionalization of Federal Agencies

Moscow's institutional capacity advantage became evident when federal agencies dealing with foreign relations established regional offices and branches in the regions. The Russian foreign ministry expanded the number of regional offices from 3 in the late Soviet period to 26 in the late 1990s, with plans to open an additional 20 offices in the next few years. Thus, for my visits to Vladivostok in August and September 2000, the academic institute that issued me an invitation to come to Russia had to get approval for it from the Maritime regional branch of the foreign ministry--signaling, if anything, tighter federal control over international interactions at the regional level as a result of these institutional changes. Rosvooruzheniye established branches in over a dozen regions, driven by the location of key arms producers. In 1994, Moscow, under the foreign ministry umbrella, established a Consultative Council on Foreign Relations and International Trade (KonSovet) with a mission to coordinate diplomatic support for the interests of Russia as a whole and of its constituent regions and republics. Prior to becoming Russia's foreign minister, Igor Ivanov had been in charge of KonSovet since 1994. In practice, the KonSovet set out to hold seminars, conferences, briefings, and informal discussions with key regional actors with the purpose of training regional personnel and preventing these actors from making mistakes in the international arena. In the process, the federal center gained both advance knowledge of regional intentions and an institutionalized channel for early intervention in case these intentions were found to contradict Moscow's designs.

The Law on Coordination of Foreign Relations and International Trade of the Subjects of the Russian Federation

This January 1999 Duma law codified the center's increasing control over the international interactions of the regions through the following measures:

- Pre-Approval Requirement. The law obligates the regions to:
 - provide advance notice for conducting negotiations with any entity outside Russia;

- submit drafts of agreements with foreign entities for approval of the foreign ministry 30 days in advance;
- register all documents and agreements concluded with foreign entities with the federal government;
- make public all regional agreements with entities outside Russia; and
- request approval for opening offices representing the regions outside Russia and offices representing foreign entities in the regions.
- Status Regulation
 - The regions cannot conclude agreements that have the status of international (interstate) agreements or treaties with foreign governments; the regions' activities abroad are restricted to trade and economic relations, scientific and technological exchanges, and environmental, humanitarian, and cultural projects.
 - Offices representing the regions abroad may not have diplomatic status, i.e., they may not perform consular and diplomatic functions and their staff may not have diplomatic immunity (e.g., Tatarstan's trade mission in Turkey).
 - Disputes between federal and regional agencies are to be regulated by federal law.
- Activity Regulation
 - Federal agencies are granted the right to "receive information from the government offices of the subjects of the Russian Federation [regions and republics] about activities of the latter related to foreign relations and international trade." This provision provides the legal basis for the center to intervene in and regulate regional decision-making relevant to foreign policy.
 - The law stipulates that federal agencies "render assistance" to regions and republics that pursue international contacts. The scope of assistance is defined as legal support, policy analysis, organization and conduct of negotiations, drafting texts of agreements, and implementation of the same agreements--in other words, the law grants Moscow control over virtually all significant organizational aspects of the international interactions of the regions.

With power-sharing agreements, KonSovet, and the law on foreign policy coordination, Moscow aimed primarily both at controlling and increasing foreign investment in the regions. At a KonSovet meeting in December 1997, then First Deputy Foreign Minister Igor Ivanov said: "Attracting foreign investment [into the regions] is crucial for resolving

the central strategic task of our diplomacy, i.e., to ensure that Russia becomes one of the poles in the emerging multipolar world capable of actively influencing world affairs."

How Do Regions Differ? Capacity for International Interactions and Institutional Impact

In light of the "central strategic task" formulated by Ivanov, the regions with more internationalized economies are more likely to influence Russia's foreign policy--whether it concerns formulation of long-term priorities or specific short-term responses to economic initiatives or sanctions targeting Russia. In the 1990s, the internationalization of regional economies in Russia--measured as regional shares in foreign trade and direct foreign investment--came to depend primarily on economic diversification, the "relationship capital" (such as ease of access to key decision-makers in federal agencies), urban infrastructure, and population density. The latter enables a critical mass of consumers to ensure the feasibility of new ventures. These factors, as Table 1 demonstrates, trump resource endowment and location close to international borders. Moreover, according to Russia's State Committee for Statistics, 10 regions (mostly the city of Moscow and Tyumen oblast) accounted for 60%, or \$53.5 billion of the total Russian foreign trade in 1998. Nearly 81% of foreign investment into Russia in 1997 went to just four federation units: the city of Moscow, Tatarstan, Omsk, and Krasnoyarsk. Moscow's predominance in these interactions suggests that the outlying regions are by and large isolated from the mainstream of international economic interactions affecting Russia.

Thus, other than the city of Moscow (the government of which has largely stayed away from foreign policy decision-making), no region has sizeable economic clout to have the federal government change its key foreign policy positions. For example, notwithstanding Tatarstan's protestations that spending resources on a Russian peacekeeping contingent in Kosovo was "irresponsible," Tatarstan failed--either on its own or through a coalition with other republics and regions--to push this issue onto the State Duma's agenda. (In fact, in the late 1990s Tatarstan introduced a total of only five legislative initiatives in the State Duma--only one initiative made it to a committee review, and none made it to the Duma floor.) In the Federation Council, Tatarstan's president did not vote against Russia's participation in Kosovo. In all, the Federation Council overwhelmingly supported the Kremlin's position with 158 senators voting yes and only three abstaining, suggesting little regional differentiation on this major foreign policy issue.

The Islamic factor--which could be of political significance given that Russia has 20 million Muslims--has also failed to play out consistently in the formulation of Russia's response to NATO's campaign in Kosovo. While Tatarstan leaders made cautious protestations, Bashkortostan leaders kept silent. Ethnicity has also accounted for little differentiation: of the 10 non-Russian ethnic republics that signed power-sharing treaties with Moscow by mid-1996 (Bashkortostan, Tatarstan, Sakha, Komi, Kabardino-Balkaria, Udmurtia, Chuvashia, North Ossetia-Alania, and Buryatia), only Tatarstan registered any protest to Russia's opposition to NATO's action in Kosovo.

Conclusion and Implications for Policy

Following the collapse of the Soviet system of government, Russia's constituent regions and republics have engaged in international interactions (by 1999 they signed 1,200 agreements on cooperation with partners in 69 countries, and 46 units of the Russian Federation had representatives outside Russia). The increased regionalization of Russia's international interactions, however, has not translated into fragmentation of Russian foreign policy on major issues such as NATO enlargement, the conflict in the former Yugoslavia, international debt and loan negotiations, or strategies to strengthen Russia's role in the Soviet successor states. Regional leaders had no input in the drafting of Putin's foreign policy doctrine.

As a result of bargaining between Moscow and the regions, a workable balance has emerged between international interactions of the central government (at the political and macroeconomic level) and international interactions of the regions (primarily at the level of local trade, investment, cultural exchanges and NGO activities). Yet, Moscow's drive to coordinate, if not to control, regional interactions outside Russia--driven in large measure by perceptions of vulnerability to disintegration and by the economic self-interest of federal elites--increases transaction costs for doing business with the Russian regions and encourages decision-makers in the regions to adopt wait-and-see strategies (the development of Nakhodka and Kaliningrad free trade areas has been slowed down as a result). Hence, engaging Russia politically and integrating it into the global economy and regional economies in Europe and the Pacific Rim depends to a great extent on reducing the transaction costs arising from Moscow's coordination of the regions' international activities, which are deeply rooted in geopolitical vulnerabilities. In this respect, the US would do well to consider the following types of measures:

- A Russian version of the US Department of Commerce's Business Information Service for the Newly Independent States (BISNIS) center to collect and provide free of charge information to Russian businesses and regional governments on economic opportunities outside Russia, such as investment, outsourcing to Russia, trade, and joint ventures. This service could be provided with the assistance of the US Agency for International Development (USAID) and the EU's Technical Assistance to the Commonwealth of Independent States program (TACIS) that could form a joint task force with appropriate Russian federal agencies. The service could list projects and opportunities already approved by the federal agencies so that the regions would not have to file documentation and to go through the 20-day waiting period required by the law on coordination.
- intranet, long-distance conferencing facilities (some of the latter could also furnish public access), and free-access web sites with downloadable forms for speeding up approval by Moscow of international initiatives coming from the regions; and
- a greater emphasis on fostering conditions that help economic internationalization at the regional level (i.e., infrastructure, hi-tech, and economic diversification) in programs such as USAID's regional investment initiative and the US West Coast-Russian Far East working group.

Table 1. Internationalization of Russia's regional economies in the late 1990s

TYPE OF REGIONS	SHARE OF RUSSIA'S FOREIGN TRADE	SHARE OF DIRECT FOREIGN INVESTMENT IN RUSSIA
1) Magnet regions --Diversified economy --Science and technology --Access infrastructure well developed -- Cities with over 1 million residents [Moscow, Moscow region, St. Petersburg, Leningrad region, Nizhny Novgorod, Samara, Sverdlovsk, Tatarstan]	50%	70%
2) Resource exporter regions --Large production capacity (esp. extraction industry) --Natural resource endowment [Tyumen (including Khanti-Mansi and Yamal-Nenets Districts), Komi, Bashkortostan, Khakassia, Arkhangel (including Nenets District), Belgorod, Vologda, Irkutsk, Kemerovo, Lipetsk, Murmansk, Novgorod, Orenburg, Perm, Chelyabinsk, Krasnoyarsk (including Taimyr District)]	30%	1%
3) Border & Maritime Regions --Location --Large share of neighboring states in the local foreign trade balance --Openness to "shuttle" trade --Opportunities for capital flight [Total: 45 units of the Russian Federation with 32.6 % of the population, e.g., Primorsky krai, Karelia, Kamchatka, Kaliningrad, Belgorod]	8%	12%
4) Hinterland Regions --Difficult access/poor access infrastructure --Local capital deficit --Lack of economic diversification [Total: 52 units, including most republics and oblasts in the Central, Volga-Vyatka, Volga River, North Caucasus, and South Siberia economic regions, as well as most autonomous districts]	12%	15%

Source: M. Yu. Shinkovskii, *Rossiiskii region: Stanovlenie politicheskogo rezhima v usloviakh globalizatsii* (Vladivostok: Far Eastern State University Press, 2000), 230-234.

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