

The relationship between Russia and Ukraine, Belarus and Kazakhstan from 2000-10:  
A post-Imperial perspective.

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**ABSTRACT:**

This study aims to account for the high degree of influence and intensity displayed in bi-lateral relations between Russia and the other post-Soviet states – specifically Belarus, Ukraine and Kazakhstan (BUK.) It seeks to do so by employing an analytical framework based around the concept of ‘post-Imperialism,’ arguing that persistent legacies of the imperial past have both ensured a high degree of intensity in bilateral relationships as well as providing pathways of influence over certain policy areas – primarily for Russia, but in some instances for BUK as well. It also seeks to examine imperial legacy issues as distinct ‘types’ – from physical economic and military infrastructure, to cross-border constellations of elite personnel to the normative and cognitive inheritances of imperialism amongst both the elite and the population at large. It concludes that Russia has been able to mobilise and employ power resources not available to alternative actors in order to ‘punch above its weight’ when competing with other powers for influence in the post-Soviet space, and preserve certain Soviet era patterns of relations. It is not the focus of this study, but it is to be hoped that the framework will prove useful for researchers in other former imperial polities in future.



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## CHAPTER ONE: INTRODUCTION

*Introduction:*

This thesis analyses the nature and development of the relationships between Russia and the three post-Soviet states – Belarus, Ukraine and Kazakhstan (BUK) – which became the main focal points in Moscow’s policy in the ‘post-Soviet space’ after the disintegration of the Soviet Union. It takes the years 2000-10 – the first decade of the ‘Putin era’ – as its time frame. It seeks to explore how this set of bilateral relationships were shaped by the experience of Imperial rule, both in terms of physical assets, normative and cognitive frameworks employed by policy actors, and cultural and linguistic legacies. It focuses not only on how Russia used post-imperial assets to shape the content of relations, exercise influence, and define the environment in which policy was conducted, but also on how BUK did the same with regards to Russia. The significance of the topic is primarily in its potential contribution to the understanding of the emerging politics of Eurasia and the post-Soviet space. However the framework it will employ has potential for analysing the foreign policy development of new states outside the former Soviet Union, and the politics of regions with highly asymmetrical distributions of power and/or histories of formal dominance through Imperial polities.

The main puzzle the study aims to address is the remarkably high level of Russian influence in BUK, and the intensity of the bilateral relations between Russia and BUK in the period 2000-10, given their emergence as independent political entities and the entry of better resourced competitors into the struggle for influence in the former Soviet space. By influence we mean the ability of Russia to affect the process of forming policy and policy outcomes in BUK (and to a much lesser extent, vice versa.) By intensity we mean, for BUK, the centrality of the bilateral relationship with Russia in their respective overall foreign policies and engagement with the wider

international community, and for Russia the importance of maintaining hegemonic influence amongst BUK in its overall strategic goals. The dependent variables we seek to measure are therefore, these related concepts of intensity and influence.

The operationalisation of this influence through certain assets specific to each set of bilateral relationships runs from rather easily defined and quantified ‘hard power’ measures (setting prices for the purchase and sale of natural gas, instrumental use of military assets etc.) to more amorphous ‘soft power’ ones (influencing interpretations of current events through media dominance, defining policy agenda and norms through commercial and political trans-national elite networks.) Influence can of course also be covert and overt. In further discussing the content of the post-imperial framework (below) these channels of influence and their operationalisation will be explored more fully.

The decade of 2000-10 has been chosen as a timeframe given the major developments in Russian foreign policy that occurred during this period. This was partially due to a qualitative shift in the nature of Russian politics and policy making, as Vladimir Putin succeeded in restoring Russia’s ‘state capacity’ and concentrating foreign policy formulation and execution within the Kremlin, effectively ending the period of foreign policy ‘multi-voicedness’ that had been a constant feature of the Yeltsin era. With regards to the post-Soviet states this also led to something of a re-evaluation of policy. While the general strategic aim of maintaining Russian hegemony throughout the former Soviet Union remained unchallenged, under Putin Russia began to pursue strategic hegemony less as an end in itself and question how it could be beneficial to Russia’s domestic economic development and wider strategic foreign policy goals.

For the other post-Soviet states and BUK in particular, the key foreign policy challenges of the 1990's were securing their status as independent sovereign states (and in some cases, such as Belarus and Kazakhstan deciding, whether to do so or not) and beginning to formulate the bases of their respective foreign policies and engage with the wider world. By the year 2000 the first of these challenges had largely been met<sup>1</sup> and the post-Soviet states increasingly calibrated their respective foreign policies towards 'dealing with' Russia, either in pursuit of enhanced bi-lateral co-operation or in an effort to 'escape' Moscow's 'orbit.'

The researcher of post-Soviet affairs thus has a rich array of potential questions and avenues of inquiry for study. To what degree have bilateral relations between Russia and the other post-Soviet states 'evolved' over the decade? Have there been certain 'bedrock' principles of policy-making and cognitive frameworks that have continuously guided policy making among elites? Or have the plethora of major events during this period (9/11 and the subsequent NATO engagement in Central Asia, the Colour Revolutions, the Russo-Georgian War etc.) fundamentally challenged the assumptions of policy-makers and led to qualitative foreign policy changes?

Additionally, the underlying motivations and goals behind Russian and BUK foreign policy require serious inquiry. Were policy makers motivated primarily by 'geo-strategic' and security issues, promoting domestic economic development, securing domestic regime stability or some combination thereof? What factors, particularly arising from the historical past were most important in determining policy priorities? Which where not? And perhaps most importantly how did the *relationships*

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<sup>1</sup> Arguably Belarus is a partial exception to this statement given the continued pursuit of a 'Union State' with Russia, but the terms of this merger were always exceedingly vague. In any case throughout 2000-10 Belarusian statements on the Union state and the importance of its 'sovereignty' were increasingly robust and it comprehensively rejected a 'merger' with Russia. (See Belarus Chapters for further detail.)

between the post-Soviet states influence their individual policy preferences and decision-making?

Influence also did not flow strictly from Russia over the other post-Soviet states. BUK were to differing degrees able to exercise some influence over Russian decision making and policy outcomes through the same post-imperial linkages that Russia used to influence them. For example, Belarusian and Ukrainian control over energy refining and transit infrastructure gave them a degree of leverage in dealing with Russia.

Additionally while BUK had considerable similarities in their bilateral relationships with Russia there were a number of key differences. The most significant of these were in the energy relationships (where Kazakhstan is a supplier to Russia, Ukraine and Belarus are consumers) and the much greater ethnic divide between Turkic Kazakhs and the three Slavic nations of Belarus, Ukraine and Russia.

This thesis cannot of course, answer all these questions comprehensively. What it will attempt to do is answer a number of focused research questions derived from these more general lines of inquiry, and in the course of doing so use and develop an innovative explanatory framework for the development of bilateral relations between Russia and its former imperial possessions. Additionally it bears mentioning that while there are overarching similarities between the relations of Russia and BUK, there are also key distinguishing factors and differences in each case. The goal of this thesis will be primarily to explore the areas of similarity using a framework based on the concept of post-imperialism, but it will also endeavour to investigate unique factors in each case study both to provide a rigorous challenge to the theoretical framework, and in the interests of more fully examining each set of bilateral relations.

## RESEARCH QUESTIONS:

- 1) In what ways were relations affected by state identity and perceived national interest, values and foreign policy goals, and how in turn were these influenced by the imperial past? Can these factors adequately account for the high level of intensity in the relations between Russia and BUK and the high level of Moscow's influence?
- 2) How were asymmetries in terms of material and infrastructural resources instrumentalised by Russia in the pursuit of policy goals and how did this affect the intensity and influence of its bilateral relations with BUK?
- 3) What role was played by networks of transnational political and commercial elites in shaping in maintaining relationship intensity and influence? To what extent were changes in relations and Russia's role affected by such networks?
- 4) What were the primary reasons for incidences of significant tension and antagonism in Russia's bilateral relationships? How best can we explain episodes in which BUK have opted for 'adversarial' rather than co-operative postures and patterns of relations?

### *Literature Review:*

The literature on post-Soviet international relations provides an excellent jumping off point for this study. Multiple approaches and theoretical frameworks have been applied across a range of time frames, and with reference to specific bilateral

relationships and sub-regional multilateral relationships. However, there are a number of areas of weakness that this study hopes to address. Firstly, scholars that have aimed to evaluate the politics of the post-Soviet space more broadly have tended to focus on Russia as an actor, with the other post-Soviet states taking the role of subjects. This study aims above all to examine bi-lateral *relationships* in the post-Soviet space, and explore how the actions and reactions of non-Russian post-Soviet states affected them. More in-depth studies of specific bilateral relationships have also suffered from a lack of comparative reference to other post-Soviet states. While a comprehensive comparative study of Russia's bilateral relations with all the post-Soviet states would require a study beyond the limits of this thesis, this study has attempted to strike a balance, by examining in depth three core relationships (with BUK) and attempting to develop from that a more generalised framework.

Some scholars have approached post-Soviet foreign policy and bilateral relations specifically from the perspective of one of the dominant schools of IR theory (realism, liberalism and constructivism) and many draw from multiple theoretical frameworks. For the purposes of analytical clarity and simplicity this section will attempt to review the literature under the headings of the three dominant schools, with the caveat that these may not always be a perfect 'fit.'

#### *Realist and Neo-Realist interpretations*

For our purposes the term 'Realist' will be interpreted rather broadly to apply primarily to writers who have considered the distribution of power (both in economic and military terms) as the main explanatory factor in policy outcomes and the ordering of post-Soviet relations. Realist interpretations are not necessarily at odds with post-Imperialism's predictions or even its validity as a framework as both acknowledge that power is ultimately a *relational* phenomenon. Russia may be appear

to be able to punch above its weight when dealing with the post-Soviet states but this is a result of both bi-lateral asymmetry and the structural legacies of the Soviet Union in a host of distinct issue areas. Where the post-Imperial framework comes into sharpest contrast with realism is in its recognition of ‘non-traditional’ sources of power and its contention that while Russia’s relationships with its former periphery are certainly asymmetrical they are not strictly hierarchical.

One argument of the realist school has focused on the fact that Russia’s comparative resource advantage and asymmetrical relations with the other post-Soviet states allowed it to better compensate for the legacy of ‘under-development’ and exercise greater influence in the post-Soviet space as a result. The late and stunted development of property rights, transparency and other aspects of a developed market economy in particular provided opportunities for “rapacious capitalism and neo-colonialism”<sup>2</sup> on the part of Russia's leadership. By using its economic leverage to re-establish control over energy transport infrastructure in neighbouring states Russia was able to subordinate them to its own economic and security interests. Due to its own inheritance of the bulk of the USSR’s assets and the ‘sinews of statehood’ Russia was able to ‘amplify’ its advantages in already asymmetrical relationships to enhance its dominance while the newly independent states were still overcoming the effects of the Soviet collapse.

This view tends to underestimate the importance of local actors in the post-Soviet states themselves, particularly amongst the political leadership who frequently personally profited from this ‘neo-colonialism’ and were more active collaborators rather than passive victims. But the analysis of Russia possessing an asymmetrical

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<sup>2</sup> K.C. Smith and Center for Strategic and International Studies (Washington D.C.), *Russian energy politics in the Baltics, Poland, and Ukraine: a new stealth imperialism?* 2004, Center for Strategic and International Studies, Washington, D.C,

advantage in economic competition relative to other states due to the imperial past is a key element of approaches that stress the importance of imperial legacies.

The assumption that Russia was primarily in pursuit of hegemony in the post-Soviet space has also been a staple of realist interpretations.<sup>3</sup> The mismatch between Russia's resources and its objectives has been frequently noted, with policy failures attributed to a failure to reconcile ends with means. In particular this applied to the inability of post-Soviet multi-lateral institutions to gain traction and 'weight.' While asymmetries of power in bilateral relationships allowed Russia to exercise greater influence 'one-on-one,' multilateral relations and institutions largely remained irrelevant due to the failure to find any binding purpose beyond Russian attempts to exercise dominance through them. Ironically this tended to reduce post-Soviet IGOs to 'paper institutions' and thus deny avenues for the smaller post-Soviet states to 'safely' engage with Russia in a rule-governed multilateral setting.

The potential for threats to emerge out of an unmonitored 'near abroad,'<sup>4</sup> has formed the basis for security-focused explanations of Russian foreign policy. Russia has a vital national interest in engaging with the post-Soviet space as a guarantor of stability and arbiter of conflicts – a form of Eurasian policeman. Additionally by taking on the 'policeman' role, Russia is also simultaneously re-asserting its status as a 'great power' (or to use the Russian terminology, its *derzhavnost'*) and bolstering its opposition to the expansion of Western political and security institutions in the quest for a more multi-polar world order.

Russia's decision to seek authority through the maintenance of a 'policeman' role has also attracted attention as an explanation for the failure of Russia to maintain

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<sup>3</sup> S. White, A. Pravda, and Z.Y. Gitelman, *Developments in Russian politics* 5. 2001, Basingstoke: Palgrave.

<sup>4</sup> G. Smith, *The post-Soviet states: mapping the politics of transition*. 1999, London: Arnold

a stable hegemony in the post-Soviet space.<sup>5</sup> Rather than using its economic strength to secure geo-political gains, Russia sought to encourage a degree of ‘managed instability’ in the CIS, most spectacularly with the ‘frozen conflicts,’ in Transnistria, South Ossetia and Abkhazia and Nagorno-Karabakh. Effectively Russia sought to gain a policing role in the post-Soviet states at least partially by encouraging the conflicts it sought to police. However instability is easier to instigate than manage and provoked a backlash among some of the CIS states. Rather than forcing the post-Soviet states to accept Russia as a policing and mediating power, it simply invited greater engagement on behalf of Euro-Atlantic institutions and the West generally.

Moving from analyses of Russian policy to overall determinants of bilateral relationships with BUK, Realist interpretations have stressed the role of power asymmetries in bilateral relationships in allowing Russia to set the agenda and terms of engagement. It is also important to stress that Belarus, Ukraine and Kazakhstan were not passive, and had to develop their own individual foreign policy agendas. The new states, still considerably weaker than their former imperial centre had to decide how best to develop, maintain and safeguard their sovereignty and independence. The decision on whether to bandwagon *with* or balance *against* Russia was perhaps the most fundamental security issue for all the newly independent states.

The Belarusian case provides perhaps the most direct example of where local actors opted to ‘bandwagon’ with Russia primarily due to its asymmetrical economic advantages. Russian ability to effectively ‘buy’ Belarus’ political loyalty with cheap gas, and an implied threat of turning off the spigot if Minsk rebelled, has formed the core of Realist explanations of the bilateral relationship.<sup>6 7 8 9</sup> Economic subsidies

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<sup>5</sup> Y. Kuznetsova, “The Near Abroad: Increasingly Far Away from Russia” *Russia in Global Affairs*, 2005. 3(1)

<sup>6</sup> David R. Marples, *Belarus : from Soviet rule to nuclear catastrophe*. 1996, Basingstoke: Macmillan.

<sup>7</sup> David R. Marples., “Europe's Last Dictatorship: The Roots and Perspectives of Authoritarianism in

became vital to the maintenance of the Belarusian economic system, which underpinned the state's political stability, considerably limiting the potential for a Belarusian foreign policy re-orientation, effectively 'tying' Minsk to Moscow.<sup>10 11</sup>

The 'subsidies for loyalty' deal was increasingly challenged by Russia in the 2000s. Under Putin Russia used energy subsidies and relations primarily to achieve Russia's security goals in the region and to ensure the integration process with Belarus proceeded on Russian terms.<sup>12</sup> However the subsidies regime remained such a bedrock part of the overall relationship that attempts to alter it provoked a significant negative reaction from Minsk. While the 'energy weapon' had some success as a means of compelling changes in policy it was also a very blunt instrument to employ, at least in the Belarusian case.

Ukraine is unique in our case studies in that it was more open to political strategies of balancing against Russia, and therefore prioritised reducing Russia's leverage over the state as much as possible. As a result Kyiv resisted developing (or re-developing) economic ties with Russia even when they offered considerable potential benefits to the state, and prioritised the preservation of sovereignty over other domestic benefits of re-integrations. Unsurprisingly security issues were a matter of far greater contention in the Russo-Ukrainian relationship and more likely to be affected by political and economic disagreements.

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'White Russia' *Europe-Asia Studies*, **56** (6), 2005

<sup>8</sup> David R. Marples, "Color revolutions: The Belarus case." *Communist and Post-Communist Studies*, 2006, **39** (3)

<sup>9</sup> David R. Marples, "Is the Russia-Belarus Union Obsolete?" *Problems of Post-Communism*, 2008. **55**(1)

<sup>10</sup> Julia Korosteleva, "Continuity over change: Belarus, financial repression and reintegration with Russia" in Neil Robison ed. *Reforging the weakest link: Global political economy and post-Soviet change in Russia, Ukraine and Belarus* Ashgate, Aldershot 2004

<sup>11</sup> V. Silitski, "Belarus: learning from defeat" *Journal of Democracy* Vol 17, No. 4 2006 pp.138-152

<sup>12</sup> Chloe Bruce, *Fraternal Friction or Fraternal Fiction? The Gas Factor in Russian-Belarusian Relations*. 2005, Oxford Institute for Energy Studies. p. 27

Conversely, Realist interpretations also made strong arguments for Kazakhstan's general alignment 'with' Russia.<sup>13</sup> The new Central Asian Republics (CARs) had little ability to solve inter and intra-state conflicts between themselves without an external arbiter, and were still highly economically dependent on Moscow. Moreover, the new political leaders of the CARs faced a real possibility of ouster if regional stability could not be maintained. Russia was slow to take on this role of external guarantor of stability due to its own resource constraints and an initial desire to disengage from a region increasingly considered a net liability to Russian foreign policy. The westward drift in orientation of Kazakhstan and the rest of the CARs throughout the 1990's was only halted due to Russia's exercise of its peculiar strength in geography and pipeline control. This gave Russia considerable scope to exercise its 'great power' status regionally, but on a foundation open to spirited competition from alternative power centres.

The existence of such a 'great game'<sup>14</sup> complex in Central Asian politics has been challenged, but nonetheless accepted as explaining Russia's perception of Central Asia's importance. As Moscow assumed 'zero-sum' mindsets had been adopted by its competitors, strategic engagements with other states were conducted accordingly. While Uzbekistan emerged as Washington's 'man in Central Asia' as part of a US strategy of pushing Russia out of the region, Kazakhstan was portrayed as Russia's principal ally in Central Asia in large part due to Astana's fear of northern separatism and Uzbek hegemonic ambitions in the region. Russia's main difficulty in Central Asia was the realisation and normalisation of its regional influence (and hence

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<sup>13</sup> Kontstanin Syroezhkin, "The policy of Russia in Central Asia: a perspective from Kazakhstan!" in Chufrin, G.I. and Stockholm International Peace Research Institute., *Russia and Asia : the emerging security agenda*. 1999, Oxford: Oxford University Press. xvi, 534

<sup>14</sup> Vitalii V. Naumkin, "The emerging geopolitical balance in Central Asia: a Russian view" in Chufrin, G.I. and Stockholm International Peace Research Institute., *Russia and Asia : the emerging security agenda*.

wider *derzhavnost'*) through the creation of workable regimes for economic and political re-integration in the region. But the terms of its bilateral relations with Kazakhstan were classically realist in conception and content, taking a geopolitically focused interest in achieving dominance in Central Asia as a means of fuelling a more robust global foreign policy.

Russian Central Asia policy also suffered the same criticism as its broader CIS efforts, namely that despite numerous announcements of integrationist measures and regional initiatives, most remained on paper and were instrumentalised purely as propaganda.<sup>15</sup> Additionally the need to placate restless Russian nationalists both inside Russia and Kazakhstan necessitated at least some appearance of re-integration. In the larger context even the Collective Security Treaty (CST) was signed largely as a means to compete with a resurgent NATO on the propaganda front. The failure of initial post-Soviet integration in this interpretation is a natural result of institutions that weren't designed to work.

#### *Liberal Interpretations:*

Liberal and neo-liberal explanations of post-Soviet foreign policy focused on the importance of complex links of interdependency between the former Soviet states, and the assumption that the post-Soviet periphery would prioritise domestic economic prosperity and relative gains when dealing with Russia. Neo-liberal interpretations also overlap with neo-realist ones, but explain the successes of Russian policy in the post-Soviet space on its ability to deliver relative gains in the form of security guarantees and economic subsidies to the post-Soviet states.

Liberal interpretations of Russian foreign policy in the post-Soviet space have categorised Russian policy as hegemonic but geared towards securing domestic

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<sup>15</sup> Irina D. Zviagelskaia, *The Russian policy debate on Central Asia* Former Soviet South papers. 1995, London: Royal Institute of International Affairs Russian and CIS Programme

economic growth and regional stability rather than arising primarily from security or ‘great power’ concerns.<sup>16</sup> Hegemonic influence was also partially achieved through the relative attractiveness of Russian economic institutions and models of development, especially after its rapid economic recovery and expansion in the 2000s. All of this fed into patterns of policy making and development that used the other post-Soviet states as comparators, feeding a culture of mutual learning and progressive interdependence. Interdependence was most pronounced with Ukraine, but so was cultural interdependence, and Russian soft power played a considerable role in bolstering economic dominance.

Domestic institutions and international institutions and their interplay with the politics of Russia and BUK have received significant additional attention by neo-liberal scholars, particularly in the aftermath of the Colour Revolutions.<sup>17 18</sup> Russia’s campaign against ‘foreign’ NGOs both domestically and in concert with the other post-Soviet states, and the co-ordination of ‘counter-revolutionary’ measures with threatened regimes has highlighted the importance of both institutions as instruments of foreign policy, and the importance of regime types themselves of the post-Soviet states for Russian foreign policy. It was also integral to the ability of the post-Soviet states to learn from Russia’s adaptation to the market economy and post-communist authoritarianism political rule, as well as providing conduits for the training and socialisation of new elite cadres and the preservation of transnational networks.

With regards to the economic aspects of bilateral relations, energy purchase and transport were clearly the most important issues during 2000-10. This was due to

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<sup>16</sup> Andrei Tsygankov, “Vladimir Putin’s vision of Russia as a normal great power” *Post-Soviet Affairs* 2005, **21**(2), pp.132-158

<sup>17</sup> Thomas Ambrosio, “Insulating Russia from a Colour Revolution: How the Kremlin resists regional democratic trends” *Democratisation* **14**(2) 2007 pp.232-252

<sup>18</sup> Thomas Ambrosio, “The Political Success of Russia-Belarus Relations: Insulating Minsk from a ‘Color’ Revolution,” *Demokratizatsiya*, **14**(3) (Summer 2006) pp. 407-434

both the centrality of hydrocarbons, either as a source of revenue or as a major industrial output, to the post-Soviet economies, and Russia's maintenance of control over the bulk of the Soviet-era energy transit infrastructure. Several authors have noted the importance of Russian dominance in the energy sphere in determining regional political and economic relations, but with varying degrees of emphasis.

In Kazakhstan and Central Asia more generally, Lena Jonson has been one of the foremost neo-liberal scholars highlighting Moscow's dependency on the maintenance of economic links and dependencies forged during the Soviet period in order to retain its regional influence. The most important of these has been Russia's continued control over the bulk of the Soviet Union's energy transit infrastructure. Initially these ties offered a considerable degree of agenda-setting power for Russia among the CARS. However Jonson argues that the gradual engagement of better resourced competitors in the region is causing an inexorable decline in Russian influence. Moscow remains in a state of 'involuntary disengagement' as the West (and China) effectively drive it out, and erode the remnants of the structures of economic dependency.

Some scholars have also noted the crucial importance of economic interdependency in fostering the development and maintenance of transnational elite networks.<sup>19</sup> By tolerating and even encouraging 'rent-seeking' schemes among various political and economic elites (particularly within Ukraine) Russia cultivated a set of powerful actors with a vested interest in maintaining the status quo of energy dependence on Russia. As a result, efforts by the Ukrainian state to achieve a greater level of economic autonomy from Russia were undermined. Transnational elite networks are of particular importance and interest to this study due to their ability to

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<sup>19</sup> Margarita Mercedes Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*. BASEES/Routledge series on Russian and East European Studies ; 37. 2008, London

foster consistent dependencies, exclude outside competition for influence among key actors by locking them in to closed networks, and their derivation from the bureaucratic and social order of the imperial past.

Belarus was an anomalous case amongst the post-Soviet states in that it did not undergo the same privatisation process, or perhaps more accurately the diversification of ownership of state assets amongst the elite, as its neighbours. Russia's economic strategy has been interpreted as an attempt to increase its political influence and leverage through acquiring economic assets still controlled by the Belarusian state.<sup>20 21</sup> More accurately the impetus behind these strategies was two-fold – first to maximise Russia's economic benefit from its relationship with Minsk and reduce the level of economic subsidy in the bilateral relationship, while at the same time simultaneously ensuring a degree of control over Belarusian economic well-being sufficient to deter any significant foreign policy re-orientation. Russian policy was effectively driven by a desire to 'lock in' existing asymmetrical interdependencies and better leverage them towards Russia's domestic economic advantage.

Belarus also emerged as something of a special case in economic relations due to the highly atypical economic policies of President Lukashenko. Belarus preserved a 'neo-Soviet' economic model that relied heavily on Russian subsidies to preserve the economic stability, full employment and modest but steady growth in standards of living that underpinned the legitimacy of Lukashenko's political regime. Threats to the preservation of the political-economic order were *de facto* existential ones for Lukashenko and evoked stronger reactions from Minsk than anticipated.

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<sup>20</sup> Chloe Bruce, *Fraternal Friction or Fraternal Fiction? The Gas Factor in Russian-Belarusian Relations*

<sup>21</sup> I. Klinke, "Geopolitical narratives on Belarus in Putin's Russia" *Perspectives: Review of International Affairs*, 2008, **16**(1), pp.109-131

The importance of domestic economic development in determining Belarusian foreign policy has been increasingly noted.<sup>22 23 24</sup> This not only made economic policy options such as appeals to the IMF and gradual domestic liberalisation of the economy possible, but also opened up a brief EU-Belarus rapprochement at the end of the decade. However the massive importance of Russia and its economy to Belarus made wholesale foreign policy re-orientation virtually impossible. Minsk's moves away from Moscow were of an almost entirely tactical nature. Economic relations with Russia had become not just an aspect of state policy but almost written into the genetic code of state actors themselves. Only a major reshuffle of the Belarusian power-elite in 2007 opened up new policy options for the state, and even these were comparatively modest ones.

*Constructivist Interpretations:*

The emphasis on what are often termed intangible factors in constructivist frameworks are of particular relevance to post-Imperialism's interpretation of the politics of the post-Soviet space. The majority of writers on post-Soviet affairs have highlighted the critical importance of identity formation among the post-Soviet states in setting the parameters under which foreign policy was conducted, in particular the tone and basic objectives of bilateral relationships. By influencing both the normative and cognitive decision making processes of elites and restricting the range of 'acceptable' policy goals and outcomes, legitimisation strategies have a more direct role on policy outcomes than is often appreciated. However in the post-Soviet space

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<sup>22</sup> Sergei Korol, "Zombie Economy" in *Transitions On-line* 24 April, 2009  
<<http://www.tol.org/client/article/20529-zombie-economy.html>>

<sup>23</sup> Elena Rakova, "Political Economy of the Eastern Neighbourhood: the case of Belars" IPM Research Centre, 2008 Working Paper WP/08/04, Belarus

<sup>24</sup>K. Kłysiński, and A. Wierzbowska-Miazga, "Changes in the Political Elite, Economy and Society of Belarus: Appearances and Reality" *OSW Studies* No. 30 2009, Warsaw

there has been a greater scholarly appreciation of the importance of how state's form their identities in relation to one another and the past.

The importance of identity in shaping the foreign policy goals of post-Soviet Russia,<sup>25</sup> and the rooting of that same identity firmly in the imperial past,<sup>26</sup> has been well-documented. The breakdown of the Soviet Union and the one-party system provided Russia's elite with the new challenge of creating, almost ex nihilo, a broadly acceptable vision of the Russian nation, state and its foreign policy interests. The adoption of an identity that stressed continuity with the imperial past and a 'special role' in the post-Soviet space effectively prevented the development of 'normal' bilateral relations with the other post-Soviet states. In particular the assumption by Russia of both a right and a duty to 'protect' ethnic Russians and Russophones in the post-Soviet space necessarily implied that Russia did not regard the other post-Soviet states as fully sovereign and independent entities, and still demanded a certain degree of hierarchy over them in bilateral relations.

Due to the absence of an historical Russian nation-state the identity of the country and its means of self-legitimisation was heavily contested during the Yeltsin era, with the result that the direction and execution of foreign policy was also contested, partially explaining the length period of 'multi-voicedness' in post-Soviet Russian foreign policy. The most significant development in Russian under Putin was the consolidation of both the foreign policy making apparatus and the achievement of a rough national consensus on the identity and 'purpose' of the state, making co-ordinated action both easier and more effective. Of course influencing this consensus was a strong vein of though emphasising continuity with the imperial past and a

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<sup>25</sup> Bobo Lo, *Russian foreign policy in the post-Soviet era: Reality, illusion and mythmaking* New York, Palgrave MacMillan, 2002

<sup>26</sup> Nicole J. Jackson, *Russian Foreign Policy Debates and the CIS: Theories, debates and action*, London, Routledge, 2003

foreign policy based on maintaining a sphere of influence in the post-Soviet space, rather than any form of break.

Identity formation was also central to the formulation of the post-Soviet state's conceptions of *each other*,<sup>27</sup> where the imperial past encouraged a Russian mindset that regarded the other post-Soviet states as not fully 'foreign' entities.<sup>28</sup> Hence the proliferation of phrases such as the 'near abroad' to describe the post-Soviet space. This observation has been made by other writers noting that it has extended to Russian policy makers regarding the post-Soviet states as simply not being fully sovereign and independent entities. The inverse has also been true and the non-Russian post-Soviet states often did not regard Russia as fully 'foreign' either.<sup>29</sup> This cultural and political similarity and closeness had an effect on relations. It manifested itself as both an attractive force, such as in the case of the popularity of pan-Slavism in Russia and Belarus, or the Eurasian concept in Kazakhstan – and as a repellent one in cases such as Ukraine where Russian difficulty in acknowledging the distinctiveness of a Ukrainian nation that regarded itself as separate from Russia fed into narratives of neo-Imperialism. In other words, familiarity can often breed contempt.

The political economy of Russo-Ukrainian relations was complicated considerably by Ukraine's simultaneous mistrust of Russia and focus on it as the main threat to Ukrainian territorial integrity and sovereignty, while still remaining heavily reliant on Russia economically.<sup>30</sup> Russia did not help in alleviating Kyiv's concerns

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<sup>27</sup> N. A. Kulinich, "Ukraine in the new geopolitical environment" A.I. Dawisha, and K. Dawisha, eds. *The making of foreign policy in Russia and the new states of Eurasia*. International politics of Eurasia ; v. 4. Armonk, N.Y 1994

<sup>28</sup> Jonathan Valdez, "The near abroad, the West and national identity in Russian Foreign Policy" in Dawisha, and Dawisha, *The making of foreign policy in Russia and the new states of Eurasia*.

<sup>29</sup> Kulinich op. cit.

<sup>30</sup> Paul J. D'Anieri, *Economic interdependence in Ukrainian-Russian relations*. SUNY series in global politics. 1999, Albany: State University of New York Press

by its willingness to use economic power to secure political concessions. The hyper-centralisation of the Soviet economy also inhibited trade diversification and maintained Soviet-era interdependencies across new political and economic borders. The balance between political sovereignty and economic efficiency was therefore a major concern of policy-makers. Ukraine's strategic ambivalence stemmed from this tension between nationalist demands for greater economic independence from Russia, and the reality of the need for economic collaboration to ensure national prosperity. As a result the Russo-Ukrainian relationship failed to reach a satisfactory equilibrium.

Other writers have emphasised the primacy of the imperial past in shaping the preconditions under which the post-Soviet states had to legitimise themselves and construct new identities. Even as the eastern Slavic states of the former USSR were torn between post-Soviet economic, military and political associations, and invitations to join the West, they found that their ties with the 'East' were based not only upon the Soviet Union but centuries old religious and cultural ties. In their view the continuing close relationship between the Slavic republics "reflects the extent to which the Slavic and former Soviet republics were, and still continue to represent, a human community, with lengthy common frontiers, a common language, huge numbers of border crossings in both directions and family associations of all kinds."<sup>31</sup> This forms one of the core bases of the post-Imperial framework.

Ethnic, cultural, linguistic and historical ties were especially important in the development of Russia's relations with Ukraine and Belarus.<sup>32</sup> The radically different domestic and foreign policy development paths of Minsk and Kyiv have been attributed mainly to the greater success of Russification and 'Sovietisation' policies in

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<sup>31</sup> Stephen White, and Ian McAllister, "Russia and its Neighbours: East or West?" *Irish Studies in International Affairs*, 2008. **19**: p. 43-56

<sup>32</sup> Taras Kuzio, and M. Nordberg, *Nation and State Building: Historical Legacies and National Identities in Belarus and Ukraine: A Comparative Analysis*. Canadian Review of Studies in Nationalism = Revue Canadienne des Etudes Sur le Nationalisme, 1999. **26**(1): p. 69-90

Belarus. Belarus' lack of a distinct historical tradition can be seen in its appropriation of Soviet era symbols and mythologies for the purposes of regime legitimisation, translating into a foreign policy that stressed the benefits of integration and collaboration with Russia. In Ukraine, the presence of a fairly well preserved and mobilised Galician nationalist tradition allowed for the articulation of a distinctive national identity and foreign policy course, resulting in a far greater nationalist challenge to a pro-Russian foreign policy.

Similar arguments have been made by Szporluk,<sup>33</sup> Kohut, Velychenko,<sup>34</sup> Molchanov,<sup>35</sup> Kempe and Solonenko<sup>36</sup> and Iinytzki,<sup>37</sup> in relation to Ukraine. They mainly differ on their relative assessments of the strength and significance of Russian cultural penetration into Ukraine's 'information space.' Velychenko maintains that Russian media dominance, as well as the use of Russian as a language of daily communication created de facto zones of 'Russian social existence' within modern Ukraine, preventing Ukraine from achieving real psychological independence from Russia itself. The degree to which this is true is certainly debatable, but it does highlight the importance of these 'soft power' issues, which while prevalent in the literature on Russo-Ukrainian relations, has not yet been thoroughly applied to much of the rest of the post-Soviet space.

This phenomenon was not entirely confined to the Slavic east - the lack of a national liberation movement in Kazakhstan, or highly developed national

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<sup>33</sup> Roman Szporluk, *Russia, Ukraine, and the breakup of the Soviet Union*. Hoover Institution Press publication ; 446. 2000, Stanford, CA

<sup>34</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*. Studies in central and eastern Europe. 2007, New York ; Houndmills, Basingstoke: Palgrave Macmillan

<sup>35</sup> Mikhail M. Molchanov, *Political culture and national identity in Russian-Ukrainian relations*. 2002, College Station ; Great Britain

<sup>36</sup> I. Kempe, and I. Solonenko "International Orientation and foreign support" *Presidential Election and Orange Revolution Implications for Ukraine's Transition*, H. Kurth and I. Kempe, Editors. 2005, Zapovit

<sup>37</sup> Oleh Iinytskyi, "Imperial culture and Russian-Ukrainian unity myths" in Stephen Velychenko, , *the EU and Russia : history, culture and international relations*.

consciousness complicated its own transition to an independent state.<sup>38</sup> There was no broadly accepted, pre-independence idea of what constituted ‘Kazakhness,’ what the state itself should be for, what its foreign policy interests were and what were the most appropriate means of defending them. The presence of substantial ethnic minorities, coupled with the lack of historical tradition on which to draw made the establishment of an ‘ethnocracy’ impossible, and has had a profound impact on the process of Kazakh state legitimisation and thus foreign policy. Astana opted for a narrative and legitimisation strategy based on Eurasianism and an emphasis on the civilisational, if not ethnic links with Russia.

Even ultra-authoritarian Belarus has seen arguments that the close relations between Minsk and Moscow under Lukashenko’s leadership were largely spurred on by domestic forces<sup>39</sup> and ‘do not derive from the alleged ploys of Russian imperialists.’<sup>40</sup> Lukashenko has also been credited with attempting to forge a ‘middle path’ between pro-Westernism and union with Russia – “things Russian no longer belong in ‘we’ but cannot yet be assigned to ‘they.’” In short, his vision of Belarus is that of a ‘cleft’ country, lacking a significantly uncontested historical legacy, requiring a prolonged and idiosyncratic period of ‘nation-building’ that takes into account the long-standing ties between the two states.

Cultural closeness also led to a Russo-Belarusian relationship that was often regarded as a quasi-domestic matter, and while often highly cordial suffered from very weak institutionalisation. Russia assumed Belarusian independence to be an essentially transitory phenomenon, and based politics on a higher ‘metaphysical

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<sup>38</sup> Shirin, Akiner, *The formation of Kazakh identity: from tribe to nation-state* Royal Institute of International Affairs, London, 1995

<sup>39</sup> Grigori Ioffe, *Understanding Belarus and how Western foreign policy misses the mark*. Lanham, Md.: Rowman & Littlefield, 2008

<sup>40</sup> Kyril Koktysh, “The Belarusian policy of Russia: the era of pragmatism” *International Issues and Slovak foreign policy affairs* Issue 2, 2006 pp. 18-28

foundation' than practical reality. However the failure of institutional or economic links to fully develop, coupled with the increasingly divergent interests of the Putin era left Russia with few options for direct influence.

*Summary:*

The literature is fairly settled on an image of Russia that sought to play an active and hegemonic role in the territory of the former Soviet Union, and was prepared to exercise power across a range of areas in order to better secure such a role. Some have identified security concerns as being preeminent in Russian calculations while others have argued that the exercise of asymmetrical economic power to maximize Russia's commercial benefits from relations were the main driver of policy. There was also a recognition that Russia's process of self-identification was involved in policy preferences and outcomes. For example, Russia's desire to act as a 'policeman' in Eurasia was not just a result of its desire to ensure a stable external security environment, but also due to the fact that acting as the guarantor of Eurasian 'stability' served as both a symbol of Russian *derzhavnost*' and a justification for it.

Reactions to Russian policy among the former Soviet states were divergent, for a whole host of reasons. Ukraine sought to gain greater independence from Russia and external allies to balance against it, but Belarus and Kazakhstan did not despite Russia's hegemonic ambitions being relatively uniform. Why? Again issues of identity and the legitimization of post-Soviet political regimes were a key factor in determining the tenor of bilateral relationships and how receptive the post-Soviet states were to Russian overtures. This is a theme that has been emphasized repeatedly in the constructivist literature on the topic.

Operating largely within the theoretical strictures of the dominant 'neo-neo' paradigms, these frameworks tend to overlook or diminish the important role played

by non-traditional sources of power and influence (such as media influence, or Russia's ability to serve as a model for the implementation of political and economic structures and reforms) and over emphasise what might be termed 'mechanistic' aspects of the exercise of power – military force, economic suasion and so forth. Paramount among these is the persistence of broad normative and cultural values from the Imperial period throughout the post-Imperial space. However the ideational approaches have often made the reciprocal mistake, though more due to restricted ambitions than analytical flaws.

Nevertheless this thesis contends that an evaluation of 'traditional' economic and security relationships, within a framework conscious of and receptive to the cultural and normative factors driving the above-mentioned 'human community' provides the best possible route towards a more holistic understanding of relations within the post-Soviet space. Lena Jonson's work provides an important example of how an analysis of purely 'hard power' concerns lacks both explanatory and predictive power – her long-standing predictions of gradual Russian involuntary disengagement from Central Asia and Kazakhstan has failed to materialize. This is at least partially due to the legitimizing strategies pursued by the Nazarbaev regime, which has attempted to maintain power by co-opting its Russian population within a discourse of Eurasianism. Such a strategy naturally requires Russian collaboration to succeed, which has strengthened, rather than weakened economic and security ties between the two states.

In general the literature on Russian engagement with the former Soviet Union has provided a reasonably broad base upon which to build a more sophisticated and comprehensive framework. The literature has in general been restricted in terms of scale, seeking to study discrete, bilateral relations and primarily from the Russian

perspective. This thesis aims at the construction of a framework that can be applied to the post-Soviet states as a whole, rather than individual bilateral relationships, and while it's initial scope is limited to BUK it is to be hoped that it may provide a platform for further research. This framework does not aim to supplant or displace analyses of post-Soviet politics grounded in the more 'traditional' neo-liberal and neo-realist schools of International Relations thought. Rather it is an attempt to form an analytical framework applicable to a unique and peculiar arena in 21<sup>st</sup> century global politics. It is to be hoped that insights gleaned from the study may be applicable to other regions, spaces and times in international politics, but in scope and ambition it is confined strictly to the post-Soviet context.

The next section will deal with how post-colonial theories of international relations can add to our understanding of relations amongst the former Soviet Republics, before explaining the composite 'post-Imperial' framework this study aims to employ.

*Post-Imperialism as an explanatory approach:*

This study proposes the application of a new framework of analysis that emphasises the role of the imperial past in shaping and determining the conditions under which post-Imperial relationships are developed. It makes the argument that in certain crucial areas the relationship between Russia and the other post-Soviet states requires that the analyst give sufficient weight not only physical assets and means of exercising power held over from the imperial period, but also historically and culturally based normative assets. These assets have generally been relationship specific – that is that they have been sources of power unavailable to alternative actors or deployable outside the post-Soviet space.

Other writers and analysts have used some elements of post-Imperialism in explaining certain aspects of post-Soviet bilateral relations. Soviet era energy transit and refining infrastructure in particular has been an area of great focus in the academic and mainstream literature on the former Soviet Union. Others, such as Karen Barkey and Taras Kuzio have attempted to examine ‘soft power’ based imperial legacies and the psychological impact of the Soviet past on the decision-making patterns of the present elites. However to the best of our knowledge there has yet to be a study of the former Soviet Union that seeks to explain the present as a consequence and result of the imperial past.

The Post-Imperial framework tries to identify and explain a number of distinct sources of power that, taken together, can provide a robust explanation for the intensity and influence in the Russia-BUK relationships. These can be roughly divided into physical assets from the imperial past (largely used in the exercise of economic hard power) persistent networks of elite personnel with a shared experience of socialisation and training, cognitive and normative frameworks, and similar modes of policy formulation and execution, and soft power assets stemming from the linguistic and cultural aspects of empire. It differs from other approaches in its attempt to treat these distinct sources of power as a complex of interacting, and sometimes interdependent, factors with a common source – the imperial era polity and its framework of relations.

On the physical assets side of the ledger the importance of energy trade, particularly in natural gas, has been well accounted for in the general literature, including the degree to which Russian power in supply has been offset by peripheral control over transit routes. What has not come through except in quite specialised studies is the importance not simply of assets but of actors, and how the distribution

of 'rents' siphoned off of the energy trade was an important factor in the formation of domestic political coalitions and policy, and vulnerable to interference from across borders. This became an important issue in post Orange Revolution Ukraine.

This also opens up the question of how both the membership and behaviour of post-Imperial political and economic elites was influenced by the imperial past. Not only does the penetration and replication of metropolitan bureaucracies and administrative methods into the peripheral state give it considerable knowledge of, and therefore ability to manipulate the processes of governance, it inhibits competition from outside powers without the same level of expertise. The holdover of imperial era elites and administrative cadres preserves networks of relationships and informal influence affecting the conduct of relationships. In the post-Soviet case this was best illustrated by the transformation of elements of the Soviet era *nomenklatura* elite into the economic and political dominance of the so-called oligarchs. Knowledge of, willingness to engage with and the ability to train and replace elite networks were a significant, relationship-specific asset used by Russia to both exercise influence and maintain intensity in its bilateral relations in the post-Soviet space. It is isolated and discrete sources of power such as this that compensated for Russia's deficiencies in more 'general' power assets.

Normative factors have been cited as influencing behaviour, but mainly Russian behaviour and based on the assumption that Russian actions were based around 'imperial nostalgia.' Less prevalent has been an examination of the attitude of the former peripheral states, how attitudes towards the imperial past, language and other 'cultural' factors influenced the choice of models of economic and political development made by the newly independent governments. In the post-Soviet context, we aim to show that the pursuit by both Kazakhstan and Belarus of state identities

emphasising civilisational ‘closeness’ with Russia, as well as Russian attempts to preserve the use of Russian as a common language throughout the post-Soviet space exerted a subtle influence over policy. Russia’s position as the cultural ‘centre’ of the post-Soviet space gives it a certain degree of ‘natural’ regional leadership and agenda-setting ability within it. This has most often been directed towards the cause of re-integration of the post-Soviet states, and while attempts to build robust multilateral organisations in the FSU were halting, Russia maintained its centrality in the foreign policy of the other post-Soviet states despite significant challenge from other power centres (mainly the EU and NATO.)

At this stage we can point to several useful elements for the core of a post-imperial explanatory framework for relations between Russia and BUK. These are: the infrastructural legacies of empire and the incentive they offer towards economic collaboration and re-integration; the persistence of imperial era elite configurations and their associated networks, which aids inter-state elite communication and policy formulations; the articulation and diffusion of common, post-imperial normative frameworks for state behaviour and ‘identity’ with a corresponding effect on foreign policy.

From a post-imperial perspective the countries of the former Soviet Union present a challenge in analysis due to the unique nature of the Russian and later Soviet imperial systems. The original Russian Empire was a land-based, territorially contiguous unitary state, without a clearly demarcated Russian nation-state to serve as a metropole. Russian national consciousness was historically deeply intertwined with the state and its territory, i.e. the empire. Russianness was not primarily an exclusivist ethnic concept, but a civic one defined by the language, Orthodoxy and, for the elite,

by one's bureaucratic relationship with the centre.<sup>41</sup> This 'state-based' nationalism remained a feature of contemporary Russian politics. Pre-Soviet Russia is still generally agreed to have been an imperial polity with numerous distinct and subordinated national groupings within its borders.

At this point we aim to further develop and bolster the post-imperial framework by examining some of the literature on decolonisation theory, in particular how it applies to post-colonial foreign policy and areas where it is specifically germane to the post Soviet context, most notably: the importance of settler populations within the peripheral states; the methods by which elites gain their political status within Empire; the effects of transnational penetration of institutions and bureaucratic replication; and the development patterns of economic relationships between the former 'core' and 'peripheral' states.

*De-colonisation theory and the post-Soviet space:*

De-colonisation and post-colonial theory offer the obvious jumping off point in the search for additional analytical tools to add to a post-Imperial framework, given that it deals, generally, with the political impact of the Imperial past on the future development of newly independent states. This should be tempered with the knowledge that post-colonialism's research agenda has generally been focused first on the development of the peripheral, rather than metropolitan, descendants of Empire and their domestic political development rather than their foreign policy. Post-imperialism as a framework aims to examine the *relationships* between post-imperial states with one another. Post-colonial theory does not provide a ready made framework for an analysis of this kind, but does provide valuable insights and tools with which we can augment the post-imperial framework.

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<sup>41</sup> Karen Dawisha and Adeed Dawisha, eds. *The making of foreign policy in Russia and the new states of Eurasia*.

The bulk of the literature on post-colonial and post-imperial politics is drawn from the experience of Western European colonial empires, which differ from the Soviet experience in a few key particulars. First they were maritime empires, maintained across great distances largely through naval power. They were based on the replication of European models of statehood and bureaucratic structures of government in individual, delineated territorial units which were geographically and often legally and politically distinct from the metropolitan ‘core.’ When they eventually disintegrated, the imperial powers had well-established metropolitan homelands to withdraw to, and by virtue of geographic distance could disengage almost completely from their former dependencies, and ‘contract’ back into nation-states with comparatively little domestic political upheaval. This is not to say that they ‘cut ties’ with the periphery – in fact they often continued to exercise political, economic and moral influence.<sup>42</sup> But they did have the ability to cut ties if necessary.

By contrast, the Russo-Soviet Empire was a land-based territorially contiguous empire arising from the gradual expansion of a ‘core’ state to absorb adjacent territory and ethnic groups. Russian expansionism was based not so much on the imposition of ethnic Russian rule upon indigenous peoples as the co-option of already existing local elites into the structure of the Russian state. European sea-borne empires also employed an array of political and normative justifications for the costly exercise of projecting political and military power abroad, most of which were gradually discredited and abandoned. Russian expansion bore more in common with American ‘manifest destiny.’ It has been claimed that Tsarism created a multi-ethnic empire

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<sup>42</sup> Eric J. Hobsbawm, “The Ends of Empire” in Barkey, K. and M. Von Hagen, *After empire : multiethnic societies and nation-building : the Soviet Union and the Russian, Ottoman, and Habsburg empires*. P.14

without any ‘real’ Russian nation within it,<sup>43</sup> but this only holds for a narrow, ethnically based conception of nationalism. Russian nationalism was based on the state and territory, rather than ethnicity or some other national unifying theme and was therefore intimately tied up with the pursuit of empire.<sup>44</sup> To put it more succinctly – ‘Britain *had* an Empire. Russia *was* an Empire.’<sup>45</sup>

Additionally it is important that in the Soviet context ‘Russia’ and the metropole or imperial ‘centre’ were not conceptually contiguous entities either politically or geographically. The ‘centre’ existed as a distinct, all-Union layer of political identity and administration on top of all the Soviet Republics, a bureaucratic rather than geographic space. Russian elites and a limited nationalist mobilisation played a central role in dismantling this ‘centre’ and its political authority in 1991, but were left without a broadly legitimate concept of ‘Russia’ with which to replace it

The Stalinist-Soviet model of state building in the USSR introduced structures of governance and territorial demarcation along the lines of traditional nation-states which would provide the basic geographical division of the post-Soviet space. The ‘Union Republics’ of the USSR conformed roughly to some of the major ethnic cleavages of the Soviet state. Additionally they replicated Soviet ‘all-Union’ structures of administration and governance, (parliaments, security services, communist parties etc.) at a local level. The policy of *korenizatsia* (indigenisation) to recruit elite and managerial cadres from among the ‘titular’ nations of the Union Republics into these new structures of governance resulted in a curious hybrid.

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<sup>43</sup> Ronald Suny, “The Russian Empire” in Barkey, K. and M. Von Hagen, *After empire : multiethnic societies and nation-building : the Soviet Union and the Russian, Ottoman, and Habsburg empires*

<sup>44</sup> Mikhail A. Molchanov, *Political culture and national identity in Russian-Ukrainian relations*. 2002, College Station ; Great Britain

<sup>45</sup> Henry F. Carey, and Rafal Raciborski, “Post-colonialism: a valid paradigm for the former Sovietised states and Yugoslavia” in *East European Politics and Societies* 18(2) 2004

While the Soviet state was highly centralised, and scope for autonomous action limited, the Soviet experience did equip the post-Soviet states with some experience of bureaucratic statehood. Moscow's pseudo-federal policy also provided an explicit formal recognition of the existence of several distinct nationalities within the USSR.<sup>46</sup> This provided conditions for a relatively smooth imperial collapse and retreat into individual nation-states, but with borders and configurations largely designed by Stalin and lacking historical legitimacy. Additionally the 'sinews of governance' bequeathed to the successor states were designed to operate as part of a complex of 'all-Union' governing institutions, and were often staffed by personnel unaccustomed to and uncomfortable with taking decisions independently. This contributed to the often ambiguous and contested nature of national and state identity in the post-Soviet states.

As a result it is difficult to usefully apply the wealth of political insights offered by post-colonial theory effectively to the post-Soviet space. Distance, both geographically, and ethnically and culturally was a far greater factor in the post-imperial development of the former European periphery, while the lack of distance in the Russian case blurred the line as to where the periphery actually began.

Trends in economic relations between the core and periphery states may provide a better point of comparison between European and Russian empires, but there are still significant and crucial differences. Traditional European colonialism tended to create distinct core-periphery economic relationships. The colonies generally served as suppliers of raw materials and export markets for the metropole's more advanced industrial economy. The economic development and industrialisation of the Union Republics, by contrast, was undertaken in the context of building a

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<sup>46</sup> M.A. Molchanov, *Political culture and national identity in Russian-Ukrainian relations*.

unified Soviet command economy. As a result the economic infrastructure and capacity inherited by the successor states was designed to operate as part of an integrated whole, not in isolation. However large swathes of the Soviet Union remained industrially underdeveloped and focused primarily on resource extraction and transit to the Soviet 'centre.' Kazakhstan provides an interesting example of a state that straddled this divide, with an industrially developed (and majority Russian) north and an underdeveloped (and majority Kazakh) resource based south.

Additionally the Soviet model was not geared towards taking resources from the periphery for the benefit of the centre. Indeed the stronger economy of the Russian and Slavic heartlands can be said to have subsidised the development of the less developed Central Asian and Caucasian republics, a form of 'welfare colonialism.'<sup>47</sup>

The problem of economic disengagement from empire was therefore much more complex in the post-Soviet context. Russia's comparable economic strength, geostrategic position and its status as the 'hub' through which economic activity was co-ordinated ensured its continued place at the centre of economic life for the post-Soviet states. Additionally economic links and the importance of CIS markets for the post-Soviet states provided incentives towards greater economic co-operation and integration. In some cases the post-Soviet economies did show some of the features of the core-periphery model of economic dominance proposed by post-colonial theory. This can be useful in identifying certain easily exploited 'hard power' levers of influence employed by Russia in dealing with the other post-Soviet states. In general however, the complexity of the command economy, as well as the jarring effects of the conversion to capitalist modes of production, makes the compartmentalisation of the post-Soviet states into a 'core' and its 'peripheries' inadequate.

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<sup>47</sup> Viktor Zaslavsky, "The Soviet Union" in Barkey, and Von Hagen, *After empire : multiethnic societies and nation-building : the Soviet Union and the Russian, Ottoman, and Habsburg empire*

Post-colonialism potentially offers significant analytical insight into the political effects of settler populations on relations between former metropolises and peripheries. The status of Russian settlers in the other post-Soviet states, coupled with the lack of a generally accepted and defined Russian 'heartland' to withdraw to remained a significant issue in Russian and post-Soviet foreign policy. Many of the post-Soviet republics had large, well entrenched and often territorially concentrated populations of ethnic Russian and Russophone settlers, who regarded their settlements as integral parts of their own homeland rather than as colonies. They presented the new Republics with a settled population of potentially questionable loyalty that required either co-option or political neutralisation. Weighing on this decision was the fact that the 'settler' populations also often made up the bulk of the technical and specialist personnel vital for the administration and economic development of the new states. The presence of the settlers presented a challenge not only to the post-Soviet states but to Russia as well, which has endured domestic pressure to protect the interests of ethnic Russians in the 'near abroad.'

Settler populations also had a significant role to play in the organisation and creation of networks of economic and political elites, which endured in the post-Imperial setting. Indigenous populations have also been brought into these same political and economic structures. These elites, as Karen Barkey deftly observes, become elites *through Empire* and are frequently left to maintain the post-colonial polity after Imperial withdrawal.<sup>48</sup> Russian and Soviet imperialism also did not distinguish between a 'settler' and 'indigenous' population (officially at least,) both of which were fully incorporated into the apparatus of the state, without bureaucratic division. This ties in with the reality of Soviet-style Imperialism, in that it was not in

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<sup>48</sup> Karen Barkey, "Thinking about the consequences of Empire" in Karen Barkey and Mark von Hagen *After empire : multiethnic societies and nation-building : the Soviet Union and the Russian, Ottoman, and Habsburg empires* Boulder, Colo. ; Oxford: Westview Press, 1997

the main a projection of the political-economic interests of the dominant Russian ethnicity and often worked against them, in the service of the political-economic interests of the bureaucratic ‘centre.’<sup>49</sup>

This all ties into the insight offered by Karen Barkey, that in the absence of revolutionary upheaval and destruction the institutions, economic structure and political culture of Empire are often preserved or rebuilt by the successor states.<sup>50</sup> Unsurprisingly, these structures are often manned by elites from the imperial-era preserving networks of commercial and political actors, formed in the Soviet-era across post-Soviet borders. These networks can introduce new members and socialise them into existing structures, preserving them well into the post-Imperial era. Again, the greater geographical proximity of the post-Soviet states also makes the preservation of cross-border ties easier and increases their utility.

Economic actors and networks have been arguably the most durable holdovers from the Soviet past. Administrative cadres responsible for economic management during the Soviet period were often able to ‘capture’ the resources under their responsibility after the ending of state socialism, metamorphosing into oligarch based ‘clans.’<sup>51</sup> As will be explored in more detail in the individual case studies, transnational economic networks have been a key component in the articulation of policy preferences and ‘negotiation’ between post-Soviet states, and were one of the most significant holdovers from the imperial past.

Post-Colonial theory offers some insights and useful tools for the construction of the ‘post-Imperial’ framework: the critical role of Empire as a political concept in training and socialising elites, and by extension shaping the normative and cognitive

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<sup>49</sup> V. Zaslavsky, Op. Cit.

<sup>50</sup> Karen Barkey, “Thinking about the consequences of Empire” in Barkey and Von Hagen, *After empire*

<sup>51</sup> Vladimir Gel’Man, “Out of the frying pan and into the fire? Post-Soviet regime changes in comparative perspective.” *International Political Science Review* March 2008 29(2) pp.157-180

frameworks that guide their actions in the post-imperial political context; the importance of settler populations in influencing the domestic and foreign policy of the former peripheral states; and the ‘core-periphery’ model of economic relations which does offer insights into certain key areas of economic relations.

In Russian policy towards the ‘near abroad’ in its entirety has often been marked as neo-Imperialistic and attempts to assert its influence in the former Soviet states as a new form of Empire. I contend that this is something of a misnomer, resulting from the application of standard frameworks of international relations theory, which cannot adequately address the full context of developments in the post-Soviet space. The framework of ‘post-Imperialism’ offered here aims to show how the imperial experience favours the pursuit of certain policy courses, as well as providing non-traditional pathways for the manipulation of power.

*The Post-Imperial Analytical framework:*

While the literature on post-colonialism provides significant and useful insights, it falls short of providing a ready made analytical framework for the post-Soviet space. Additionally this thesis aims to explore the development of the relationships between the former ‘centre’ and ‘periphery’ states from a roughly equidistant position. Post-colonial theory has generally been more focused on the development of the periphery.

This study therefore proposes to develop a distinct post-imperial framework for the post-Soviet space. The basic goal of the framework is to demonstrate how the effects of Imperial era rule on the development of relations between former metropolitan and former colonial powers helps can explain both the high level of influence and intensity observed in Russia’s bilateral relations with BUK. It also aims to look beyond the ‘hard power’ aspects of relations between post-Imperial states (the

direct application of pressure or granting of incentives) and incorporate the psychological and cultural impact of Imperialism, the ‘soft power’ factors that are often overlooked. Finally post-imperialism seeks to examine the effect of nationalist mobilisation in challenging and disrupting the high influence and high intensity patterns of bilateral relations that mark post-Imperial relationships. This is a key point given that the collapse of the USSR was anomalous in that peripheral nationalist mobilisation played a relatively minor role outside a handful of the republics, though nationalism has proved to be a very potent political force in the states where it has taken root.

*Infrastructural and ‘hard power’ aspects of post-Imperialism:*

The most useful and parsimonious analytical framework for assessing the infrastructural or ‘hard power’ aspects of imperialism, and thus their relevance in the post-Imperial context, is Alexander Motyl’s<sup>52</sup> ‘hub and spoke’ model. Motyl argues the most important aspect of Empire is the absence of meaningful communication between the peripheral states. The metropolitan state acts as the conduit through which all intra-peripheral communication is conducted, working as a central regulator for the extraction and allocation of public resources. The metropole in this fashion becomes the ‘hub’ around which economic exchange and activity in the Empire is centred, the periphery states ‘spokes’ attached to and almost completely dependent upon it. This is not just restricted to budgetary allocations – railroads, pipelines, traffic routes and other major pieces of commercial infrastructure tend to be routed through the metropolitan state and its capital, as the commercial centre of the polity.

In the post-Soviet context this meant that Russia gained possession of most of the foci of commercial communication within the post-Soviet space. In particular,

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<sup>52</sup> Alexander Motyl, *Imperial ends : the decay, collapse, and revival of empires*. New York: Columbia University Press, 2001.

Russia's inheritance of the bulk of the Soviet pipeline infrastructure coupled with its geostrategic position enabled it to become a monopsony purchaser and monopoly supplier of energy reserves within the post-Soviet space. This effective control over CIS energy markets not only had commercial benefits, but allowed Russia to exercise political power through its ability to manipulate intra-CIS energy markets. While intra-CIS communications and commercial transactions were not completely routed through Russia in the post-Soviet context, Moscow remained at the centre of post-Soviet economic life.

Additionally the sudden political dissolution of the USSR as a unitary state was not accompanied by a correspondingly rapid dissolution of what was effectively a unitary economy. Despite the appearance of administrative borders within the former Soviet Union, the distribution of the actual physical attributes of production was determined almost solely by the needs of the 'all-union' economy. As a result complicated networks of production were extended over the breadth of the USSR. When the Union collapsed previously irrelevant borders suddenly became imbued with 'real' properties such as tariff barriers, import quotas and other attributes of state sovereignty which have been quite disruptive to pre-existing patterns of economic exchange.<sup>53</sup> Given that enterprises remained tied to partner firms across these new borders for essential inputs, the new borders imposed immediate and exceptional difficulties on the economies of the successor states.<sup>54</sup> This provided both a compelling argument, and powerful constituency for policies aimed at re-establishing economic ties between the former Soviet states (and in particular bilaterally with Russia) in a process commonly referred to as 'reintegration.'

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<sup>53</sup> Paul D'Anieri, *Economic interdependence in Ukrainian-Russian relations*.

<sup>54</sup> Rosario Puglisi, "Clashing Agendas? Economic Interests, Elite Coalitions and Prospects for Co-operation between Russia and Ukraine" *Europe-Asia studies*, 2003. **55**(6): p. 827

Russia emerged from this process a net ‘winner’ due to the relatively larger size of its economy, and greater ability to adapt to the new conditions. As an essential participant in any meaningful economic union or free trade zone, due to its size and ‘hub-like’ attributes, Russia had the greatest degree of leverage to exert over the process, and frequently sought to link it to broader goals of political re-integration and co-operation. As we shall see in the case study chapters the politicisation of trade barriers and free trade initiatives made the process quite politically contentious, despite its initial broad support amongst both the general populace and economic elites.

Some of the peculiarities of the command-economic system also had long term effects and introduced a certain degree of path-dependency in the development of the post-Soviet states. The Soviet economy, from electricity generation to home heating to larger industrial concerns, was enormously energy inefficient particularly in its consumption of natural gas. In the Soviet context this was not an issue for the periphery as natural gas was provided ‘free’ by the centre. In the post-Soviet context, peripheral states without domestic energy resources to draw upon found themselves economically reliant upon shipments of gas (almost exclusively from Russia) and thus highly vulnerable to disruptions in supply. This of course would turn out to be a major issue in post-Soviet politics in the 2000s.

Russia’s comparatively larger economy gave it a certain ability both to mitigate its dependence upon the other post-Soviet states through import substitution, and effectively subsidise the other post-Soviet states by offering highly preferential terms of trade, preserving economic dependency in the other post-Soviet states by making it affordable. As a result Russia’s geo-economic strength gave it considerable potential political leverage – not only were the financial futures of well-connected

economic elites contingent upon continued favourable terms of trade with Russia, so were entire industries and thus employment for thousands of ordinary citizens. At its most extreme this resulted in the Belarusian situation, where political stability rested on the maintenance of a 'neo-Soviet' economy, which in the absence of Russian subsidies would 'collapse.'<sup>55</sup>

Finally from a trade perspective, CIS goods and services have traditionally have not been competitive outside of the post-Soviet space. For the CIS republics Russia represents the largest and most profitable potential market for industrial production. Similarly Russia's greatest opportunity for export growth was among the CIS states. In particular, Russia emerged as the primary provider of high level financial services, telecommunications and other 'infrastructural' services, preserving a great deal of its economic penetration of the former Soviet republics.

*Post-Imperialism, Soft Power and Transnational Penetration:*

Joseph Nye's<sup>56</sup> concept of 'soft power' is also highly useful for both building the post-Imperial framework and better understanding post-Soviet foreign policy. While Nye's work has focused primarily on the global soft power of the United States, he has noted the potential for small and essentially exclusivist communities to generate soft power for the culturally dominant state within them by creating normative boundaries and frameworks which affect the actions of their member states.<sup>57</sup> One of the best examples of this phenomenon is the British Commonwealth which has a loose analogue in the Commonwealth of Independent States.

The British Commonwealth provides a loose political affiliation and overarching 'identity' for its members, most of whom are former Imperial possessions of

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<sup>55</sup> Tomas Ambrosio, "The Political Success of Russia-Belarus Relations: Insulating Minsk from a Color Revolution." *Demokratizatsiya: The Journal of Post-Soviet Democratization*, 2006. **14**(3): p. 407-434.

<sup>56</sup> Joseph S. Nye, *Soft power : the means to success in world politics*. 2004, New York: PublicAffairs.

<sup>57</sup> *Ibid.* p. 76

Great Britain. It does this through the preservation of the language, political and non-political joint activities (such as the Commonwealth games) and a ceremonial ‘head’ (the British monarch.) The CIS initially was intended to more of a confederation or even federation, which may be why it has been, even accounting for its brief existence, significantly less successful than the British Commonwealth. However it has had a limited success in preserving a common linguistic sphere and a sense of common ‘civilisational’ identity amongst its members, rooted in the Soviet past.

More importantly however is the direct legacies of empire which have created opportunities for ‘soft power’ generation and the operationalisation of ‘soft power’ based influence. The phenomenon of ‘transnational penetration’ which Doyle<sup>58</sup> defines as an extension of the socio-cultural and ideological forces of the metropolitan state as well as the institutions that carry them into the peripheral states of the Empire, has been the most crucial. These institutions can then be used to propagate transnational and imperial loyalty, through vehicles such as a religious or political ideology. Doyle notes that Empires tend to arise from cohesive, socially differentiated states with strong sources of state loyalty and legitimacy that dominate states with weak elites and sources of legitimacy. Often the initial impetus towards ‘imperialisation’ is conflict between peripheral elites, in which the metropolitan state is called upon to act as an arbitrator or in support of one side. As a result, when Empire collapses few historical sources of legitimacy exist to preserve the new regime encouraging a strategy of legitimisation by emphasis of continuity with the Imperial past.

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<sup>58</sup> Michael Doyle, *Empires*. 1988, Ithaca: Cornell University Press. 407.

Karen Barkey<sup>59</sup> elaborates on Doyle's thesis of transnational penetration in the context of Imperial collapse. Barring a wave of revolutionary destruction and reconstruction, Empires leave their colonies a complex set of: social and economic structures; state institutions of a particular nature and strength; networks of elites; demographic makeup; and an overall political cultural legacy. The process of 'nation-building' in the post-imperial context is carried out by elites who are trained and politicised within the context of Empire and become elites by functioning within it. Furthermore the institutions that they must use for the purposes of nation-building are in many cases left over from the imperial era and are adapted to function within the post-Imperial context. As a result the methods of post-imperial administration cannot help but be heavily influenced by the bureaucratic norms and world view of the Imperial past. That is transnational penetration creates the conditions for soft power based attraction to arise and some of the pathways through which it operates.

The effect of transnational penetration is therefore two-fold: firstly it replicates and maps metropolitan bureaucratic structures of governance onto the peripheral states; secondly it creates normative bonds and loyalties between the peripheral elite and the metropolitan state. In this manner the metropolitan state thus gains a significant degree of 'moral authority' as the implicit source of legitimacy, and a subtle means of dictating the acceptable contours of the peripheral state's foreign policy. This becomes the means by which *potential* soft power becomes operationalised and is translated into *actual* soft power.

Transnational penetration and 'soft power' are also key elements of one of the critical elements of the post-Imperial frameworks – the role of transnational networks of commercial and political elites. The high-rate of retention of Soviet-era elites in

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<sup>59</sup> Barkey and Von Hagen, *After empire : multiethnic societies and nation-building : the Soviet Union and the Russian, Ottoman, and Habsburg empires*.

positions of power has preserved and maintained cross-border informal networks and often the bureaucratic structures that support them. Furthermore at the time of the Soviet collapse there was no property owning lobby interested in codifying property rights, ensuring commercial transparency and so forth,<sup>60</sup> which heightened the importance of informal networks in economic and political life.

The degree of personal familiarity between post-Soviet elites, while impossible to quantify should nevertheless be appreciated. Managers, bureaucrats and politicians stationed in what are now several different countries will have often received their training in the same schools, attended the same *komsomol* branch, socialised in the same group of friends. They had similar economic and political training, leading to similar world views, career goals and so forth, leading to the employment of similar normative and analytical frameworks when making policy. In some cases this extended to the highest levels, such as Nursultan Nazarbaev who went from being First Party Secretary of Kazakhstan in 1991 to President in 1992. Throughout post-Soviet economic and political life the levers of power tended to remain within the hands of men and women who think similarly and had a long history of working with one another ‘naturally’ incentivising the continuation of that trend.

There are clear limits to this phenomenon – most notably in Kazakhstan where the post-Soviet authorities engaged in a fairly thorough ‘Kazakhisation’ of the civil service – and independence and sovereignty ensured that ‘comrades’ from the Soviet past developed different and sometimes competing preferences in the post-Soviet present. Independence and sovereignty also lead to a divergence of interests in key areas, and incentives and imperatives for both sides to defend them. While the

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<sup>60</sup> Federico Varese, (1997) *The Transition to the Market and Corruption in Post-socialist Russia*, *Political Studies*, 1997, pp. 579-596

Ukrainian ‘oligarchy’ may be drawn primarily from the Russophone east and promote pro-Russia policies through the Party of Regions, it also desires the economic benefits of greater EU engagement, and fears competition from an influx of Russian capital into Ukraine. However, these are exceptions, rather than a rule.

The metropolitan state benefits from its access to pre-existing elite networks, knowledge of institutional capacities and outlooks and the ability to manipulate them. Social networks also provide a means of making claims to resources; lobbying for policy changes; and distributing rents; while simultaneously closing off access to other actors outside of the network.<sup>61</sup> In the post-Soviet context this has been of considerable benefit to Russia. In the Ukrainian case, Puglisi notes that it was due to these factors that US and Western firms were generally unsuccessful in competition with Russian firms in the Ukrainian market<sup>62</sup> strengthening the broader economic influence of Moscow and preventing the West from making inroads.

Additionally these transnational networks were not static, and Russia retained considerable potential for training and socialising new actors into existing networks on both sides of the border. Moscow remained a major academic centre, particularly for the training of economic and legal specialists. Moscow also acts as the principle business and economic centre for the post-Soviet space. Even in more specialised fields such as military education, Russia remained a regional centre of excellence and has continued to provide officer training and other services for post-Soviet states on highly favourable terms, maintaining and renewing transnational networks in post-Soviet security establishments. Even in electoral politics Russia had a history of supplying friendly regimes with assistance from its ‘political technologists’ in order to

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<sup>61</sup> A. Ledeneva, “Ambiguity of Social Networks in Post-Communist contexts” Working Papers 48, Centre for the Study of Economic and Social change in Europe, School of Slavonic and East European Studies, University College London (SSEES, UCL) 2004

<sup>62</sup> Rosario Puglisi, “Clashing Agendas? Economic Interests, Elite Coalitions and Prospects for Co-operation between Russia and Ukraine” *Europe-Asia studies*, 2003. **55**(6): p. 827

help them shape propaganda, electoral campaigns and other means of mass mobilisation.<sup>63</sup> In the aftermath of the Orange Revolution this was expanded to include partnership agreements between Unified Russia and other post-Soviet ‘parties of power’ as well as a promotion of the concept of ‘Sovereign Democracy.’<sup>64</sup>

Russia has taken concrete action to maintain its status as a main node for post-Soviet transnational networks, mainly through protecting and promoting the careers of politicians inclined towards ‘with’ Russia state identification strategies and political alignment, and marginalising those seeking to align ‘away’ from Russia. Additionally it has sought to undermine regimes seeking to develop not only alternative foreign policies, but alternative domestic and economic regimes. This was aided by Russia’s ability to influence specific *actors* within the other post-Soviet states and subvert regimes from within, rather than attempting to influence the regime itself externally.

Ukraine in particular, was a matter of concern for the Kremlin due its potential to serve as an alternative model of development and centre of power around which other post-Soviet states might cluster (e.g. something along the lines of the abortive GUAM grouping.) Above all, Moscow had a persistent fear of the so-called ‘demonstration effect’<sup>65</sup> – that a post-Soviet state showing the *possibility* of alternative pathways of development, governance and strategic orientation would attract further defections from the Russian sphere of influence and threaten the Russian political order,<sup>66</sup> much as the original ‘wave’ of decolonisation served as a

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<sup>63</sup> Andrew Wilson, *Ukraine's orange revolution*. 2005, New Haven, Conn. ; London: Yale University Press. 2005

<sup>64</sup> The spread of ‘Sovereign Democracy’ in particular will be examined somewhat more closely in the Kazakhstan politics chapter.

<sup>65</sup> Tomas Ambrosio, “Insulating Russia from a Colour Revolution: How the Kremlin Resists Regional Democratic Trends.” *Democratization*, 2007. **14**(2): p. 232.

<sup>66</sup> Paul D'Anieri, “The last hurrah: The 2004 Ukrainian presidential elections and the limits of machine politics.” *Communist and post-communist studies*, 2005. **38**(2): p. 231

demonstration for other colonial societies.<sup>67</sup> Transnational networks were crucial in attempting to prevent the emergence of independent actors and policy courses, and discouraging defections from Russia's preferred structures of power and policy.

Ultimately the most significant source of soft power in the post-imperial framework derives from the process of identity formation which influences the formation of a post-Imperial world view for the peripheral state, and thus understanding of what their foreign policy 'should' be. This is a process heavily influenced by the other 'hard' and 'soft' power factors listed above. Jonathan Valdez<sup>68</sup> describes this process as one of deciding on a socially constructed view of the world and the state's place in it, the elaboration of rules by which to order political lives, in order to come to a proper understanding of the past and future in the context of the state's path towards self-identification. This was an important aspect of foreign policy making in the post-Soviet space, where the historical absence (in many cases) of 'true' nation-states and the collapse of a decades old state-ideology (Communism) forced many of the newly independent states to construct their own distinct identities as sovereign entities basically from scratch.

This process was most difficult for the post-Soviet states with significantly heterogeneous populations where national self-definition on an 'ethnocratic' basis was not a viable option. The process of nation-building is predominantly a process of self-definition against an identifiable 'other.' When a colony has managed a significant degree of national self-mobilisation, and the Empire has undergone significant degradation the metropolitan power typically assumes the role of the 'other' against which the colony defines itself. However when the normative basis

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<sup>67</sup> David Abernethy, *The dynamics of global dominance : European overseas empires, 1415-1980*. New Haven, Conn. Yale University Press. 2000

<sup>68</sup> Jonathan Valdez, "The near abroad, the West and national identity in Russian foreign policy" in Dawisha, A.I. and K. Dawisha, *The making of foreign policy in Russia and the new states of Eurasia*.pp.85-113

and legitimacy of the state is weak, colonies may adopt a strategy of legitimisation through continuity, defining themselves as existing within a post-Imperial community or civilisation, and using an extra-imperial civilisation as its main defining ‘other.’ This latter course was pursued by many of the post-Soviet states, or strong political factions within them, further augmenting Russian ‘soft power.’ This was the case in Belarus and Kazakhstan, where both Lukashenko and Nazarbaev have pursued legitimisation strategies based on emphasising continuity with the Soviet past (see Belarus and Kazakhstan Politics chapters.)

However as highlighted earlier, Russia is an anomaly amongst former empires in that it did not have a well-defined nation-state style homeland to withdraw to. It had to undergo its own process of identity formation, informed by an historical national identity and sense of foreign policy purpose that was traditionally intertwined with that of its Empire. The relatively sudden conversion of territory considered part of the Russian ‘homeland’ into ‘foreign’ states was psychologically difficult for Russia to accept, particularly with regards to Ukraine<sup>69</sup> and Belarus, the successor states of Kyivan Rus’. Russia therefore traditionally placed a great deal of emphasis in its foreign policy on dominating the ‘near abroad,’<sup>70</sup> – a Russian term that demonstrates the degree to which the post-Soviet states were not considered to be fully ‘foreign’ by Russia.

While the terminology employed may be different, there is evidence that Russia, especially under Putin, has appreciated the potential of ‘soft power’ as a means of binding together the former Soviet states. The ‘soft power’ benefits Russia accrued by states defining themselves ‘with’ Russia translated into a degree of ‘leadership authority; in the post-Soviet space. ‘With’ identifying states tended to look towards

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<sup>69</sup> Roman Solchanyk, *Ukraine and Russia : the post-Soviet transition*. Lanham, MD ; Oxford: Rowman & Littlefield Publishers, 2001

<sup>70</sup> Nicole J. Jackson, *Russian Foreign Policy Debates and the CIS: Theories, debates and action*,

Russia for guidance, or approval, when formulating their foreign and domestic policies. Russia repaid this in the past with economic benefits, but this was not the only, nor most effective means of cultivating influence.

When the USA entered the Central Asian region as a major competitor for influence, it was able to swiftly ramp up its commitments to its foremost regional ally Uzbekistan. US assistance to Tashkent in 2002 and 2003 almost matched all prior US assistance from independence to 2001.<sup>71</sup> However the ‘Andizhan massacre’ and Tashkent’s poor human rights record soured the relationship by 2005. In contrast, Russia was not able to offer equivalent financial support to Astana, but was able to support Kazakhstan’s claim to regional leadership, primarily by supporting Kazakh regional integration proposals while allowing Astana to take the lead in forming them.

Threats to this ‘leadership authority’ were taken extremely seriously in Russian foreign policy. With Ukraine, even the content and analysis of Soviet and pre-Soviet history became matter of state concern. The legacy of Kyivan Rus’, the *Pereyaslavl Rada* treaty of the 16<sup>th</sup> century, and the nature of the Ukrainian famine of the 1930s (or *holodomor*, to use the preferred Ukrainian term) have been matters of heated debate between the Ukrainian and Russian authorities. The latter issue in particular became serious enough of an issue between the two states for Dmitri Medvedev to cite it as a reason for severing links with Viktor Yushchenko in 2009.<sup>72</sup>

Ideational factors play a crucial role in the post-Imperial framework. ‘Soft power’ factors may be difficult to measure, but this does not mean that they do not have an observable effect on policy formation and implementation. ‘Soft power’ works by shaping the cognitive and normative frameworks that political actors work within and therefore how they evaluate the merits of particular policy courses. These

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<sup>71</sup> M.H. Daly, K.H. Meppen, V. Socor, and F.S. Starr, *Anatomy of a crisis: US-Uzbek relations 2001-05* Central Asia and Caucasus Institute and Silk Road Studies Program, Washington, DC 2006 pp.75-76

<sup>72</sup> Dmitri Medvedev, *Poslanie Presidentu Ukrainy Viktoru Yushchenko*, 2009, [www.kremlin.ru](http://www.kremlin.ru)

frameworks function somewhat like ‘blindings’ – narrowing the range of ‘acceptable’ policy courses on offer – and ‘lenses’ – shaping how actors perceive the merits of each policy course.<sup>73</sup> The metropole’s ‘cultural hegemony’ over its former dominions allows it to play an important role in shaping the political landscape of the post-Imperial states by shaping these frameworks.

Establishing the presence and impact of ‘soft power’ is difficult due to its intangibility. Opinion polling can establish popular attitudes towards specific political issues, and Russian media penetration in the other post-Soviet states can be measured, giving us both a means of measuring (albeit imperfectly) the impact and presence of ‘soft power,’ but not indisputably. At the elite level we can examine different policy areas and official statements to try and assess in which areas ‘soft power’ considerations may trump ‘hard power’ ones. Russia-Belarus military co-operation is a particularly striking example in which ‘soft power’ provides the best explanation for President Lukashenko’s words and deeds.

However ultimately ‘soft power’ cannot be directly observed – rather its impact and presence must be inferred. This obviously is a somewhat subjective process and open to challenge. We believe however, that in this study ‘soft power’ based theories either provide compelling additional data or superior arguments for explaining policy outcomes.

#### *Nationalism and Imperial collapse:*

What made the post-Soviet environment such rich ground for the post-Imperial framework is the relative absence of strongly mobilised nationalist movements in the USSR prior to its collapse. In other Imperial polities, local

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<sup>73</sup> J. Torfing, “Governance network theory: towards a second generation” *European Political Science*, 4(3) 2005, pp. 305-15

nationalist mobilisation was traditionally a crucial component of imperial dissolution. Nationalist counter-elites worked to undermine and replace imperial elites and their political systems. By and large this process did not occur in the Soviet Union – instead imperial elites became successively ‘autonomised’ and insulated from central control, resulting in a consolidation of the position of imperial patterns of rule, rather than their replacement.<sup>74</sup>

The main exception in the case studies under review is Ukraine, where the nationalist political movement *Rukh* played a key role in bringing about Ukraine’s exit from the Union and shaping the course of Ukrainian political development during the crucial formative years of independence. This was not sufficient to make nationalism the dominant political force in Ukraine, a theme which will be explored in greater detail in the Ukraine chapters. However it has been sufficiently strong to help demonstrate the significance of nationalism as a complicating variable for Russia’s ability to maintain both its influence over and the intensity of its bilateral relations with Ukraine (though not an overwhelming impediment.)

Political nationalism’s role in post-Imperial bilateral relationships is focused around its potential to challenge their normative foundations. As the above sections noted, one of the most crucial aspects of post-Imperialism is the holdover of imperial era elites. While adapting to the changed political situation, these elite networks nevertheless aimed for continuity in policy. The mobilisation of a nationalist opposition played a key role in providing a set of ‘counter-elites’ ready to displace Imperial era officials once sovereignty has been achieved. Nationalist parties usually have a broad agenda for re-shaping the administrative and societal structuring of the state, and a legitimising purpose derived from anti-Imperialism. In defining the new

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<sup>74</sup> Alexander Motyl, *The Post-Soviet Nations: Perspectives on the demise of the USSR*, Columbia University Press, NY, 2003

state and its place in the world, the metropole is frequently cast in the role of the defining ‘other.’ Traditional state goals of achieving and protecting independence and sovereignty are conceptualised as independence and sovereignty *from* the metropolitan state. Nationalist mobilisation in post-Imperial states, the manner in which it is expressed and the political goals it seeks to achieve are all products of the imperial past, and thus an integral part of a post-imperial based analysis, rather than an exogenous factor.

This normative commitment towards rejection of the Imperial past frequently has real policy consequences, particularly in the area of economics. As D’Anieri has noted, post-colonial nationalism tends to arise at least partly as a consequence of the perception that the peripheral state has suffered due to the siphoning of resources by the core state and its elite.<sup>75</sup> In this discourse of ‘economic vampirism’ the rapid severance of economic ties with the metropole and assertion of ‘economic sovereignty’ is portrayed as the quickest path to economic prosperity, as was the case in the last years of Soviet Ukraine and during the Kravchuk administration.<sup>76</sup> As the nationalist narrative gains greater acceptance it is increasingly adapted to a wide variety of policy preferences. Nationalist narratives were co-opted by Ukrainian businessmen fearing Russian competition to foster support for and legitimise protectionist economic policies.<sup>77</sup>

Nationalist elites and parties also often seek to dilute the vestigial moral influence of the metropole, and popular imperial loyalty by promoting cultural and linguistic revival. Educational policy often seeks to promote a competing narrative of the Imperial era relationship, painting it as one of exploitation and dominance.

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<sup>75</sup> Paul D’Anieri, *Economic interdependence in Ukrainian-Russian relations*.

<sup>76</sup> Andrew Wilson, *The Ukrainians: unexpected nation* p.253

<sup>77</sup> Rosana Puglisi, “Clashing Agendas? Economic Interests, Elite Coalitions and Prospects for Co-operation between Russia and Ukraine”

Sovereignty and cultural autonomy soon become measured in terms of distance from the former imperial centre, and policies furthering these goals gain greater legitimacy and credibility. In the post-Soviet case, nationalism emerged as the dominant political force only relatively rarely. In our case study, Ukraine, nationalism and ‘loyalism’ were roughly equal in terms of potential political power with important consequences for Ukraine’s political development

In summary, the post-Imperial framework consists of one major overarching claim – that the legacy of imperial-era governance affects the bilateral relationships and overall foreign policy of both ‘metropolitan’ and ‘peripheral’ post-Imperial states in ways not predicted nor sufficiently appreciated by any of the three ‘mainstream’ schools of IR thought. Post-Imperialism posits that there are three main areas where the imperial legacy has the greatest effect on policy: the persistence of the physical and economic infrastructure of Empire which tends to privilege the former metropole due to its ‘hub-like’ character (in Motyl’s model of imperial polities<sup>78</sup>); the lasting effect of international penetration upon the configuration of post-imperial elites, their socialisation and training within the imperial political context and the preservation of elite networks in the new post-Imperial (and transnational) context; the creation of ‘soft power’ based resources that can be used to build normative support amongst both elites and the citizenry at large for the preservation of post-imperial patterns of relations and power hierarchies.

Equipped with this framework, it is now time to turn to the original dependent variable this thesis seeks to explain (the remarkable persistence of both the intensity and level of influence in Russia’s bilateral relations with BUK) and formulate a number of hypotheses.

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<sup>78</sup> A. Motyl, *Imperial ends : the decay, collapse, and revival of empires*

## HYPOTHESES:

- 1.) The intensity of the Russo-centricity of BUK's foreign policies can in part be explained by Imperial legacies particularly the retention of Russia as a lingua franca, and the perception of Russia as a modernising force in their respective histories. These same phenomena have provided a considerable source of 'soft power' for Russia in bilateral relations.
- 2.) The intensity and influence of Russia's relations with BUK arose from the unique nature of the break-up of the Soviet economy – the division of a highly centralised and unitary command economy among fifteen independent states. Russia's greater size and economic potential allowed it to alleviate areas of interdependency and entrench areas of dependency, so enhancing Russia's ability to use economic leverage to attain political goals.
- 3.) Russian influence in BUK was critically dependent on comprehensive institutional penetration and bureaucratic replication dating from the Soviet era. The persistence of transnational networks of Soviet-era elites and their immediate successors into the post-Soviet era is the most important source of Russia's 'soft power' influence in the post-Soviet space.
- 4.) Russian influence in the post-Soviet states was constrained by Nationalist mobilisation. However, as post-Soviet nationalist movements have largely defined themselves relationally 'against' Russia, bilateral relations remained highly intense even as influence diminished and the relationship became more antagonistic.

*Case study selection:*

This study will focus on the relationships between Russia and Belarus, Kazakhstan and Ukraine. The timeline under consideration will roughly cover from the beginning of Vladimir Putin's presidency to the end of the year 2009. The three states have been selected for study due to the important space they occupy in Russia's CIS policy due to their size and economic potential.

The proposed format of this study is a comparative analysis of three case studies. The choice of a qualitative, case study based approach is primarily a practical one – the standard academic conceptualisation of the 'former Soviet Union' encompasses twelve independent states (the Baltic states are generally considered analytically separate from the FSU) making a quantitative 'large-n' case study impractical. Additionally the aim of this study is to develop a framework of analysis for the post-Soviet context rather than a more universally applicable theory. It seeks, at its most basic to examine specific attributes (intensity and influence) of relations between Russia and post-Soviet states in defined time frame, and of a particular character.<sup>79</sup> In this context a case study based approach offers the best means for testing and refining theoretical assumptions about the FSU and seeing what approaches work best.

Belarus occupies perhaps the 'ideal' type case study for the post-Imperial perspective. The Belarusian nation was both weakly mobilised and culturally quite close to Russia. The leadership under Aleksandr Lukashenko pursued a strategy of national self-definition with Russia through its pursuit of a 'Slavic Union' and rejection of 'Euro-integration' as a national strategic course. It was economically highly dependent on Russia since independence, especially for subsidies in the energy

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<sup>79</sup> A. Bennett, and C. Elman, "Complex causal relations and case study methods: the example of path dependence" *Political Analysis* 14(3) pp. 250- 267 Summer, 2006

sector. As a result, the close-knit relationship between the two states and the predominance of Russia in Belarus's foreign policy should not be surprising.

The Kazakh population was both ethnically and culturally distinct from Russia, being a Turkic rather than Slavic people. However the post-Soviet Kazakh state was ethnically quite heterogeneous, with a sizable Russian population, and Kazakh nationalist mobilisation was traditionally been quite weak. Additionally Kazakhstan's geostrategic position and infrastructural inheritance made it almost entirely reliant on Russia as a transport route for its main export commodities, oil and natural gas. President Nazarbaev consolidated his rule of the country and claims to regional leadership through the adoption of a 'Eurasian' identity, with the implicit backing of Russia. The ethnic and cultural distinctiveness of Kazakhstan made it a highly interesting test case for the framework.

Finally, Ukraine fits many of the same parameters as Belarus, with the important exceptions of it having had a much larger population, as well as a significant tradition of nationalist mobilisation and a nationalist political constituency capable of influencing policy and wielding power. Any study of Russia's post-Soviet foreign policy would be incomplete without Ukraine, a state regarded as perhaps the single most important foreign partner by Moscow. However, what should be most intriguing from the perspective of this study is the degree to which post-imperial factors influenced the development of relations in a more openly antagonistic direction in Ukraine, while encouraging the development of more co-operative relations in Belarus and Kazakhstan.

On the issue of selection criteria, Kazakhstan, Belarus and Ukraine present themselves readily as obvious case study candidates. They have been described as the

‘core’ of the CIS<sup>80</sup> and have been a heavy focus of Russian foreign policy due to their geographical proximity, economic potential and in Ukraine<sup>81</sup> and Belarus’<sup>82</sup> case due to issues of ethnic solidarity.<sup>83</sup> Additionally, Ukraine is the only one of our cases not tightly allied to post-Soviet Russia and thus provides a ready ‘control’ case, to test our main hypotheses against and help identify the main independent variables in emergent post-Imperial relationships. If we are to proceed on the basis that our theory should be falsifiable, as Keohane, King and Verba insist, then Ukraine also provides the best case study to potentially invalidate the hypotheses made by this thesis.

However there is a necessary trade off in analytical depth and richness in constraining the framework to three case studies. The Caucasus region, in particular is not represented in this study despite the extremely complex and volatile Russo-Georgian relationship. Uzbekistan’s highly erratic foreign policy has seen it switch between pro-Russian and pro-Western positions numerous times. Unfortunately the practical constraints of time and space prevent the extension of this study to the entirety of the former Soviet Union.

*Methodology:*

This study primarily makes use of qualitative methods of analysis. By ‘qualitative’ the author refers to King, Keohane and Verba’s<sup>84</sup> definition of a study based on a small number of cases, and adopting a non-numerically based range of analytical tools. Additionally the study is probably most usefully placed in the constructivist school of international relations. It seeks to adopt theoretical tools such

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<sup>80</sup> R. Dyussambaev, “Two-speed CIS emerges” *Transitions On-line* April 2003

<sup>81</sup> Anatol Lieven, *Ukraine and Russia: a fraternal rivalry* United States Institute of Peace, Washington DC, 1999

<sup>82</sup> Yu. F. Godin, *Rossiya i Belorussiya na puti k edineniyu : problemy çekonomicheskoi bezopasnosti soyuznogo gosudarstva* Moscow 2001

<sup>83</sup> A. Wilson, *The Ukrianians: Unexpected Nation*

<sup>84</sup> G. King, R.O. Keohane, and S. Verba, *Designing social inquiry : scientific inference in qualitative research*. 1994, Princeton ; Chichester: Princeton University Press.

as Joseph Nye's concept of 'Soft Power,' and employs interpretive methods such as discourse analysis which have been generally categorised as belonging to the realm of 'critical' theory. This study does not entirely abandon the positivist tradition of social inquiry. It does however take note of concerns that 'purely' positivist methods have encountered difficulty in explaining complex social relations and in seeking to simplify them often instead obscure.

Additionally it should be noted that this is a study geared towards a generally specific time and space - that is the former USSR during the presidency and subsequent premiership of Vladimir Putin. The author is aware as Keohane, King and Verba<sup>85</sup> point out, that 'unique' case studies also raise the problem of complexity, and reduce the potential for a framework that is broader in scope. While aiming for a *framework* that is as simple and parsimonious as possible, this study seeks to engage with the complex and unique factors of each case on their own terms. It seeks to explain the mechanisms by which Russia's relationships in the post-Soviet space have operated and to provide a greater analytical insight into post-Soviet politics, not global.

However, the author believes that this study may have considerable value as what Harry Eckstein<sup>86</sup> terms a 'heuristic' case study. By allowing for intensive analysis ('soaking and poking') of individual cases it may be that the study of post-Imperialism in the FSU will generate more general insights about post-Imperial relations more generally, specifically the interaction of previously underappreciated variables, such as nationalist mobilisation, informal elite networks and 'soft power'. Case studies are a powerful means of testing and refining the theoretical assumptions that have until now governed much contemporary scholarship on the FSU –

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<sup>85</sup> Ibid.

<sup>86</sup> Harry Eckstein, *Case study and theory in political science*. Handbook of political science. [Offprint]. 1975. pp.79-138

particularly the assumptions regarding the goals and motivations of Russian and BUK foreign policy, the role of energy in bilateral relationships, and the relationship of Russia's FSU policy to its broader foreign policy goals – as well as a means of combining elements of constructivist theory, which thus far has not been heavily applied to post-Soviet studies.

The process of analysis relies heavily on what has come to be known as 'process-tracing.' George and Bennett<sup>87</sup> have already noted the usefulness of process-tracing for studies aimed at heuristic development of theories and theory testing. Additionally process-tracing is useful for small-n case studies and for investigating previously unaccounted for variables. Additionally process-tracing demands not only that we find correlation between cases but also allows us to narrow and identify the universe of potential causal mechanisms. The assumptions and hypotheses of the post-Imperial framework are made to avoid spurious correlation, by providing a hypothetical set of mechanisms that it then sets out to verify. In this sense it resembles to a degree George and Bennett's 'domino' example. The study takes seriously Steel's admonition that the "problem lies in the ease of imagining social mechanisms through which nearly any macro level social variable can influence another. It is rarely the case that no plausible mechanism can be imagined that could connect two variables representing aspects of social phenomena."<sup>88</sup> That is without a sufficiently rigorous research programme we may generate 'false positives' and describe mechanisms that while probable, do not in fact accurately reflect reality. It is the author's hope that the combination of multiple case studies and analytical thoroughness will mitigate against this risk.

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<sup>87</sup> A.L. George, and A. Bennett, *Case studies and theory development in the social sciences*. BCSIA studies in international security. 2005, Cambridge, Mass. MIT Press

<sup>88</sup> D. Steel, *Across the Boundaries: Extrapolation in Biology and Social Science*. 2007, New York: Oxford University Press

*Sources:*

This study makes use of secondary and primary sources that in each case can be roughly divided into two further sub-categories. Secondary sources are comprised of academic works (both books and journals) and English language journalistic works (newspapers, periodicals and so forth.) Academic works have been used in the ‘standard’ fashion – to assess and engage with the current academic debate on post-Soviet affairs, and to add to and bolster the case for a post-Imperial analysis of the former Soviet Union. Journalistic sources have been used primarily to establish factual details, and in the case of some specialist publications (Radio Free Europe, the Russian Analytical Digest) for analysis and interpretation of key events analysed in this study. Anglophone press sources are treated as ‘secondary’ as most come from ‘re-reporting’ events featured in the Russophone press rather than from direct investigation.

Primary sources consist of ‘raw’ data such as economic statistics, official statements and speeches, and Russophone journalistic sources. The inclusion and use of the first category does not require further explanation. The categorisation of Russophone journalism as a primary source in contrast to Anglophone does. While Russophone sources are used for the same purpose as Anglophone in most cases (establishing factual details) they are also occasionally used in order to understand and present how key events were reported and ‘understood’ (broadly speaking) in the Russophone world. One of the goals of this study is to show how the *perception* of events by post-Soviet elites and the population at large were influenced by the imperial past. Therefore, data contributing to an understanding of how the post-Soviet states perceive events, and the terms on which policy debates are constructed is both

crucial and falls generally under the rubric of primary sources as generally understood in academic writing.

As this study aims to study comparatively recent historical events the process of data collection was relatively straightforward. On-line archiving of newspapers and other journals in particular has made data collection considerable quicker and easier. However, the non-transparent nature of government decision making processes in all the states under study, with the exception of post-Revolutionary Ukraine makes the application of 'process-tracing' methods somewhat more difficult. Official accounts of decision making procedures are often unavailable or suspect in their veracity. Informed academic and journalistic sources can often provide a generally accurate account of elite organisation and preferences, allowing significant insight into government decision-making procedures.

However, the effect of non-transparency and political authoritarianism has also been beneficial for the research goals of this study. For example, elements of the official media may be used to gauge elite opinion on particular issues, to illustrate the 'official line' on various international issues, or as a means of 'signalling' policy preferences through the use of officially non-governmental subordinates. For example, during the Russia-Georgian war, proxies such as Yuri Luzhkov and Sergei Mikheev were used to outline a broad narrative of the potential for Russian intervention in Crimea if Ukraine continued its pro-NATO foreign policy course. Moscow was therefore able to 'signal' its desire for policy changes in Ukraine without making 'official' demands through the Ministry of Foreign Affairs. Additionally, during periods of elite division differing factions have occasionally used the press to build popular support or put a favourable 'spin' on their respective positions, much as in the western press. With knowledge of the actors involved and a

certain degree of ‘reading between the lines’ it is sometimes possible to discern individual policy preferences and the contours of debates undertaken ‘behind closed doors.’

Economic data regarding trade is both readily available and fairly comprehensive. All the states under study provide detailed annual statistical reports on trade and investment through their own domestic agencies, and the UN COMTRADE statistical database, which will be used in the economics sections. However, as post-Soviet market institutions are still comparatively weak and often highly opaque. Foreign direct investment from post-Soviet states in particular is notoriously difficult to track given the frequent use of off shore shell corporations to transfer money in order to disguise its source. Fortunately other researchers have identified this phenomenon already and have produced relatively simple methods for discerning ‘real’ outflows and inflows of FDI between Russia and BUK. Where possible this study has used estimates by specialist researchers as ‘true’ FDI figures. Where this data was not available it has counted as ‘Russian’ FDI flows into BUK from certain states (usually Cyprus and the British Virgin Islands) that cannot be otherwise reasonably accounted for. This is an imperfect method but does give us a more accurate figure than the ‘official’ statistics. In any case, in specific instances where reliable data have not been readily available, the methods and caveats in deducing figures is provided along side them in the relevant chapters.

Finally, as a rule of thumb academic works originating from the Soviet Union have been subjected to both a greater deal of political interference by the state, and are more likely to take overtly political stances either in opposition to or support of existing regimes. This does not mean that these sources are unreliable per se, rather that they must be evaluated by taking into account the political context in which they

were written. Thus Ivanov's *Diplomataya V.V. Putina*, or Sultanov and Muzaparova's contribution to *Thinking Strategically* are regarded as being quasi-official explanations of policy priorities and cognitive frameworks employed by their respective governments.

*Structure of the thesis:*

The Ukraine and Kazakhstan case studies are broken into three chapters each, covering the political, economic and security spheres of bilateral relations. The Belarus case study is confined to two chapters, on political and economic issues with relevant aspects of security policy explored in each. This is mainly due to the fact that Russia and Belarus enjoyed a comparatively harmonious security relationship more or less since the fall of the Soviet Union, with the exception of relatively restrained Belarusian opposition to some elements of the CSTO CORF programme (see Belarus Politics chapter) which on its own cannot sustain an entire chapter's worth of analysis.

BUK are treated as separate case studies as the emphasis of this study is on explaining bilateral relationships. This does have some drawbacks, particularly considering that many policy decisions by post-Soviet states are taken in a multi-lateral context – that is the bilateral relationship between Russia and Ukraine may have an effect on that between Russia and Belarus. It also precludes the possibility of using the post-Imperial framework to analyse relations between the non-Russian post-Soviet states, a fertile area for research we hope will be taken up by others. However for the purposes of constructing, testing, and refining a robust analytical framework this 'side by side' method of comparison is the most appropriate.

The case studies are divided into Political, Economic and Security sections mainly for analytical clarity, and to discern what particular factors have been more important in shaping policy preferences. Again, this has significant drawbacks. Most

importantly the dividing lines between politics, economics and security are not always clear and they are all, of course, interdependent. Additionally the examination of particular key events from multiple angles runs the risk of repetition. However, this structure does allow us to make a ‘like for like’ comparison across all three case studies, while allowing for the fact that certain major events and policy issues carried significantly differing ‘weight’ in each relationship. For example, Russia’s ‘energy wars’ with Belarus and Ukraine are of major importance to both, but not terribly relevant to Kazakhstan. Events such as the Georgian War which affected all three bilateral relationships roughly equally are exceedingly rare (and even in the Georgian case, Ukraine was significantly more ‘involved’ with the conflict than Belarus or Kazakhstan.) An alternative structure based on comparisons of policy reactions to key historical events would therefore not be practicable.

The chapters broadly seek to proceed on a thematic rather than chronological basis, but there are of course some points where a chronological ordering is employed for the sake of clarity or appropriateness. The ordering begins with Kazakhstan, which despite being on paper the most ‘divergent’ of our cases (due to its ethnic diversity, geographical position, NATO’s engagement in Central Asia etc.) hemmed to the post-Imperial framework quite closely. This is followed by Ukraine, and then Belarus both of which diverged from post-Imperialism’s expectations, albeit to different degrees and for different reasons. There is no particular analytical reason for this chapter ordering. Belarus is placed last due to its compressed size, but the reader may tackle the Ukraine section prior to the Kazakhstan section if they wish, without risking disrupting any narrative or analytical thread.

*A note on terminology: Post-Imperialism vs. neo-Imperialism*

Terminology is almost inevitably an issue in all fields of research of the social sciences. Post-imperialism as a term is not without its drawbacks – the ‘post’ prefix suggests what is being analysed has ended, whereas what we seek to describe an ongoing and often dynamic set of processes in the relations between the former Soviet states. Additionally it suggests that the attributes of imperial era relationships are no longer present, whereas our framework argues that in many key respects this is not the case.

The question is then why not to appropriate the seemingly more appropriate ‘neo-Imperialism.’ Unfortunately the term has been too widely and diversely employed for it to hold any broadly accepted analytical value. It has also become highly normatively charged in public debate, usually with a negative connotation. However beyond these problems, ‘neo-Imperialism’ implies an active policy choice to revive imperial era practices and goals by the metropolitan power. Our framework argues that the retention of imperial patterns of relations is not an active choice, but a passive one, and that the nature of relationships is also determined by the actions of peripheral states as well, not just the metropole.

While post-imperialism is an imperfect term, it does adequately convey the basic starting point of our framework and avoids the confusion and normative loading of ‘neo-Imperialism.’ In the absence of a preferable prefix, post-imperialism must suffice.



CHAPTER TWO: POLITICAL ISSUES IN THE RUSSIA-KAZAKHSTAN  
BI-LATERAL RELATIONSHIP:

*Introduction:*

Of the three case studies under consideration the Russo-Kazakh relationship conformed most closely to the ‘ideal’ type post-imperial relationship. While the Yeltsin administration initially downgraded the importance of Kazakhstan as a foreign policy partner as part of a broader attempt to disengage from Central Asia, Putin renewed Russian focus on the region, and by the time of Medvedev’s accession to the presidency it was arguably Russia’s most important bilateral relationship. Medvedev himself declared it to be when making his first presidential visit abroad to Astana.<sup>1</sup>

The close conformity of the Russo-Kazakh relationship to post-imperialism’s predictions was surprising due to the presence of a number of key variables. The Kazakhs are ethnically distinct from Russians and have an alternative pan-national identity – Turkic civilisation, from the Mongol empires to the Ottomans – on which to legitimise the state, unlike the Ukrainians and Belarusians. This provided the Kazakh leadership with greater hypothetical ‘cultural capital’ to construct an identity that did not derive its legitimacy from continuity with the imperial past. Russian regional dominance in Central Asia was also challenged by two other ‘great powers’ (China and the USA) with superior resources to employ in competition for influence. The September 11<sup>th</sup> terrorist attacks in particular raised the region’s status from a zone of economic interest to one of vital national security concern for the USA, while at the same time Russia under the new Putin administration began to reverse the Yeltsin era policy of disengagement from the region.

Yet during 2000-10 the Russo-Kazakh relationship was arguably the most successful of Moscow’s bilateral relationships with the post-Soviet states. Astana moved during this period from a genuinely ‘multi-vector’ policy (albeit one that privileged Russia) towards greater antagonism towards the ‘West’ and a stronger

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<sup>1</sup> D.A. Medvedev, and N.A. Nazarbaev *Nachalo vstrechi s prezidentom Kazahstanom Nursultanom Nazarbaevym* 22 May 2008, Astana  
<[http://archive.kremlin.ru/appears/2008/05/22/1836\\_type63377\\_201148.shtml](http://archive.kremlin.ru/appears/2008/05/22/1836_type63377_201148.shtml)>

alliance with Moscow. Kazakhstan remained a strong proponent of economic, political and military integration between the post-Soviet states. Astana and Moscow did not become engaged in protracted conflicts over energy resources, nor did the former seriously attempt to challenge the latter's virtual monopsony in oil and gas purchases. Despite ruling over a Turkic people, Kazakh president Nursultan Nazarbaev emphasised his country's civilisational closeness with Russia and the eastern Slavic states.

Post-imperialism provides a strong explanatory framework for why Russo-Kazakh relations developed in the way that they did. Kazakhstan's economy was highly dependent on hydrocarbon extraction, and as a result, on retaining access to Soviet-era pipelines running through Russian territory. Kazakhstan's borders were also largely a result of Stalinist 'federalism' and not any historical Kazakh state (unlike Belarus and Ukraine) and encompassed a large northern region that was ethnically Russian, Russophone and the economy of which was highly interdependent with neighbouring Russian regions.

Just as important were the 'soft' power factors in the Russo-Kazakh relationship. Much of the post-Soviet Kazakh elite gained their elite status during the Soviet period and retained cognitive and normative frameworks privileging Russia as a foreign policy partner. Russia also invested in programmes to train new Kazakh elite cadres in Russia, preserving and regenerating transnational networks. The Russo-Kazakh relationship was in short a strong example of post-imperialism's central contention that "empires have a bad habit of surviving their physical demise. They

breed a peculiar way of thinking, implant unique dispositions and nurture conflicting loyalties and fragmented identities.”<sup>2</sup>

Economic linkages and policy will be explored more thoroughly in the following chapter and will not be of primary concern here, but they should be kept in mind when evaluating the political decisions of the Kazakh leadership. Unlike Belarus it is uncertain what resources Nazarbaev had to draw onto hold his regime together in the absence of steady economic development. While diversifying hydrocarbon transit options and pursuing a more truly ‘multi-vector’ foreign policy did offer Kazakhstan long-term economic benefits, the short-term costs of alienating Russia and even temporarily losing energy incomes could have proved highly destabilising for the Nazarbaev regime. The link between politics and economics therefore, was how to avoid souring the political relationship while bargaining for the best possible economic deal.

There was less of a linkage between political and security policy due to the fact that Kazakhstan recognised very early on recognised the difficulty of mounting an effective independent security policy for a sparsely populated, geographically large and resource rich state. The acceptance and embrace of a Russian security umbrella remained the consensus among the Kazakh elite.<sup>3</sup>

Ironically this makes the task of the analyst somewhat difficult – open conflict between Astana and Moscow over policy was exceedingly rare, and generally over minor matters. This is not to say that conflicts didn’t occur, but rather that they were apparently resolved ‘behind closed doors’ and were not allowed to disrupt the overall flow of the relationship. As a result the Russo-Kazakh relationship during the last

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<sup>2</sup> D. Surucu, “Modernity, Nationalism, Resistance: Identity Politics in Post-Soviet Kazakhstan” *Central Asian Survey* December 2002, 21(4)

<sup>3</sup> Notably, when Democratic Choice of Kazakhstan mounted its challenge to Nazarbaev a key part of its platform was arguing for CLOSER relations with Russia.

decade was more of a steady continuum, with few if any discrete ‘episodes’ for the analyst to dissect. There were some individual cases of disagreement and tension – such as the Kazakh refusal to recognise Abkhazia and South Ossetia – but these did not seem to significantly affect the overall political relationship. However it is possible to say that transnational networks of political elites did persist after the collapse of the Soviet Union, and that Russia remained a primary model for institutional and economic change in post-Communist Kazakhstan.<sup>4</sup>

The most significant event from the Nazarbaev administration’s point of view in the period under study was the serious challenge to the regime by Democratic Choice of Kazakhstan (DCK) at the start of the decade, followed almost immediately by the onset of the Colour Revolutions.<sup>5</sup> Similarly to Belarus, the post-Imperial framework argues that a corresponding emphasis on regime maintenance, and a belief that this goal was best served by a Russo-centric foreign policy, was one of the main factors influencing Kazakhstan’s gradual abandonment of ‘multivectorism’ for a more Russo-centric foreign policy, which culminated in a series of deliberate snubs to the West in the latter half of the decade on economic, political and security issues.

On the Russian side, the composition of the Kazakh political and economic regime helped in the development of a comfortable working relationship, one in which Russia was largely content to both limit the exploitation of its levers of influence in order to avoid Kazakhstan chafing under Russian hegemony, and to give Astana a significant role and degree of autonomy as a regional ‘middle power.’ The full functioning of the range of post-Imperial linkages (economic and infrastructural, transnational networks and ‘soft power’) made the relationship less about asserting a Russian ‘hierarchy’ over Kazakhstan and more symbiotic and mutually rewarding.

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<sup>4</sup> Sally N. Cummings, *Kazakhstan: Power and the Elite* IB Tauris, 2005 p.121

<sup>5</sup> A. Junisbai, and B. Junisbai, “The Democratic Choice of Kazakhstan: A case study in economic liberalisation, intra-elite cleavage and political opposition” *Demokratizatsiya* Summer 2005

This chapter will first explore the constraints under which post-Soviet Kazakhstan had to legitimise itself. These constraints led to the promulgation of a quasi-official state identity based on ‘Eurasianism,’ which ideologically placed Kazakhstan within the same civilisational space as Russia – that is a ‘with’ identifying state identity as predicted by the post-Imperial framework. This chapter then moves onto the more practical matter of post-Soviet geography – a particular post-Imperial legacy in a region without a strong history of geographically well-defined nation-states, where borders were largely imposed under Soviet ‘federalism.’ Afterwards it explores the composition and regeneration of Kazakhstan’s elite networks, how they were largely held over from the imperial era and continued a strong degree of political ‘Russo-centrism.’ It then deals with cultural and linguistic policies, and how the preservation of the Russian language in Kazakhstan was a key factor in the preservation of Russia’s post-Imperial ‘soft power’ capacity. Finally it traces the evolution of the Russo-Kazakh relationship in the wake of the Colour Revolutions and demonstrates how post-Imperial factors led to the development of a highly symbiotic bilateral relationship.

*Kazakhstan – condemned to independence:*

Any significant discussion of the Russo-Kazakh relationship, even during 2000-10, must begin by exploring the significant constraints placed upon the new Kazakh leadership in state and nation-building after the collapse of the Soviet Union and the subsequent legitimisation strategies employed to address them. These decisions were made in the context of the extraordinary demographic, geographic and political challenges facing the nascent Kazakh state, which were strongly linked to the relationship with Russia.

The post-Imperial framework places a strong emphasis on the formation of national and state identities in post-Imperial polities. Much of the trajectory of the relationship during the Putin period was determined by the significant constraints placed upon the new Kazakh leadership constructing a national and state identity after the collapse of the Soviet Union and due to decisions taken by the Kazakh leadership during the 1990s. These decisions were in turn taken in the context of the extraordinary demographic, geographic and political challenges facing the nascent Kazakh state, which had their origins almost exclusively in the imperial past.

The Kazakhs lacked a history of independent statehood and were a minority in their own nominal homeland at independence – in 1992 ethnic Kazakhs accounted for roughly 43% of the population and ethnic Russians around 37%. Additionally that Kazakh population had a weak sense of independent national identity, and had in fact been particularly vulnerable to Soviet programmes of social engineering – Kazakhs became one of the most thoroughly and proudly ‘Soviet’ of the USSR’s<sup>6</sup> many nations, and highly receptive to cultural Russification.<sup>7</sup> Finally the Russian population was geographically concentrated in the northern and western regions of Kazakhstan bordering Russian Siberia, which was also the most economically developed region of the state. Ethnic Russians therefore also made up the majority of the specialist class of trained technicians, managers and other professionals in the Kazakh state.

Kazakhstan had no historical tradition to draw upon when considering what role the newly independent Kazakhstan should take in the world, and no ‘touchstones’ for guiding its post-independence foreign policy. In terms of contrast, Uzbekistan faced some similar challenges at independence – but an ethnically homogenous

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<sup>6</sup> Shirin Akiner, *The Formation of Kazakh identity: from tribe to nation-state* Royal Institute of International Affairs, 1995

<sup>7</sup> Sebastien Peyrouse, “The ‘Imperial Minority’: An Interpretative Framework of the Russians in Kazakhstan in the 1990s,” *Nationalities Papers*, 2008, 36(1)

population and strong historical tradition of state identity at least allowed for a relatively simple path of state legitimisation and foreign policy direction. The new Kazakh state could not afford to repress or sideline the Russian population due to its size, the likely hostile Russian state response, and the considerable value a population made up largely of technical specialists and educated professionals presented to an independent Kazakhstan.<sup>8</sup>

Unsurprisingly many members of the initial Kazakh post-Soviet elite did not believe the new state was particularly viable and were reluctant even to accept independence.<sup>9</sup> Prior to the 1995 dissolution of parliament the Nazarbaev administration came under pressure from factions in the legislature seeking to establish a confederal union with Russia.<sup>10</sup> While limited nationalist mobilisation did occur in Kazakhstan prior to the collapse, as a whole Kazakh nationalism was never strong enough either in numbers or cohesiveness to support a nationalist-based legitimisation strategy. Indeed there was a deeply intellectually and culturally rooted ‘internationalist’ and ‘Soviet’ tradition amongst ethnic Kazakhs resulting from the economic and cultural transformation of Kazakhstan under Soviet power.<sup>11</sup> So in addition to facing a Russian population that was potentially highly hostile to an independent Kazakh state, the Nazarbaev administration also faced a Kazakh population that was at best weakly committed to it.

How Kazakhstan perceived, evaluated and responded to these challenges was in turn a result of the cognitive and normative frameworks employed by the Kazakh elite, which largely consisted of (ethnic Kazakh) holdovers from the Soviet era. The

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<sup>8</sup> J. Anderson, *The International Politics of Central Asia* Manchester University Press, Manchester, 1997

<sup>9</sup> M.B. Olcott, *Kazakhstan: Unfulfilled promise?* Carnegie Endowment for International Peace, 2010 Pp. 35-37

<sup>10</sup> C. Surucu “Modernity, Nationalism, Resistance: Identity Politics in Post-Soviet Kazakhstan” *Central Asian Survey* Vol. 21, No. 4 December 2002

<sup>11</sup> Ibid.

result was a legitimisation strategy that attempted to ensure the primacy of Kazakhs within Kazakhstan, but within a national and supranational context that created a space for non-Kazakhs (primarily ethnic Russians.) This legitimising strategy thus required Russia's participation, especially given its heavy emphasis on creating new post-Soviet supranational structures for the post-Soviet space. All of these factors were a result of the Soviet empire and fall within the post-Imperial framework.

These factors in combination led to the two major elements of Nazarbaev's foreign policy and his legitimisation strategy, which were intimately linked. On the first point, predicting that Kazakh sovereignty would eventually be impinged by Russian economic dominance and the inherent weaknesses of the Kazakh state, Nazarbaev became a strong advocate for multilateral post-Soviet integration<sup>12</sup> calculating that multilateralism would secure a better deal for Kazakhstan than bilateralism.<sup>13</sup> As a basis for the legitimacy of this strategy, and to provide a supranational identity to which non-Kazakh citizens of Kazakhstan could ascribe to, he articulated a Kazakh state identity based on 'Eurasianism.' 'Eurasianism' was multi-ethnic, multi-confessional and offered a place in the new Kazakhstan for the Russian minority. By basing its political identity and actions on the Eurasianist framework Kazakhstan implicitly adopted a narrative of legitimisation emphasising continuity with the Imperial past, similar to Belarus', that portrayed the period of Russian domination as essentially benign and 'progressive' for Kazakhstan.

The decision to adopt a 'Eurasian' identity also demonstrated the degree to which Kazakhstan's officially 'multi-vector' foreign policy in reality always had a pronounced 'lean' towards Russia which the Eurasianist discourse played a key role in both signalling and legitimising. Kazakh writers Sultanov and Muzaparova have

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<sup>12</sup> M.B. Olcott, *Kazakhstan, Unfulfilled Promise* p.36

<sup>13</sup> S. Cummings, "Understanding Politics in Kazakhstan"

referred to this as the ‘invisible tier’ that Russia occupies in Kazakh foreign policy – officially on the ‘first tier’ with China and the USA, but in reality placed somewhat above both in terms of priority.<sup>14</sup> Additionally the historical context out of which independent Kazakhstan emerged led to the ‘elevation’ of the potential threat from NATO, China, and to a lesser extent Iran than from Russia, encouraging alignment with Moscow for security purposes.<sup>15</sup>

Russian attempts to define the ‘rules’ of multilateral integration (an impulse rooted in post-Imperial desires to maintain hegemony) were interpreted as neo-imperial chauvinism by many of the post-Soviet states. Putin recognised the utility of Kazakhstan serving as an ‘engine’ of integration, and the potential for Kazakh sponsored initiatives to gain a more favourable hearing than Russian ones by the post-Soviet states. However for Kazakh proposals to be credible they would also need implicit Russian backing – hence Putin’s public recognition of Kazakhstan’s status as the ‘engine’ of integration, approval of the ‘Eurasian’ supranational identity central to Kazakh state legitimisation, and general recognition of its bilateral relationship with Astana being ‘special.’ It was not so much Russia’s goals that changed under Putin, but the means used to employ them.

The Putin administration’s policy towards Kazakhstan was primarily focused on using it as a gateway for a broader policy of re-engagement in Central Asia, both prior to September 11<sup>th</sup>, and throughout the rest of the decade. As shall be described later in the chapter, Russia focused on the benefits of forming a ‘symbiotic’ relationship with Kazakhstan that allowed it to channel its engagement with Central Asia *through* Astana and Nazarbaev, putting a more politically acceptable Kazakh face on Russian policy, and growing organisations such as EurAsEC and CSTO as

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<sup>14</sup> B. Sultanov, and L. Musaparova, “Great Power policies and interests in Kazakhstan” in R. Legvold, *Thinking Strategically*

<sup>15</sup> Akiner, S. Op. Cit.

means of exercising power. The normative basis of Russian policy in the region was not as firm as with Ukraine and Belarus where ethnic and linguistic ties added to those forged by the Soviet past. However, Putin and Russia largely endorsed the ‘Eurasianist’ legitimising narrative in pursuit of its agenda with and towards Kazakhstan.

Irredentism and the long-standing post-Soviet commitment to protecting ethnic Russians and Russophones in the ‘near abroad’ were surprisingly irrelevant in bilateral relations, given the large ethnic Russian population in northern Kazakhstan. This is doubtless at least partially due to Astana’s efforts to neutralise the Russian ‘threat’ through ‘positive’ suasion and co-option. There were a small number of issues in which the Russian population did feature. Kazakhstan expressed some annoyance at Russia’s repatriation schemes for drawing away skilled specialists,<sup>16</sup> and an early Kazakh crackdown on ‘separatists’ did introduce some tensions.<sup>17</sup> By and large however Kazakhstan’s skilful co-option of the Russian minority prevented it from becoming a source of bilateral conflict.

The ‘normative’ basis for Russian engagement in Kazakhstan was thus always significantly weaker than with Ukraine and Belarus, and the relationship focused more on achieving Russian policy goals in Central Asia. However these same goals were heavily influenced by post-imperial cognitive frameworks that stressed the need for Russia to regain its ‘great power’ status primarily through exercising political and security hegemony over the ‘near abroad.’

### *Elite politics and post-Imperialism in Kazakhstan*

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<sup>16</sup> “Kazakh premiere criticizes Russian ‘repatriation’ plan” in RFE/RL Newline, Vol. 10, No. 150 16 August 2006

<sup>17</sup> Nikolai Leonov, “Rossiya - Kazakhstan: Evraziiskii uzel” *Svobodnaya Mysl’* February 2005, pp.96-97

The post-Soviet Kazakh elite were significantly different from both Ukraine's and Belarus'. Unlike Ukraine there was almost no significant general or elite level nationalist political faction that was ideologically committed to the idea of an independent Kazakh state. Nor was there a major shift in elite leadership as in Belarus with Lukashenko after initial elections. As a result Kazakhstan's rulers in the initial post-independence period were weakly committed to the state's sovereignty and could not seriously claim democratic legitimacy. This section will attempt to outline how this constellation of elite actors, coupled with Kazakhstan's multi-ethnic population helped lead it towards preferring a bilateral relationship with Russia marked by a high degree of intensity and Russian influence. It will then explore how Russia was able to exploit certain post-Imperial based avenues of influence to reinforce these trends.

Kazakhstan's post-imperial elite was largely and remarkably continuous with the Soviet era, save for a general tendency towards 'Kazakhisation' and reduction (though not exclusion) of ethnic Russians in public life. As was explored in the Introduction, 'identity' among the Soviet era elite was more a product of one's bureaucratic relation to the centre rather than racial or national origin.<sup>18</sup> Key figures such as President Nazarbaev were products of the Soviet centre and Moscow more than they were 'of' Kazakhstan, and the state and its elite were "psychologically much closer to Russia than [was] the case in the other Central Asian republics."<sup>19</sup> This 'origin' and the characteristics associated with it, most notably the Russian language and a bureaucratic culture and approach to politics, helped promote an 'easy working relationship' between the leaders of Russia and the leaders of Kazakhstan.<sup>20</sup> This was

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<sup>18</sup> Karen Barkey, "Thinking about the consequences of Empire" in Barkey, and Von Hagen *After Empire: Multiethnic Societies and Nation-Building* :

<sup>19</sup> J. Murphy, "Illusory Transition? Elite reconstruction in Kazakhstan 1989-2002" *Europe-Asia Studies*, 2006, 58(4)

<sup>20</sup> M.B. Olcott, "Central Asia, Russia and the West" in Genadii Chufirin, ed. *Russia and Asia* Oxford University Press, 199 p.142

an influence in shaping the cognitive and normative frameworks that determined the Kazakh elite's views and attitudes towards the external world, and thus the state's foreign policy, in a direction favourable towards Russia.

From the perspective of post-Imperialism perhaps the most obvious and important illustration of this was the generally negative attitude of Nazarbaev and most of the Kazakh elite towards independence in 1992, and the common assumption that Kazakhstan would be quickly reduced to the status of a satellite state at best.<sup>21</sup> As outlined above, this cognitive analysis along with the perceived threat of Russian separatism led directly to a foreign policy driven by support for 'reintegration' and 'Eurasianism.' Similar cognitive frameworks led to pessimistic forecasts on the ability of the Kazakh economy, even with western investment, to effectively 'decouple' from the Russian one.<sup>22</sup> As the next chapter will illustrate, this attitude persisted well into the 2000s even as Kazakhstan's external economic partners grew.

Other post-imperial factors in the makeup of the Kazakh elite also encouraged a process of state legitimisation based on alliance with Russia. The Kazakh elite may have been continuous, but it was also significantly fragmented, much like the economic and ethnic geography of the state. Indeed the need to 'keep an eye' on the western and northern regions was one of the major reasons for the movement of the capital from Almaty to Astana. This fragmentation has also left 'soviet-era recruitment networks' relatively undisrupted, and have strengthened the influence of foreign capital (particularly in the oil sector) among regional elites and strengthened their bargaining power with regards to the Kazakh centre.<sup>23</sup>

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<sup>21</sup> Olcott *Kazakhstan: Unfulfilled Promise* p.36

<sup>22</sup> *Ibid.* p.10

<sup>23</sup> Sally N. Cummings, "Understanding politics in Kazakhstan" *Demstar Research Report no. 10* November 2002, University of Aarhus

The absence of a historical tradition of independent statehood and nationality was also important as can be illustrated by the contrast with Uzbekistan – a country with a self-perception of possessing a cultural and national history on par with or even superior to Russia's.<sup>24</sup> Uzbekistan<sup>25</sup> and China<sup>26</sup> were generally regarded as comprising a threatening 'other' to the Kazakh elite and society at large, encouraging a continuation of Soviet patterns of thinking that tended to see Moscow and Russia as the 'centre' and most appropriate vehicle for Kazakhstan and its people to engage with the wider world. The Kazakh elite were psychologically 'closer' to Russia, hence more likely to side with its point of view on contentious issues and unable to use anti-colonial or nationalist discourses to legitimise itself and its rule.<sup>27</sup> Interestingly this has applied to opposition groups as well – at the height of its influence the Democratic Choice of Kazakhstan (DCK) promoted a foreign policy platform of closer alignment and integration with Russia and warned of the threat of growing Chinese influence in the state.

Any discussion on the post-Imperial makeup of the Kazakh elite should be tempered by acknowledging the real impact of the aforementioned policy of Kazakhisation. The most intense stage of this process occurred immediately following independence, and saw ethnic Russian representation amongst state positions drop from just over 50% to less than 25% - that is significant under-representation corresponding to their numbers among the general population.<sup>28</sup> Ethnic Kazakhs saw a corresponding rise in representation.<sup>29</sup> This demonstrates the limitations of the post-

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<sup>24</sup> S.N. Cummings, "Legitimation and identification in Kazakhstan" *Nationalism and Ethnic Politics* 2006 2(2)

<sup>25</sup> S. Peyrouse, "Nationhood and the Minority Question in Central Asia. The Russians in Kazakhstan," *Europe-Asia Studies*, vol. 59, no. 3, 2007, pp. 481-501

<sup>26</sup> Jonathan Murphy, "Illusory Transition? Elite reconstitution in Kazakhstan, 1989-2002"

<sup>27</sup> Ibid.

<sup>28</sup> S. Peyrouse, op. cit.

<sup>29</sup> Renata Matuszkiewicz, "The Language Issue in Kazakhstan" *Economic and Environmental Studies*, 2010, 10(2) pp.211-228

Imperial framework – and the degree to which political pressure for the titular nation to maintain a ‘special place’ in both the development of the new independent Kazakh state and its culture, even within the confines of a civic and ‘Eurasian’ state identity.<sup>30</sup>

Nevertheless the trend was towards the preservation in positions of power, functionaries and officials who were Russian speakers, educated in Russia and socialised in a Soviet environment that regarded Moscow as the central authority, not Alma-Ata. Cognitive and normative biases, and the retention of Soviet patterns of administration and organisation also preserved what might be termed ‘compatibility’ between Russian and Kazakh elites, helping to smooth working relationships and facilitating the exchange of information and development of co-operation.<sup>31</sup>

Given the willingness, indeed enthusiasm, for pursuing a strong bilateral relationship with Russia (which was also part of the basis of Kazakh support for multilateralism in the CIS) and promoting Russia’s long standing goal of post-Soviet reintegration, the puzzle of Russia’s positive foreign policy towards Kazakhstan is why it did not more fully commit itself to the relationship until the Putin era. While this is not to say that Yeltsin did not attempt to prioritise a strong bilateral relationship with Kazakhstan, the relationship did not gain real substance until the Putin era. This can largely be explained by the frequently chaotic nature of Yeltsin’s foreign policy making, and certain normative biases towards both the Slavic states and maintaining exclusive Russian control over the processes post-Soviet integration. Putin’s foreign policy was both more economically focused, and less concerned about maintaining a ‘one-speed’ CIS. As well as the success in bringing a greater coherence to Russian foreign policy, this all encouraged greater engagement with Kazakhstan.

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<sup>30</sup> S.N. Cummings, “Legitimation and Identification in Kazakhstan”

<sup>31</sup> M.B. Olcott, *Kazakhstan: Unfulfilled Promise* p.10

Russia was also able to employ certain post-imperial resources to reinforce the post-imperial normative and cognitive frameworks of the Kazakh elite. It also had a role to play in ‘anchoring’ Kazakhstan’s regionally fractured elite in the Kazakh state, and in training new elite cadres. Two policies in particular stand out in contributing towards these goals – the substantial ‘thinning’<sup>32</sup> of the Russo-Kazakh border by allowing free movement of labour and the lifting of trade barriers between border regions, and the encouragement of and provision for Kazakhs to study in Russia. The former ‘anchored’ fractured regional elites within Kazakhstan by removing economic incentives towards disintegration and stemming centrifugal forces at work in post-independence Kazakhstan. The latter helped ensure that new generations of Kazakh leaders receive their formative experiences and training in Russia, and was highly successful.

The point above on ‘Kazakhisation’ leads to the next key point on legitimisation – the narratives and identity that the Kazakh elite chose for the state in order to legitimise its existence to both its own people and the world. State identity and legitimisation is one of the core issues the post-imperial framework seeks to address. The framework argues that the identities the post-Soviet states adopt have a significant effect on foreign policy formation and orientation and are to a significant extent a product of choice on behalf of the post-Imperial elite – albeit a choice heavily influenced and constricted by the imperial past. This choice of identity is not only the means by which the elite legitimised itself and the state through which it exercises power – it is also the means by which the elite self-justified and entrenched itself in society. "Legitimation, self-legitimation, and identification are mutually reinforcing. The more cohesive and co-ordinated this process of justification, the greater the sense

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<sup>32</sup> M.B. Olcott, “The Kazakh-Russian relationship” in *Russian Analytical Digest* No. 29 October, 2007

of collective identification. The greater the sense of collective identification, the stronger the expected cohesion among elites."<sup>33</sup>

This process was particularly relevant with regards to relations with Russia. Beyond its status as the former metropolitan power, Kazakhstan had to adopt an identity, legitimisation strategy and cultural policies capable of co-opting the large ethnic Russian minority. In addition to this naturally encouraging pro-Russian policies and identity, this gave Russia a de facto ability to engage in the process by being able to implicitly veto or support Kazakh legitimisation policies, by extending or withholding approval.

*Linguistic and Cultural policies and state legitimacy:*

The cultural, linguistic and media policies of post-Soviet Kazakhstan were somewhat more crucial to defining the scope of Russian ‘soft power’ than was the case in Ukraine and Belarus. Belarus and Ukrainian are both extremely similar to Russian. Even if either state carried out extensive linguistic ‘Ukrainianisation’ or ‘Belarusification’ this would not, on its own, threaten Russian cultural dominance. Kazakh, on the other hand, is a Turkic language, an entirely different linguistic family. Extensive linguistic Kazakhisation, if successful, would seriously diminish Russia’s ‘soft power’ resources in Kazakhstan.

Of course, throughout the former Soviet Union Russia was assertive on defending the rights of not simply ethnic Russians, but Russian speakers in the newly independent states. This was partially due to the normative frameworks of the Russian elite that saw defending the rights of Russians abroad as one of the core goals of the state, and the national-patriotic political factions which placed pressure on the

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<sup>33</sup> S.N. Cummings, “Legitimation and Identification in Kazakhstan”

Kremlin to preserve this ‘defending’ role as policy. But preserving a Russian language zone also subtly extended Russian influence in the post-Soviet states, most importantly by preserving the influence of Russian media resources. Television, print media and the internet, remained key components of Russian influence in Central Asia and Kazakhstan.<sup>34</sup>

While Kazakhstan passed ‘Kazakhisation’ legislation to encourage Kazakh language use and maintaining a certain chunk of the media space for domestic programming, ‘Kazakhisation’ was not significantly advanced. This is not surprising given that under the Soviet Union Kazakhstan was the most heavily ‘Russified’ of the Central Asian states.<sup>35</sup> Astana seemed to value Kazakhisation as a desirable goal, but not one that it is willing to risk upsetting relations with Russia in order to pursue seriously. It therefore adopted a ‘go-slow’ approach, while retaining the threat of further Kazakhisation as a means of gaining concessions or simply signalling independence.

Kazakh language policy was a mix of relatively strict laws requiring far reaching Kazakhisation in local administration and among the populace, coupled with uneven and generally lax enforcement. The ethnic Russian north in particular largely retained Russian language and Soviet era place names, and the need to accommodate and co-opt ethnic Russians was reflected in the decision to make Russian an ‘official language’ equal to Kazakh – an indicator of political equality for ethnic Russians.<sup>36</sup> In local government and administration there appears to have been a selective application of legal requirements that all local officials be able to speak and offer their

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<sup>34</sup> M.C. Spechler, “Russia and the Central Asian Economies: From Colonial Subordination to Normal Trade” *Russian Analytical Digest* no. 71 January 2010

<sup>35</sup> R. Matuszkiewicz, “The Language issue in Kazakhstan – institutionalising new ethnic relations after independence”

<sup>36</sup> J. Smagulova, “Kazakhstan: Language, identity and conflict” *Innovation: the European journal of social science research* 2006, 19 (3&4)

services in Kazakh, and a great deal of state administration (again primarily concentrated in the north) continued to be carried out in Russian.<sup>37</sup> Use of the Kazakh language crept up among the population at large, but Russian maintained its position as the lingua franca throughout the state – overall 75% of government employees used Russian, and it was the language of instruction for 68% of university students.<sup>38</sup>

Russia accrued the soft power benefits of this primarily through its ability to maintain de facto primacy in the Kazakh media environment. The Russian channel ORT had a roughly 40% audience share in Kazakhstan, and market pressures coupled with lax enforcement undercut official regulations mandating 80% of programming in Kazakhstan be of domestic origin as Russian shows dubbed, or given minimal editing, in Kazakhstan count towards the quota.<sup>39</sup> The dominance of Russian in print media was even more pronounced, and over three quarters of all newspapers and journals (in terms of circulation – that is readership) were Russian language.<sup>40</sup> As will be explored later, this was important because it ensured that on most major issues of international political importance, Kazakhs much like Ukrainians and Belarusians, as a general rule perceived events through a Russian ‘lens.’

There were two sides to Kazakh language policy as it related to the relationship with Russia as opposed to domestic affairs. First the Kazakh leadership was perfectly aware that the ‘rights’ of Russian language speakers in the near abroad was a major issue for Russia, and used by ultra-nationalist and irredentist political parties to pressure the authorities for hard line policies.<sup>41</sup> By seeking to accommodate

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<sup>37</sup> S. Peyrouse, “Nationhood and the Minority Question in Central Asia. The Russians in Kazakhstan,” *Europe-Asia Studies*,

<sup>38</sup> J. Smagulova, op. cit.

<sup>39</sup> A.O. Thomas, “Television dependency in independent Kazakhstan” *International Communications Gazette* August 2005, 67(4)

<sup>40</sup> J. Smagulova, op. cit.

<sup>41</sup> Adeed Dawisha, and Karen Dawisha, *The Making of Foreign Policy in Russia and the new states of Eurasia* M.E. Sharpe, 1995 p.177

ethnic Russians as thoroughly as possible and provide for the maintenance of a Russian cultural ‘space’ within Kazakhstan, the Kazakh leadership succeeded in improving the ‘atmosphere’ in which the relationship was conducted and effectively taking the issue ‘off the table.’ However the maintenance in legislation of relatively strict language and media policies did provide the Kazakh state with a useful means of applying pressure on Russia when it felt necessary, by threatening to increase enforcement. Related to this were the infrequent ‘proposals’ by President Nazarbaev that Kazakhstan switch from the Cyrillic to the Roman alphabet, which would have de facto weakened the position of the Russian language.<sup>42</sup>

Overall this ‘go-slow’ approach to the language policy,<sup>43</sup> recognised that some form of encouragement of Kazakh language use was an essential part of creating a sense of national identity and cohesion below the ‘Eurasian’ level, as well as satisfying the minimal, though real, cultural aspirations of ethnic Kazakhs. But the fact that the Russophone north was resistant to learning Kazakh, coupled with the fact that monoglot ethnic Kazakhs (Kazakhs who do not speak Russian) were numerically insignificant, created a ‘communicative space’ in which the maintenance of Russian as a *lingua franca* was favoured.<sup>44</sup>

Additionally Kazakhstan sent large numbers of emigrant workers and students to Russia every year further embedding the Russian language among ethnic Kazakhs. Beyond the power this afforded Russia in the media sphere (which will be explored more below) this provided a range of ‘soft power’ benefits – from lowering the barrier to entry for Kazakh and Russian businessmen into each others markets, and making

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<sup>42</sup> “Kazakh leader proposes switch to Latin script” in *RFE/RL Newslines* Vol. 10, No. 197 Part I 25 October 2006

<sup>43</sup> A. Cohen, and K. Rosner, eds. *Kazakhstan: Energy co-operation with Russia – oil, gas and beyond* GMB Publishing, 2006

<sup>44</sup> R. Aryn, “Republic of Kazakhstan language policy as reflection of ethnic status evolution of the titular ethnos” *Perspectives of innovation, economics and business* Vol. 2, 2009 (Pavlodar)

communications between officials at all levels more direct than with other powers. One of the most important benefits from Russia's perspective was also the maintenance of a Russian speaking Kazakh military officer and enlisted corps, and thus maintenance of the potential interoperability of Russian and Kazakh forces both in formal joint units, and on an ad hoc basis during a period of crisis.<sup>45</sup>

On a more immediate level Kazakh language policy benefitted Russia primarily by aiding in the preservation of Russian hegemony in the Kazakh media space – as outlined above. Kazakhstan lacked the political or economic capacity to formulate and enforce effective cultural policies on broadcasting, leading to continued dominance of Russia originated programming on Kazakh TV, and thus the perpetuation of the cultural, political and intellectual history of *Russia* within Kazakh popular culture.<sup>46</sup> In language policy the Kazakh authorities passed a number of laws mandating a certain degree of domestically produced and Kazakh language programming on television, but was lax in enforcing these laws or in closing loopholes (such as the addition of brief introductory and concluding Kazakh language introductions to Russian imports being used to classify the entire broadcast as indigenously produced.) The 'soft power' benefits of this media hegemony were significant for Russia, and operated in both an indirect and direct manner.

On the indirect front most Kazakh entertainment media, especially on television was provided by Russia – or at least the superior production values of Russian produced media compared to domestic output made Russian products considerably more popular with Kazakh citizens. This hegemony of popular culture is one of the key elements of Joseph Nye's theories of American 'soft power' and works on a smaller, regional scale as well. 'Foreign' or international media content was also

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<sup>45</sup> M. Alexandrov, *Uneasy Alliance* p.204

<sup>46</sup> A.O. Thomas, "Television dependency in independent Kazakhstan"

to a significant extent accessed through Russian media sources. For contemporary Kazakh's, similarly to their nomadic ancestors, Russian culture and civilisation remained the vehicle by which modernity and the wider world was accessed. Russian language use remained an indicator of high economic and social status,<sup>47</sup> further cementing the centrality of Russia to the Kazakh state and people, and Moscow's accompanying 'soft power.'

This had concrete implications for Russian policy goals in the region. The perception of the Colour Revolutions as foreign backed, destabilising and generally 'negative.' This influenced Kazakh perceptions of their own domestic politics, encouraging them to see opposition parties as agents of disorder rather than change.<sup>48</sup>

Similarly Russia became the centre of the development of the internet and the spread of information technology throughout the post-Soviet space. Russian remained the dominant language of 'cyberspace' in Kazakhstan and several of the other CARs. Even more importantly internet usage in Central Asia remained focused on the 'RuNet' – that is the areas of the World Wide Web dominated by Russia and generally influenced by pro-Russian activists.<sup>49</sup>

This is where the more direct aspect of Russia's media 'soft power' came in. Russian media hegemony also applied to current events, particularly in the former Soviet Union but also further abroad. Events such as the Colour Revolutions and the Georgian War were experienced through a media prism dominated by Russia. Even domestic Kazakh journalists, writing in Kazakh were more likely to have Russian language skills and obtain their information from Russian language sources. As in Ukraine (on the issue of the Georgian War) this allowed Russian 'narratives' of these

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<sup>47</sup> J. Smagulova, "Kazakhstan: Language, identity and conflict"

<sup>48</sup> A.C. Bowyer, "Parliament and political parties in Kazakhstan" Stockholm : Silk Road Studies Program, Institute for Security and Development Policy, 2008

<sup>49</sup> R.A. Saunders, "Wiring the Second World: The geopolitics of information and communications technology in post-Totalitarian Eurasia" *Russian Cyberspace* 2009, 1(1)

events to prevail in the Kazakh consciousness and aided in the preservation of positive Kazakh attitudes towards Russia and their government's continued alliance with Moscow.

It has already been noted here that the 'Eurasian' discourse formed the bedrock of Kazakhstan's legitimisation strategy. The Eurasian identity that Kazakhstan promoted took the form of a 'superethnos' or civilisational identity, somewhat similar to 'Britishness' or even 'European' in the sense of EU states. By selecting an identity that implicitly placed Kazakhstan within a Russian dominated cultural and civilisational space in an attempt to co-opt ethnic Russians into Kazakh society, not just neutralise them as a political threat. This was critical, not only for legitimising the state to the outside world and in particular Russia,<sup>50</sup> but also for gaining access to the considerable human capital and economic and technical expertise embodied in the Russian settler population.

Eurasianism was primarily advanced through cultural and linguistic policies in the Kazakh state, but the discursive and cultural element should not be ignored – particularly as it demonstrated the degree to which Russia accepted, embraced and itself promoted the Eurasian ideal. In numerous speeches and joint appearances Nazarbaev and Putin used language to describe the relationship in terms that were both highly emotive, and implied a significant degree of 'natural' or perhaps even 'biological'<sup>51</sup> unity between the two states. Frequent references were made not only in the Soviet fashion to 'fraternal'<sup>52</sup> relations, but also the bond being in the 'genetic

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<sup>50</sup> S.N. Cummings, "Legitimation and Identification in Kazakhstan"

<sup>51</sup> V.V. Putin and N.A. Nazarbaev *Zayavleniya dlya pressi po itogam Rossiskogo-Kazakhstanskikh peregovorov* Moscow, The Kremlin 18, January 2005 <[http://archive.kremlin.ru/appears/2005/01/18/1840\\_type63377type63380\\_82685.shtml](http://archive.kremlin.ru/appears/2005/01/18/1840_type63377type63380_82685.shtml)>

<sup>52</sup> A. Dubnov, "Tak druzhat prezidenti" *Vremya Novostei* January 13, 2006 Moscow <<http://www.vremya.ru/2006/3/5/143048.html>>

memory'<sup>53</sup> (in Putin's words) of the two peoples and of course the common Eurasian civilisation.

Nazarbaev and Putin were both enthusiastic supporters of the culturally based 'Year of Russia in Kazakhstan/Year of Kazakhstan in Russia' programmes.

Nazarbaev in particular promoted a narrative of cultural closeness by referring to the Kazakh national poet Abai as the 'Kazakh Pushkin.' This should not be dismissed simply as verbiage – the words chosen by each leader for public consumption are part of the means by which they signal to the international community their relationship to it and one another, as well as providing a 'blessing' by Moscow to Kazakhstan's continued incorporation of the ethnic minority (and the northern regions.)

#### *Geographical and Geostrategic factors in the Russo-Kazakh Relationship*

The geographic factors affecting the Russo-Kazakh relationship may initially seem unsuitable for study as an independent variable, but nevertheless do fall under the rubric of post-Imperialism. Kazakhstan had no real history of territorial statehood and its current borders were more or less entirely a product of Soviet 'federalism.'

The Kazakh state faced a number of unique problems that were the result of its peculiar path to independent statehood and have determined the legitimisation policies it was obliged to pursue and its relationship to Russia.

For Kazakhstan the new state's geographical configuration presented its leaders with challenges that would help determine its political stance towards Russia. First, Kazakhstan is territorially vast and resource rich while being sparsely populated. It was simultaneously a tempting target for rival powers while being virtually impossible to defend by Kazakhstan independently. Soviet era policies of

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<sup>53</sup> V.V. Putin *Vystupleniye na tseremonii otkrytiya Goda Rossii v Kazakhstane* Astana, January 9, 2004 < [http://archive.kremlin.ru/appears/2004/01/09/1151\\_type63377type122346\\_58863.shtml](http://archive.kremlin.ru/appears/2004/01/09/1151_type63377type122346_58863.shtml)>

economic and population management also left the country cleft between the largely Russian industrialised north, and the largely Kazakh agricultural south.<sup>54</sup> The weak authority of the Kazakh ‘centre’ during the Soviet period also encouraged the development of a fragmented elite network used to direction from Moscow rather than Alma-Ata. These latter two factors in particular, combined with popular ambiguities as to whether or not the northern Kazakh steppe was in reality ‘southern Siberia’ significantly heightened the potential for the northern regions to breakaway and for the Kazakh state to effectively disintegrate.<sup>55</sup> In addition to the ‘secular’ geographical factors that have nestled Kazakhstan in a highly volatile region and between two great powers (Russia and China) the post-Imperial factors of Kazakh geography have introduced significant security and political challenges for the Kazakh state.

Russia was also challenged by the post-Soviet geography. The potential instability of Central Asia and the proximity of a potential great power rival in China, all alongside a massive and practically indefensible border that had been purely administrative in the Soviet era made the maintenance of a strategic relationship with a stable Kazakhstan a vital Russian interest. Additionally Kazakhstan’s geo-strategic position made it the ‘gateway’ to Central Asia for Russian purposes – a gateway that worked both ways. Russia had to work with Kazakhstan in order to effectively play a role in Central Asian energy markets, but also had an interest in the maintenance of a strong and stable Kazakh state to form a bulwark, or at least buffer, against instability from Central Asia<sup>56</sup> threatening Russia’s southern Siberian flank in the same way instability in the south Caucasus had ‘bled into’ the Russian north. A strong Kazakhstan was therefore directly in the interest of the Russian Federation.

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<sup>54</sup> Akiner, S. *The Formation of Kazakh identity: from tribe to nation-state*

<sup>55</sup> Peyrouse, S., “Nationhood and the Minority Question in Central Asia. The Russians in Kazakhstan,” *Europe-Asia Studies*,

<sup>56</sup> Vitalii Naumkin, “Russian policy towards Kazakhstan” in Robert Legvold, *Thinking Strategically*

Aside from the more strictly post-imperial geographical factors resulting from the Soviet-era manipulation of populations and borders, a number of secular geographical factors also had a determining effect on the relationship. Most important was the presence and steadily rising power of China, and Central Asia's growing importance in the 21<sup>st</sup> century to the EU and USA in the wake of the September 11<sup>th</sup> terrorist attacks. In the words of Robert Legvold, Central Asia and therefore Kazakhstan became a geo-strategic 'meeting place' of cultures and powers, both increasing Kazakhstan's importance as a political player and defining the way in which it interacted with the world.<sup>57</sup>

Post-Soviet Kazakhstan's inherent fragility and vulnerability to instability outlined above forced it to adopt certain political strategies in order to effect the fundamental goals of the post-independence state – to establish the territorial integrity of the state and sovereignty over its natural resources.<sup>58</sup> Most significantly Kazakhstan had to attract a 'security umbrella' from one of the major powers in the region. Since Kazakhstan gained independence rather reluctantly, rather than as a result of nationalist-revolt, Kazakhstan was most comfortable with Russia filling that role. Russia was willing to do so not only due to aspirations for hegemony and influence in Central Asia, but also due to the simple fact that geographically Kazakhstan could not be safely ignored or shunted aside.

One of the main innovations of the Putin era, as shall be further explored below was the development of a more dynamic Russo-Kazakh relationship as Russian engagement in Central Asia became a priority once again, and the importance of the Kazakh 'gateway' correspondingly rose.

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<sup>57</sup> R. Legvold, *Thinking Strategically*

<sup>58</sup> A. Dawisha, and K. Dawisha, *The Making of Foreign Policy in Russia and the new states of Eurasia*

### *The Russo-Kazakh relationship as symbiosis*

During the Putin era the best metaphor for the Russo-Kazakh relationship might be the Russian concept of the *krysha* – an arrangement whereby politically or economically powerful actors provide protection and advancement (*krysha* literally translates as ‘roof’) to less powerful actors in return for subordination and the provision of services or tribute. In other words it was a form of symbiosis. In the Kazakh case Russia was a vehicle for its engagement with the world – both in a metaphorical sense (as the dominant nation in a Eurasian civilisation in which Kazakhstan claimed membership) and in a more literal one (as the economic and social model through which Kazakhstan achieved modernity, and as the cultural and linguistic centre through which Kazakhstan’s perception of the world was filtered.)<sup>59</sup>

Of course this *krysha*/symbiosis illustration is a metaphor and cognitive device and does not adequately describe the relationship in its entirety. For example, Kazakhstan showed on numerous occasions – particularly in the early stages of the Afghan and Iraq Wars – a willingness to engage with China and the USA in order to provide some balance to Russian influence. This did not greatly affect Russian perceptions of the relationship as a whole, at least not in a way discernible in the publicly available data. This is in keeping with the Putin administration’s general tolerance for outbreaks of genuine ‘multi-vectorism’ among allies as long as certain ‘red lines’ remained uncrossed.

In the security sphere particularly, which will be explored in further detail in the relevant chapter, Astana did not seek to ‘lead’ on policy but rather appears to have been comfortable following Russia’s lead. Kazakhstan’s geo-strategic position and peculiar national characteristics made the provision of an external security umbrella

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<sup>59</sup> Shirin Akiner, *The Formation of Kazakh identity: from tribe to nation-state*

necessary – particularly with regards to Uzbekistan which throughout the decade was both the strongest military power and Kazakhstan’s chief rival for influence in the region. Allowing Russia to take the lead on security policy was almost certainly the quid pro quo for securing its defensive benefits.

Beyond security there were a number of areas where a reasonably well defined division of labour was developed between Russia and Kazakhstan. The first and most important was economic and political integration in Central Asia, and in the former Soviet space generally. Russia promoted Kazakhstan as an ‘engine’ of post-Soviet integration, primarily responsible for the construction of the political frameworks under which integration occurred and the diplomatic ‘legwork’ required to make it work. Perhaps the best example of this was Putin’s reversal of Yeltsin’s rejection of a ‘Eurasian Union’ and subsequent concerted Russo-Kazakh efforts to promote the Eurasian Economic Community.

The symbiotic nature of this arrangement was readily apparent. Russia was able to further its generalised goals of re-integrating the former Soviet states through its Kazakh proxy, thereby reducing its exposure to accusations of neo-imperialism. For its part Kazakhstan was able to use its position as the ‘engine’ of integration to influence the direction of policy in ways most beneficial to itself, as well as for prestige purposes.

The second main area of symbiotic engagement was the co-operation in developing regime maintenance strategies and providing a counter-revolutionary bulwark after the ‘wave’ of colour revolutions in the middle of the century (this is dealt with in somewhat more detail below in the section on Regime Maintenance.) Significantly for Kazakhstan the arrangement was not simply one of subordination in return for protection and services. Russia also actively helped Kazakhstan to achieve

its major strategic foreign policies on both a regional level, where it strived for and achieved a de facto role as the ‘leader’ of the Central Asian states, and internationally where it achieved a key internal measure of acceptance by the international community by securing the OSCE chairmanship in 2010. While Kazakhstan advanced Russian interests in both of these positions the relationship was not strictly hierarchical, and Kazakhstan showed both independent policy objectives which it pursued when possible, and a real voice in the shaping of policy in areas of shared concern with Russia.

*Kazakh Political Goals and the Relationship with Russia:*

As mentioned above Kazakhstan had two major strategic objectives in its foreign policy during the past decade. The first was to establish its presence more firmly on the world stage and to preserve Kazakh statehood and international recognition of its sovereignty, as well as attracting greater amounts of investment in the state. The main ‘milestone’ Kazakhstan chose for this goal was to achieve the chairmanship of the OSCE in 2009 – effectively a prestigious symbol to herald Kazakhstan’s development into a mature and established nation-state. At a regional level Kazakhstan, more or less since independence, was engaged in a struggle with Uzbekistan for some form of broadly acknowledged position of regional leadership. Notably this was not just an inter-state rivalry but reportedly also involved a degree of personal rivalry between Nazarbaev and Uzbek president Karimov.<sup>60</sup>

Russia lent considerable assistance to Kazakhstan in achieving all of these goals, particularly in the international sphere. In addition to supporting Kazakhstan’s OSCE bid, Russia was broadly supportive even of some of Kazakhstan’s less well

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<sup>60</sup> R. Weitz, “Karimov-Nazarbayev rivalry pervades bilateral summit” in *CACI Analyst* May, 2008 <<http://www.cacianalyst.org/?q=node/4856>>

considered international PR campaigns.<sup>61</sup> At the regional level Putin initially seems to have taken a neutral approach to regional leadership issues. However the deepening of the political relationship between Uzbekistan and the USA after the 9/11 attacks, coupled with the colour revolutions led to a move towards a policy of firmly supporting Kazakhstan's regional ambitions. After the Orange Revolution official references to Kazakhstan's status as the 'locomotive'<sup>62</sup> or leader of post-Soviet integration became more frequent and prominent, as did Russian support for Kazakhstan's preferred projects such as EurAsEC.<sup>63</sup>

In the latter half of the decade Putin's speeches frequently referred to Kazakhstan's leading role in the region, and Dmitri Medvedev chose Astana as the site for his first official foreign trip, and in case the symbolism was not immediately apparent confirmed explicitly that Kazakhstan was chosen for the first presidential visit due to its role as Russia's most important ally in the post-Soviet space.<sup>64</sup>

The return from Kazakhstan for these services was fairly clear. On a regional level Kazakhstan served Russia's interests effectively, particularly with regards to integration. On the international level the gradual shift in Kazakhstan's official 'multi-vector' foreign policy during the second part of the decade towards more openly siding with Russia on issues such as the Georgian war is telling. Kazakhstan began to more openly favour Russian and openly protest, as Moscow had, of Western

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<sup>61</sup> "Film' 'Borat' zapretili v Rossii" *BBCRussian.com* 8 November, 2006 <[http://news.bbc.co.uk/1/hi/russian/russia/newsid\\_6129000/6129236.stm](http://news.bbc.co.uk/1/hi/russian/russia/newsid_6129000/6129236.stm)>

<sup>62</sup> V.V. Putin, "Sovmestnaya press-konferentsiya s Prezidentom Kazakhstana Nursultanom Nazarbaevym" October 3, 2006 Uralsk' Kazakhstan <[http://archive.kremlin.ru/appears/2006/10/03/2057\\_type63377type63380\\_111976.shtml](http://archive.kremlin.ru/appears/2006/10/03/2057_type63377type63380_111976.shtml)>

<sup>63</sup> V.V. Putin, "Vystuplenie na zasedaniii Mezhhgosudarstvennogo soveta Evraiskogo ekonimicheskogo soobshchestva" 23 June 2006 Minsk, Belarus <[http://archive.kremlin.ru/appears/2006/06/23/1545\\_type63377\\_107678.shtml](http://archive.kremlin.ru/appears/2006/06/23/1545_type63377_107678.shtml)>

<sup>64</sup> D.A. Medvedev and N.A. Nazarbaev, "Nachalo vstrechi c prezidentom Kazakhstanom Nursultanom Nazarbaevym", Astana, 22 May 2008 <[http://archive.kremlin.ru/appears/2008/05/22/1836\\_type63377\\_201148.shtml](http://archive.kremlin.ru/appears/2008/05/22/1836_type63377_201148.shtml)>

‘meddling’ in the internal affairs of post-Soviet states.<sup>65</sup> From 2007 onwards there were an increasing number of incidents where Kazakhstan engaged in what would appear to be open snubs towards the West (such as announcing the Caspian Littoral Pipeline the day before a major EU energy conference) and Kazakh rhetoric became subtly more hostile towards Western influence. While Russia and Kazakhstan eventually settled for a compromise arrangement giving the OSCE chairmanship to Astana in 2010 (and therefore beyond the scope of this study) both sides expressed similar complaints about OSCE’s election monitoring missions and a desire to reign in the ODIHR.

*Integration in Central Asia and Beyond:*

Kazakhstan was an enthusiastic proponent of post-Soviet integration for effectively all of its existence. The ‘interest based’ reasons from a normative and legitimisation perspective have been outlined above – not only does integration help co-opt the Russian minority and appease irredentist sentiments in Russia, positioning Kazakhstan as a ‘leading force’ or ‘engine’ of integration boosted its international prestige and claims to regional primacy. But one of the main impulses towards making ‘integration’ a central element of Kazakhstan’s foreign policy seems to have derived from the Eurasianist state legitimisation strategy and the weak commitment of initial post-independence Kazakh elites to the maintenance of an independent state. The creation of multilateral frameworks involving the former metropole served as a means of ‘easing’ into full independent statehood.

Indeed Kazakhstan’s commitment to post-Soviet integration arguably predated even the dissolution of the Soviet Union, as Nazarbaev was the most determined of

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<sup>65</sup> E. Schatz, “Transnational image making and soft authoritarian Kazakhstan” *Slavic Review* 67(1) pp.50-62

the republican leaders to preserve some form of confederal union. As outlined above the main conflict over the pursuit of integration in the 1990s was mainly over 'what form' and 'how far' with renewed Russian hegemony accepted as inevitable. The Yeltsin administration's approach to integration was intolerant of 'periphery' promoted initiatives and insistent on maintaining Russian primacy in both reality and rhetoric. Yeltsin favoured both a CIS centred approach that attempted to keep the entirety of the 'near abroad' together in a single organisation, and remained resolutely Moscow centric both due to fear of losing control over the process and for prestige purposes. As a result post-Soviet integration under Yeltsin never evolved much beyond 'PR Diplomacy.'<sup>66</sup> That Kazakhstan maintained its enthusiasm for increased economic and political integration with Russia, even after events such as the 1998 financial crisis when the wisdom of such proposals seemed suspect, is testament to how deeply embedded it was in Kazakh foreign policy.

Putin and Medvedev took an entirely different approach to post-Soviet integration, abandoning (for most practical purposes) the CIS as a vehicle for any serious proposals and welcoming both multi-speed integration and regional initiatives. In Central Asia this led to the aforementioned division of labour with Kazakhstan functioning as an 'engine' but also a significant degree of interdependency. It was always the case that any initiative aimed at political or economic integration in Central Asia required Russian participation to be seen as credible by the other states and to gain momentum. During the last decade the same was increasingly true of Kazakhstan, at least in the Central Asian region. Kazakhstan thus developed a considerable degree of veto power and ability to influence the direction of the various IGOs in which it and Russia participated.

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<sup>66</sup> Roy Allison, and Lena Jonson, "Central Asian security, internal and external dynamics" in Roy Alison and Lena Jonson eds. *Central Asian Security: The new international context* Royal Institute of International Affairs, London 2001

The three most significant of these were the Collective Security Treaty Organisation (CSTO,) Eurasian Economic Community (EurAsEC) and the Shanghai Co-Operation Organisation (SCO – Which includes China.) CSTO and EurAsEC had almost overlapping memberships (Armenia belonged only to the former and Uzbekistan’s membership status in the latter was ambiguous as of 2010.) Membership of the group was generally a matter of political orientation, with ‘Russia-oriented’ post-Soviet states joining it while the ‘Russia-independent’ states clustered around the (now moribund) GUAM group.

This shows how robust the post-imperial tendency towards reconstructing economic and political linkages through re-integration was. Under Yeltsin Russian opposition to non-CIS based vehicles for re-integration and commitment to a ‘one speed’ CIS saw integration stall for almost a decade. The rapid reinvigoration of the process under Putin is testament to the inability and/or unwillingness of the non-GUAM states to develop foreign policy alternatives to post-imperial reintegration with Russia. A vital component in the reinvigoration of reintegration was Kazakhstan’s continued maintenance of support for the policy, driven by normative and domestic post-Imperial factors, and manifested in smaller regional initiatives such as Organisation of Central Asian Co-operation (OCAC) without initial Russian participation. With the launch of the more ambitious EurAsEC these organisations were wound down and subsumed into it.

The differing agenda and to a lesser extent composition of EurAsEC and CSTO illustrated the political and strategic ‘division of labour’ between Kazakhstan and Russia. EurAsEC’s agenda has been focused primarily on traditional Kazakh priorities – namely economic integration and the lowering of trade barriers – with Kazakhstan taking a leading role in both promoting and running the organisation.

CSTO on the other hand has focused on Russia's strategic priorities of bringing as much of the post-Soviet space as possible into a security community in which Russia, due to its technological and military superiority had virtually unassailable leadership. It also served as a definite, if somewhat hollow, propaganda tool as a 'counterweight' to NATO and its expansion. Under the Medvedev administration, Russia increasingly focused on attempting to co-ordinate action and policy between the two organisations but did not make any serious attempt to merge them into a single CIS style security-economic community. This may be due to Russia simply having 'learned its lesson' after the failures of the CIS, but also demonstrates how Kazakh 'agenda-setting' power kept Astana's priorities (economic) delinked from Moscow's (security.)

It is with SCO that the 'division of labour' analogy falls down somewhat, and where Kazakhstan's role as a regional 'middle power' saw it acting more as a check on Russian and Chinese ambitions than as a Russian facilitator. The incorporation of Uzbekistan into the organisation was at Astana's insistence and despite Russian concerns over Karimov's credibility. This bolstered the representation of the Central Asian states in the organisation (from three out of five to four out of six) and establishing Kazakhstan as their unofficial 'leader' within it. Indeed, this speaks to a second thread to Kazakhstan's pro-integration policy – multilateral institutions generally provided a safe forum to 'engage' with both Russia and China with the benefit of some form of rule-bound setting.<sup>67</sup>

In particular Kazakhstan was central in preventing the broadening of the organisation's membership to states such as Iran and Pakistan and in preventing it from focusing on acting as a 'counter' to NATO and the USA even as China and

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<sup>67</sup> S. Torjesen, "Russia and Kazakhstan: A special relationship" *Russia Analytical Digest* No. 56 March 2009

Russia pushed for both.<sup>68</sup> In this way Astana protected its and the other CARs interest in not unnecessarily antagonising or closing off links with ‘the West,’ without Russia or China withdrawing their support of SCO. Again there was a considerable degree of compromise and adaptation of goals – Moscow and Beijing may not have been able to turn SCO into the ‘anti-NATO’ but it was the platform by which Russia and its allies applied pressure on NATO’s military position in Central Asia. However the prevention of its development into a more overtly ‘anti-Western’ bloc seems to have been largely due to Kazakh and Central Asian influence.

Again, and as with most aspects of the Russo-Kazakh relationship, bilateral and (attempted) multilateral integration received a fresh impetus with the onset of the ‘colour revolutions.’ Military co-operation in particular, both bilateral and under CSTO developed significantly since 2005, with the creation of joint standalone units, and the extension of favourable terms of trade for the purchase of Russian-made military equipment, and extensive subsidisation of officer training programmes at Russian academies.<sup>69</sup> EurAsEC and SCO were increasingly used as vehicles to diplomatically support embattled allied regimes and to try and prevent the ‘orange virus’ from spreading. This brings us to an important caveat to the above, that while Kazakhstan remained an ‘engine’ (a political actor capable and willing to promote and advance multilateral institutions) with a significant ability to both influence and veto policy it was not a ‘driver’ (ie it did not have control over the ultimate goals and agenda of these institutions) and that post-Soviet integration continued to advance farthest when it suited broader Russian strategic goals outside the former Soviet Union. For example, despite some progress on economic issues, and Kazakh

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<sup>68</sup> Press Service of the President of the Republic of Kazakhstan “Interv’yu Prezidenta Respubliki Kazakhstan N.A. Nazarbaeva korrespondentam Kitaiskikh pechatykh i elektronnykh SMI” June, 2006 <[http://www.akorda.kz/ru/speeches/interviews/interview\\_of\\_president\\_n\\_a\\_nazarbaev\\_of\\_the\\_republi c\\_3](http://www.akorda.kz/ru/speeches/interviews/interview_of_president_n_a_nazarbaev_of_the_republi c_3)>

<sup>69</sup> R. Weitz, “Kazakhstan and the new international politics of Eurasia”

commitment to strengthening its role in co-ordinating economic policies,<sup>70</sup> EurAsEC remained more of a political organisation or ‘camp’ for post-Soviet states aligned with Russia than a coherent economic union, partially due to the wide variation in economic development of its members. CSTO saw more concrete progress towards building organisational capacity, even if this was often politically controversial (see the security chapter for more detail.)

The next section deals with the second key aspect of ‘symbiosis’ in the Russo-Kazakh relationship, namely the development of mutually reinforcing strategies for regime maintenance in the aftermath of the ‘Colour Revolutions.’

*Regime maintenance and counter-Revolution:*

The onset of the Colour Revolutions was greatly disturbing to both Astana and Moscow and as in the Belarusian case, the diagnosis of their proximate cause – western funded and trained oppositionists and NGOs aimed at replacing the legitimate post-Soviet governments with western-backed client governments. Kazakhstan, unlike Belarus shared many of the characteristics of the revolutionary societies and, in theory, the Nazarbaev regime looked to be at considerable risk of being swept away by the ‘Orange Wave.’ After all in 2002 and 2003 the regime faced a sustained and credible challenge from multiple powerful elite factions, both within the political and economic class, in the form of Democratic Choice of Kazakhstan. The relationship between Russia and Kazakhstan as the wave crested, and then faded at the end of 2004 to the beginning of 2006 was largely based on organising a defence against their taking root in either of their states, and then against their further spread in the post-Soviet space.<sup>71</sup> This also resulted in the Russian ‘vector’ of Kazakh foreign policy

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<sup>70</sup> Ibid.

<sup>71</sup> S. Torjesen, “Russia and Kazakhstan: A special relationship” *Russia Analytical Digest* No. 56 March 2009

becoming noticeably more prominent, and Kazakhstan's apparent decision that developing closer links to the West would inevitably come at the cost of regime stability. This section will first look at the challenge posed the regime by DCK prior to the revolutions, Russo-Kazakh co-operation in maintaining Nazarbaev's regime in Astana in the immediate aftermath, and then their co-operation in attempting to pre-empt further revolutions in other post-Soviet states.

The revolutions began at an inopportune moment for the Nazarbaev regime, shortly after it had just faced a significant and credible challenge in the form of the Democratic Choice of Kazakhstan (DCK.) DCK emerged from a growth in inter-elite conflict in Kazakhstan, primarily between the business classes and 'economic' elite and political elites who gained their position either through their standing in the state hierarchy or due to their personal relationship to the president. Indeed the catalyst for the formation of the movement and its open opposition was an economic dispute between Nazarbaev's son-in-law Rakhat Aliev and former Pavlodar governor Galymzhan Zhaqiyanov.<sup>72</sup>

At its heart DCK's challenge to the regime was a classic example of economic elites attempting to secure property rights and a divorce of business and politics – at least to the extent that the *status quo* allowed political leaders to interfere with legitimate business activities. DCK, like the Orangeists in Ukraine sought to represent business interests of varying sizes seeking a 'normalisation' of the relationship between business and the state and the democratic aspirations of an emerging middle class. Even though DCK's first direct challenge to power ended without significant changes to the Kazakh political order, the 'demonstration effect' of the revolution in

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<sup>72</sup> S.N. Cummings, "Understanding Politics in Kazakhstan"

Tbilisi in particular convinced its leaders that an electoral challenge to Nazarbaev's primacy was both feasible and wise.

One of the most remarkable aspects of the DCK challenge to Nazarbaev is how comprehensively it was rebuffed by Russia, despite the DCK's push for a more resolutely 'pro-Russian' foreign policy at a time when Kazakhstan was still attempting to develop firmer strategic links with the West in the wake of the post-9/11 US engagement in Central Asia.<sup>73</sup> This is itself testament to the strength of Russian cultural influence over the Kazakh political system, but also to the Russian preference for stability and the underlying strength of the relationship with Nazarbaev. Russia opted for the preservation of the status quo as elsewhere, but unlike Belarus, supporting an alternative to Nazarbaev, even one that would increase the intensity and influence of Russia in the relationship does not appear to have ever been seriously considered.

The continuation of the 'revolutions' also saw Kazakhstan's role develop in a different manner to Belarus – rather than requiring Russian support to ensure the stability of the regime, Kazakhstan was able to play a more active role in countering the 'Orange virus' outside its own borders, emphasising the utility of its 'leadership role' to Russia's broader regional strategy.<sup>74</sup> After the violent suppression of protestors in the Uzbek town of Andizhan in 2005, Russia and Kazakhstan provided diplomatic support for President Karimov, particularly by endorsing the official Uzbek version of events, that the protestors had in fact been Islamist militants. Uzbekistan was subsequently quickly granted membership in EurAsEC and CSTO. When the Bakiyev government in Kyrgyzstan came under pressure in 2006

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<sup>73</sup> Stephen J. Blank, "The United States and Central Asia" in Allison, R. and L. Jonson, *Central Asian Security: The new International context*

<sup>74</sup> M.B Olcott, "The Kazakh-Russian relationship" in *Russian Analytical Digest* No. 29 October, 2007

Kazakhstan, in conjunction with Uzbekistan offered diplomatic and military support until the crisis passed.

Kazakhstan and Russia also collaborated in adding a political, counter-revolutionary focused element to CSTO (and SCO) and Astana was increasingly open to using regional IGOs to pressure Western states to reduce their influence in Central Asia. Kazakhstan's approach to the West was considerably more confrontational since the cresting of the revolutionary wave in 2005, and its foreign policy grew more Russo-centric as a result.

One of the more interesting developments in the revolutionary period was an apparent collaboration on the development of counter-revolutionary 'political technology.' Both states had scheduled elections during the 2004-06 period and experimented with similar means of preventing a repeat of the Ukrainian experience, particularly with regards to new restrictions on NGOs, which had provided the crucial training and mobilising infrastructure in the previous revolutions. Nazarbaev also moved from a system of multiple pro-presidential parties representing different power groups in parliament (such as in Kuchma's Ukraine or to a lesser extent Yeltsin's Russia) to consolidating them into a single 'super-party' Nur-OTAN, along the lines of Putin's Unified Russia.<sup>75</sup> While initiatives in increasing political control emanated from both sides, Kazakhstan generally looked for examples and guidance from Russia and interpreted a tightening of the screws by Moscow as a 'green light' for doing the same at home.<sup>76</sup>

While this may be explained as simply two authoritarian societies taking similar steps in order to stabilise their political regimes, there is some evidence of a broader exchange of 'political technology.' It is more or less impossible to know the

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<sup>75</sup> A.C. Bowyer, "Parliament and political parties in Kazakhstan"

<sup>76</sup> M.B Olcott, "The Kazakh-Russian relationship" in Robert Orttung et. al. eds. *Russia's Foreign: Key regions and issues* WP No.87 Research Centre for East European studies, Bremen, November 2007

depth of mutual ‘note-trading’ and development of regime maintenance strategies, due to the necessarily clandestine nature of such activities, but as the Ukrainian case shows Russia has a history of exporting ‘political technology’ to its political allies in the post-Soviet space. However over the summer of 2006 Kremlin chief ideologist Vladislav Surkov, and President Nazarbaev’s eldest daughter Darigha gave speeches outlining similar governing philosophies for Unified Russia and Nur-OTAN respectively, and using strikingly similar terms. What Surkov referred to as ‘sovereign democracy’ was echoed in both Nazarbaevs’ emphasis on the importance of ‘sovereignty’ as a national value, and their definition of same as essentially a rejection of Western criticism of the internal development of their regimes, and an emphasis on social stability and economic competitiveness as a means of fending off ‘Orange’ threats.<sup>77</sup>

What is clear is that the Revolutionary wave preceded a deepening of the Russian ‘vector’ of Kazakh foreign policy, and a development of what might be termed the political symbiosis between the two states. At numerous subsequent critical moments in the succeeding five years – during the debate on Caspian energy exploitation, the Russo-Georgian war etc. Kazakhstan showed a pattern of more firmly placing itself in the Russian ‘camp’ than it had in the previous five years, and of increasing its criticism and independent stance from the west.

#### *Conclusions:*

The development of the Russo-Kazakh relationship in 2000-10 provides considerable evidence for the robustness of the post-imperial analytical framework. This is particularly true in both the presence and persistence of normative and cognitive frameworks emphasising and privileging a political course based on

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<sup>77</sup> Saken Salimov, “Dariga Nazarbaeva nachinaet novuyu Kazakhstanskuyu perestroiku” *Nezavisimaya Gazeta* January 25, 2006

economic and political re-integration with Russia as the best means of ensuring the sovereignty and economic future of the Kazakh state. One of the most remarkable features of Kazakh foreign policy was the degree to which this remained a central goal, even during nearly a decade of Russian disinterest in the ‘Kazakh’ variant of integration.

From the post-Imperial perspective it is also relevant to see how Russia’s policy changed primarily in terms of the means and terms on which integration was conducted, rather than on integration itself. Despite continued uneven results in the field (detailed more in the economics and politics chapters) the basic thrust towards post-Soviet integration remained. Again this is a testament to the durability of post-Imperial cognitive and normative frameworks over time and changes of elite personnel.

This was partially a result of the legitimisation strategies employed by both Russia and Kazakhstan. The latter case in particular was heavily influenced by the geographical, demographic and economic features of the post-imperial Kazakh state, and the normative and cognitive frameworks that its leaders applied in adapting to the collapse of the Soviet Union. While less committed to the ‘Eurasian’ narrative than Kazakhstan was, it did address some of the criterion on which Russia’s post-Soviet leaders sought to legitimise the state – most significantly its continued role as both a multi-ethnic country, and as the dominant nation in a ‘civilisational’ bloc composed of the former Soviet states.

The one major element missing from the above analysis is a more in-depth exploration of the role of transnational elite networks in the Russo-Kazakh relationship. The framework would argue that this absence of evidence is not evidence of absence, as these ‘sub-rosa’ aspects of transnational governance and

bilateral relations are difficult to detect, particularly in an environment such as Kazakhstan where the ability of both journalists and analysts to report on ‘informal’ governance activities is highly restricted. A study more focused directly on Kazakhstan could make further inroads here, but it is unfortunately beyond the resources of this thesis.

Additionally the role played by EurAsEC and CSTO are of somewhat more importance to the post-imperial framework than the politics of their creation, but they will be covered in more detail in the economics and security chapter for this section respectively. From the political perspective what was most interesting for the post-Imperial perspective was both the degree of willingness of Moscow to enter into something of a ‘division of labour’ and the importance of post-Soviet IGOs in Kazakh legitimisation strategies.

Above all this exploration of the political relationship demonstrates its importance and independence from the economic and security relationship. That is to say, while politics may have been influenced by economic and security concerns they were been a product of them. Political relations were heavily influenced by the ‘soft power’ legacies of empire and bureaucratic and economic penetration, demonstrating just how key these factors were in the post-Soviet space.

CHAPTER THREE: ECONOMIC ISSUES IN THE RUSSIA-KAZAKHSTAN BI-  
LATERAL RELATIONSHIP

*Introduction:*

From the perspective of the post-imperial framework's economic hypotheses and predictions, Kazakhstan is an ideal economic case study, particularly on the effects of post-Soviet infrastructure in encouraging a 'status quo bias' – that is the provision of economic incentives towards re-integration and the recreation of old value chains rather than the development of new ones. Other post-imperial factors such as the physical and economic geography of post-Soviet Kazakhstan were also significant. The economy of northern Kazakhstan was heavily dependent upon firms operating over the Russian border, which together constituted a relatively unified economy during the Soviet period. Geo-economically the Kazakh state operated as a gateway for Russia into Central Asia and for access to its agricultural and mineral resources.

As was alluded to in the Politics chapter, economic relations were important, if not definitive, in the development of political relations. This was mainly due to the fact that economic relations represented the main 'problem' to be solved due to the tensions raised from Kazakh dependence on Russian transit routes and Russian dependence on Kazakh energy reserves (see below) as well as the fact that rapid economic growth and rising living standards were the basis upon which both the Nazarbaev and Putin administrations legitimised the continuation (or return) of political authoritarianism in their respective states. Coupled with the status quo bias towards re-integration and the short term costs associated with diversifying economic links this provided a considerable incentive for maintaining existing economic relations and infrastructural links and reinforcing, rather than challenging post-Imperial patterns of economic relations.

This stands in contrast to the view that Russia's economic links in the region were essentially transitory, and would eventually deteriorate due to Western

competition, as in Lena Jonson's prediction of Russian 'involuntary disengagement.' Jonson has discussed Russo-Kazakh economic relations within the context of Russian economic links with Central Asia as a whole. This 'Jonsonian' approach also does not fully take into account the uniqueness of Kazakhstan's economy in the context of Central Asia. Kazakhstan had an extremely high level of economic development compared with the other CARs with a per capita GDP roughly equal to Russia's.<sup>1</sup> It also possessed a significant industrial base and trained specialist class in addition to its formidable hydrocarbon reserves, again in contrast with the other CARs which have functioned largely as petro-states or agricultural monocultures. In short Kazakhstan had a higher degree of economic activity dependent on the maintenance of complex and interdependent links with Russia that are difficult to replace, as opposed to being an exporter of (largely) fungible raw materials.

The presence of these unique factors in the Russo-Kazakh economic relationship argues for beginning our inquiry with a greater examination of its overall structure. Economic relationships between former empires and colonies have traditionally been treated in one of two ways.

- *Core-Periphery*: Imperialism is designed primarily to extract raw materials from colonies and use them as markets for finished goods produced in the metropolitan centre from these materials. Even after the dissolution of formal political ties, the macroeconomic structure of the colony ties it into an economic relationship with the metropole that is essentially exploitative and dominating.<sup>2</sup> Additionally some Marxist analyses include the concept of a

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<sup>1</sup> Russian per capita GDP was USD15,900 in 2010, Kazakh was USD12,700 according to CIA World Factbook < <https://www.cia.gov/library/publications/the-world-factbook/>>

<sup>2</sup> H. Brookfield, *Interdependent Development*, Methuen & Co Ltd, London. 1975

‘semi-periphery,’ of partially industrialised states that nevertheless lack the economic power of the ‘core’ states.<sup>3</sup>

- *Complex Interdependency*: The experience of colonisation and empire leads to then development of complex economic links between colony and metropole. The metropolitan economy cannot properly be said to ‘dominate’ the colonial economy as they are mutually interdependent in their relationship. This is also the dominant neo-liberal image of global economic relations.

Neither of these concepts is wholly suitable to the Russo-Kazakh relationship due to the unique legacy of the communist economy of the Soviet Union. Even after almost two decades of independent statehood and free-market capitalism, the economies of Russia and Kazakhstan were still heavily influenced by Soviet central planning. The planned economy in practice did not treat Kazakhstan or Russia as separate territorial and economic units, but rather as part of a single all Union economy. In particular, heavy industries such as resource extraction, electricity generation and distribution and defence enterprise were dependent on complex networks of industrial concerns and utilities, built with little regard for the administrative borders of the former Kazakh SSR. These interdependencies persisted into the post-Soviet era. This is all in addition to the roughly 200 years before the Bolshevik revolution in which Kazakhstan functioned as part of the Russian imperial economy.<sup>4</sup>

This is not to say that certain aspects of Soviet economic policy in Central Asia did not follow a core-periphery model. To repeat, Kazakhstan was unique in Central Asia for its high-level of industrial development: Uzbekistan and

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<sup>3</sup> Immanuel Wallerstein, *The Modern World System: Capitalist Agriculture and the Origins of the European World Economy in the Sixteenth Century* New York: Academic Press, 1974

<sup>4</sup> N. Isingarín, *Kazakhstan i Sodruzhestvo : problemy ekonomicheskoi integratsii : uchebnoe posobie*. 2000, Almaty: BIS p.116

Turkmenistan benefitted from significant hydrocarbon reserves, but were otherwise cotton monocultures similar to Tajikistan and Kyrgyzstan. Kazakhstan was also different due to the geographic and ethnic divisions in its Soviet era economy: the bulk of Kazakhstan's 'specialist' class of skilled workers, managers, and technicians came largely from the Russian north where most manufacturing concerns were located.<sup>5</sup> The rest of the Kazakh economy was based largely on agriculture and mineral extraction (both hydrocarbons and non-ferrous metals.)

With this in mind, a better image for the Russo-Kazakh economic relationship might be 'co-dependency.' While relatively highly developed, Kazakh industry required inputs and outputs from what are now Russian concerns, and was heavily dependent on Russia as an export market. The inverse is also true: while industrial concerns in the regions of Siberia bordering Kazakhstan may have been able to find markets or inputs/outputs from other concerns within Russia, the vast geographical space of the Russian Federation made it simply economically unviable to do so. It is not an exaggeration to say that certain industries on one side of the border could not operate without their 'pairs' on the other.<sup>6</sup> Cummings also comments on this, noting how that during the Soviet period 'much of northern and eastern Kazakhstan was closely integrated with neighbouring areas in Russia... Karaganda and Pavlodar formed part of the West-Siberian territorial production complex (TPK), and to their south, Kostonai formed part of the Aral TPK.'<sup>7</sup>

'Co-dependency' is different to 'complex-interdependency' as it is primarily and uniquely a legacy of Communist central planning and therefore can be considered a post-Imperial factor. Russo-Kazakh economic links did not develop 'organically'

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<sup>5</sup> Jon Anderson, *The international politics of Central Asia*. Regional international politics series. 1997, Manchester: Manchester University Press

<sup>6</sup> N. Isingarín, *Kazakhstan i Sodruzhestvo : problemy ekonomicheskoi integratsii : uchebnoe posobie*

<sup>7</sup> S.N. Cummings, *Kazakhstan: power and the elite*. 2002, London: I. B. Tauris

through market mechanisms. They were designed and functioned as part of a single state economy. When the political union dissolved, these same economic value chains of production remained in place. Instead of ‘interdependency,’ where both sides require trade in certain materials and finished products to continue economic growth, but can also avail of alternative partners to substitute, ‘co-dependency’ is a situation where both sides require specific inputs from the other in order to maintain economic activity, not simply growth. Co-dependency was also, arguably extended during the Putin years. Russia’s energy strategy for the Caspian basin and Central Asia relied in part on securing distribution for oil and gas production through Russia’s existing and future pipeline networks, denying access to alternative distribution networks and preventing them from being built by monopolising the supplies of oil and gas needed to make them economically feasible. The inverse of this is that it made those same reserves an integral part of Russia’s overall energy strategy – as much as Kazakhstan was reliant on Russia for the income derived from oil and gas sales, Russia was reliant on volumes of oil and gas to meet its contractual obligations to buyers downstream.<sup>8</sup>

The positive political relationship was also a key element in the slow, but real progress in regional economic integration and trade liberalisation during the Putin era, especially given the high degree of co-operation and overlap in personnel between business and political elites in both states.<sup>9</sup> As outlined in the Politics chapter, a previously ‘Moscow-centric’ approach of using Russia’s credibility to lend weight to a Kazakh proposed free trade zone gave way to a ‘division of labour.’ Kazakhstan was the ‘engine’ of economic integration and main coalition builder, while Russia lent

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<sup>8</sup> Gazprom “Gas Purchases” - <http://www.gazprom.com/production/central-asia/>

<sup>9</sup> H. Kjaernet, S. Torhesen, and D. Satpaev, “Big Business and high-level politics in Kazakhstan: An everlasting symbiosis?” Boston/Hong Kong, Central Asia-Caucasus Institute & Silk Road Studies Program (2008)

credibility by implicitly and explicitly backing its initiatives and ceding a degree of the agenda setting power.

This chapter will continue by exploring the development of bi-lateral and multi-lateral trade policy in greater detail, before moving onto energy development and transit issues which have been the most important sector for both states. It will then explore the development of trade liberalisation and economic integration between Russia, Kazakhstan and Central Asia before the conclusion. Post-imperialism serves mainly to explain the high degree of intensity in economic relations, and why Kazakhstan frequently opted for continued economic partnership with Russia even when potentially more economically beneficial options were available to it, such as increasing its economic partnership with China.

*Bilateral Economic Integration and Trade – Economic Co-dependency.*

The term ‘co-dependent’ as used in this study is not necessarily meant as a strict replacement for analytical frameworks like asymmetrical interdependency or core-periphery. Rather it is more an analytical shorthand for describing an economic relationship that was often less like an relationship between states than it was like the relationship between economic actors in a single value chain. Kazakh manufacturing was dependent on imports of value-added components and material from Russia and Russia is dependent on raw materials from Kazakhstan for power generation, manufacturing and other vital activities.

Most importantly this was not simply a result of the development of comparative advantages over the course of a long trading relationship – it arose from the centrally planned and unitary nature of the Soviet command economy. While many Soviet-era concerns, of course, failed after the collapse, and whole areas of economic activity (such as finance) emerged in the new market system other value

chains disrupted by the erection of ‘real’ borders were re-established, and cross-border ‘synergistic’ development of joint-ventures also thrived.<sup>10</sup> These are areas where the short to medium term prospects of import substitution or alternative trade partners were so low and the utility of the economic activity so high for both sides that there were almost no acceptable alternatives to the maintenance of existing trade relationships. In particular Kazakhstan’s defence industry was heavily dependent on technical expertise<sup>11</sup> and various components available only from Russia.<sup>12</sup>

Even many of the raw materials that Kazakhstan exported to Russia made up such an important role in the Russian economy that it could be argued that the relationship was still co-dependent. In particular, many of the non-ferrous mineral resources Kazakhstan exported to Russia were vital to certain sectors of Russian industry. Kazakhstan contained the second largest Uranium deposits on the planet, with an estimated 20% of global Uranium reserves.<sup>13</sup> Kazatomprom was second only to Rosatom in CIS nuclear industry, and collaboration between both the two states and two companies was extensive.<sup>14</sup> This all shows that while the statistics cited above show the small size overall of Kazakh exports to Russia as a percentage of the total market, the function they fulfilled was much larger.

The maintenance of co-dependency also had its roots in post-imperial domestic elite configurations. Kazakhstan generally sought not to dismantle economic co-dependency, but to make it more efficient and counteract the centripetal effects of independence. There were clear political incentives to do so – by encouraging the development of economic links and giving Russian elites a stake in Kazakhstan’s

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<sup>10</sup> M.B. Olcott, “The Kazakh-Russian relationship” in *Russian Analytical Digest* No. 29 October, 2007

<sup>11</sup> S.N. Cummings, *Kazakhstan : power and the elite*. 2002, London: I. B. Tauris

<sup>12</sup> Mikhail Ustigov, “An embarrassment of weapons” *Bulletin of the Atomic Scientists* October 1993

<sup>13</sup> *Report on Kazakhstan*. 2002, International Atomic Energy Agency.

<sup>14</sup> Eurasian Development Bank *Russian and Kazakhstani Nuclear Energy: Trends in Economic Co-operation* EDB Sector Report no. 11, 2011, Almaty

development. In order to expedite the process and make it less reliant on often cumbersome bilateral negotiations, Astana encouraged regional *akims* in the northern provinces to develop bilateral links with their opposite numbers in bordering Russian *oblasti*<sup>15</sup> This contributed to the ‘thinning’ of the economic borders between the two states. It can also be reasonably assumed that having been trained and socialised under conditions of intense economic co-operation with Russia under the Soviet Union, Kazakh elites retained cognitive frameworks that privileged continued economic co-operation, and were ‘psychologically closer’ to Russian elites.<sup>16</sup>

The Soviet Union also bequeathed Kazakhstan a considerable amount of human capital in the form of the ethnic Russian population. Russian immigrants to Kazakhstan during the Soviet period and after were largely economic and technical specialists involved in the development and management of Kazakhstan’s sophisticated industrial base under the Soviet Union. Kazakhstan’s need to co-opt the Russian minority stemmed from more than fear of separatist agitation: the full integration of the Russian minority into the economic life of the country was also essential for the functioning of the most developed parts of the Kazakh economy. The ongoing Russian campaign to encourage repatriation in order to offset the Russian demographic crisis was criticised by Kazakhstan for precisely this reason.<sup>17</sup>

Cross-border labour mobility remained highly liberalised, effectively at EU type levels.<sup>18</sup> Citizens of both states could cross the border with internal passports (roughly the equivalent of an official photo-ID such as a Driver’s Licence) and had the right to work in both states.<sup>19</sup>

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<sup>15</sup> M.B. Olcott, “The Kazakh-Russian relationship”

<sup>16</sup> J. Murphy, “Illusory transition?: Elite reconstitution in Kazakhstan, 1989-2002” *Europe-Asia Studies* 4(58) June 2006

<sup>17</sup> “Kazakh premier criticises ‘repatriation’ plan” in *RFE/RL Newswire* 16 August 2006

<sup>18</sup> M.B. Olcott, “The Kazakh-Russian relationship”

<sup>19</sup> R. Weitz, “Kazakhstan and the new international politics of Eurasia”

Bilateral economic integration and co-dependency were also encouraged through the infrastructural legacies of the Soviet Union. Northern Kazakhstan shared an electrical grid with border regions of Russia for example. Most important from the post-Imperial perspective however is transit infrastructure which at the time of the collapse was far more developed along the north-south (i.e. ‘inter-state’) axis than along the ‘internal’ East-West. Transit of freight via road from one end of Kazakhstan to another actually required travel through Uzbekistan or Russia, making the benefits of ‘thin’ borders obvious and encouraging (to an extent) cross-border trade over intra-state.

One of the most demonstrative examples of this infrastructural co-dependency was Baikonur cosmodrome, which served largely as a commercial launch site for satellites and other equipment after the Soviet collapse. While the cosmodrome was of course physically present on Kazakh soil, Russian expertise was required for it to function effectively. The site itself and its technological assets were controlled and operated by Russia through a lease agreement lasting until 2050, and facilities vital for its operation were located on Russian territory. While Kazakhstan benefited in both technological and economic terms from Baikonur, it was effectively useless to Astana without active Russian co-operation. Baikonur’s support facilities were not several different facilities that *could* be brought together with Baikonur in a complementary fashion they were several components of *one* facility that was divided by national borders. It was also a facility which was prohibitively expensive to replace, but perceived by Russia as vital to its short and medium term commercial and political interests.

In particular Baikonur was crucial for Russia’s program of repairing and upgrading the GLONASS satellite navigation system – a Soviet era analogue of GPS

with considerable economic and military applications. As an aside, Kazakhstan was chosen to join with GLONASS and to contribute Kazakh built satellites to its network.<sup>20</sup> This a further example of co-dependency in action – Kazakhstan opting to co-operate with Russia for mutually beneficial use of legacy infrastructure while ‘locking in’ to further collaboration with said same. For example the commitment of Kazakhstan to a Russian backed technological ‘standard’ in GLONASS that may close off areas of co-operation with state’s using GPS or the EU’s Galileo system.

Admittedly co-dependency is not a stable equilibrium. Russia, with its considerably larger economy was able to decrease dependencies on Kazakhstan in certain fields through gradual import substitution. Kazakhstan was also able to maintain diverse export and import ratios (non CIS states consistently accounted for over 50% of Kazakh imports, and over 85% of exports<sup>21</sup>) and attract significant FDI capital investment from non-Russian sources<sup>22</sup> (again – most notably in the hydrocarbons sector which will be explored later) and to develop its own national economic and transit infrastructure to suit its own needs as a state. But basic and unalterable geographic conditions continued to yoke the two economies to one another quite closely, and the absence of a significant political push by either state to reduce economic co-dependency helped it to endure longer than may have been expected, as well as helping to explain why economic ‘involuntary disengagement’ on the part of Russia did not occur.

#### *Oil, Gas and the Russo-Kazakh Economic Relationship:*

As in the Belarusian and Ukrainian cases oil and gas issues were undoubtedly the most important aspects of the Russo-Kazakh economic relationship. Indeed while

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<sup>20</sup> »Kazakhstan predlagaet zadeistovavat’ v sisteme GLONASS svoi sputnik” *Vesti.ru*, 16 February 2008 <<http://www.vesti.ru/doc.html?id=163966&tid=51953>>

<sup>21</sup> UN Comtrade statistical database

<sup>22</sup> See APPENDIX Fig. 1

other areas such as trade and economic integration were important they were ultimately ancillary as the continued growth and prosperity of both states remained ultimately dependent upon their respective energy sectors. Moreover as the infrastructure and capital stock required for energy processing and transport was still largely held over from the Soviet period, it directly relates to the post-Imperial framework's focus on infrastructural legacy issues. This section will begin with a brief overview of the issues involved and how post-Imperialism applied to them, before looking in more detail at the specific issues in oil and gas transit separately.

Many of the issues regarding transit and consumption across Belarus and Ukraine had mirror analogues in Kazakhstan. Ukraine and Belarus were faced with a monopoly seller in Russia, but had the advantage in that Russia needed to transit oil and gas via their territories if it was to be able to sell to European markets. Hence the ability of Russia to unilaterally set prices for energy sales to Ukraine and Belarus as the monopoly supplier was tempered by their ability to withdraw transit services. The inverse relationship largely applied to Russia and Kazakhstan, given that even though Russia had enormous oil and gas reserves of its own, it still needed Central Asian and Caspian reserves to meet its domestic needs and commitments to European markets.

Energy issues are of first importance in the post-imperial analysis of the relationship because they involved massive infrastructural assets that require considerable time and capital investment to build. There was therefore a considerable structural bias towards preserving existing transit infrastructure rather than diversification towards uncertain alternative revenue streams. This also provided considerable hard power leverage to Russia as the holder of virtually every existing transit route out of Central Asia and on to world markets. By presenting the implicit or explicit threat of closing off or restricting access to Russian transit routes if

Kazakhstan committed to non-Russian backed alternatives, imposing considerable short and medium term economic losses against uncertain long-term gains, Russia gained considerable leverage over Kazakhstan's energy policy choices.

Additionally there were strong political aspects to the energy policies of each state. Russia was always wary of the political consequences of Western economic penetration of Central Asia, and in the wake of the Colour Revolutions so was Kazakhstan (if for slightly different reasons.) Kazakhstan had only comparatively recently begun to regard China as more of a potential economic partner (exports to China rose from 7.75% to 13.6% and imports 3% to 12.5% of overall Kazakh trade from 2000-09)<sup>23</sup> than potential security threat, though Russia had been more amenable to cutting deals with Beijing which appeared to recognise a Russian 'sphere of influence' in the region. As in other areas the Kazakh tendency was to err on the side of familiarity, privilege transit routes through Russia and even to secure Russian equity in major energy deals as a balancing stake holder.

Nevertheless Russia had to take care in the degree of pressure it applied, which illustrates the tension at the heart of both countries' energy policies. Russia had short term commercial incentives to extract maximum value from its monopsony position but a long and medium term incentive to pay a premium to dissuade Kazakhstan from developing alternative export routes. Similarly Kazakhstan had a short term incentive to push for maximal access to transport volume through Russia's oil and gas network, which came into conflict with long and medium term incentives to diversify purchasers. Perhaps the greatest accomplishment of Putin's energy policy in Russia was the successful sub-ordination of short-term objectives towards a more

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<sup>23</sup> UN COMTRADE Statistical database

long-term strategy. While Kazakhstan ‘loosened’ its dependency on Russia it did not seek to shake it off entirely, and took steps that even entrenched it.

This section will now go into more detail on the issues surround energy transit, and development of energy resources. Both of these issue areas impacted upon one another (for example Russia used its control over transit resources to gain stakes in developing Kazakh energy resources) but are best analysed separately. In both of these issue areas the hypotheses of the post-Imperial framework are largely confirmed – specifically that pre-existing infrastructural ‘hard power’ resources tended to encourage re-integration as opposed to diversification of economic links, and that Russia had something of an advantage in economic relations due to its greater knowledge of and ability to negotiate with relevant stake holders in the post-Soviet economic order.

Beyond what were effectively technical and economic issues, there were vital political concerns as far as Russia’s interest in Central Asian and Caspian energy reserves are concerned. Controlling access to the massive hydrocarbon reserves of the region was crucial for Russia’s ability to continue supplying oil and gas to Europe while meeting domestic demand. Control of access also, by definition ensured that other major power centres had to deal with Moscow in order to benefit from the most significant energy reserves outside the Persian Gulf and increased its strategic profile and leverage. And by preventing the emergence of multiple centres of sale and purchase of hydrocarbons in Central Asia it also preserved the importance of Moscow as an energy supplier. Kazakhstan was a key stone in this arch – just as much as Kazakhstan effectively needed Russia to reach European markets, Russia needed Kazakhstan to exert control over Central Asian and Caspian reserves.

### *Transportation Issues in the Energy Sector:*

The specific differences between transport infrastructure for oil and gas are sufficiently different both in general and with regards to the Russo-Kazakh case to warrant a digression into technical details. A common attribute of both transit systems as mentioned above is the need for large-scale infrastructure for processing and transport, the development of which requires both enormous investment of capital and time. Building export pipelines has effectively become an international effort in the 21<sup>st</sup> century, as either consortia of states or MNCs are the only bodies capable of providing the necessary investment. Without them natural resources cannot reach markets and are without effective value.

Gas pipelines are especially subject to the above restrictions and the resultant ‘status quo bias.’ Unlike oil, gas cannot be cheaply stored, and requires dedicated pipelines for shipment practically from the site of extraction to point of consumption. The exception is the production of Liquefied Natural Gas (LNG) which is highly technically challenging, requires new capital stock and is expensive to transport, all of which makes it an uneconomical alternative. Gas pipelines also require a greater degree of technological capability and sophistication in their construction and operation than oil pipelines.

The unitary state planning model of the Soviet-era left Kazakhstan almost totally dependent on pipelines passing through Russian territory, and hence dependent on Russia itself for the transit of oil and gas products to markets. Russia remained by far the single most important transit state for Kazakhstani oil in 2010.<sup>24</sup> Russia’s clear signalling of its willingness to use its economic leverage to preserve its monopsony and in pursuit of political goals complicated Kazakh options with regards to

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<sup>24</sup> S. Torjesen, “Russia and Kazakhstan: A special relationship” *Russia Analytical Digest* No. 56 March 2009

diversification. The next two sections will explore how the relationship affected developments in gas transit and oil transit specifically.

#### *Gas Transit:*

During the Soviet era Kazakhstan was not regarded by Moscow as a significant potential source of natural gas and was regarded “purely as a transit region for Turkmen and Uzbek gas. Hence, the gas trunk pipelines were designed accordingly: they did not cover the entire territory of Kazakhstan and were not technologically linked into one united complex.”<sup>25</sup> As a result Kazakhstan lacked even a fully developed *national* gas transit infrastructure for internal distribution at the time of the Soviet collapse. It was dependent on Uzbekistan for delivering supplies of natural gas to the densely populated and industrialised southern regions, and was ‘entirely dependent on Russia for access to major gas markets to the north and west.’<sup>26</sup> Kazakhstan only emerged as a net exporter of gas around 2005 as new gas fields came online and domestic distribution networks were upgraded and improved. However, as Kazakhstan remained a relatively minor natural gas producer in the region<sup>27</sup> and significant new gas transit capacity away from Russia did not come online during 2000-10, this did not significantly affect the overall balance of the energy relationship.

Additionally as mentioned briefly above the technical and financial barriers to the construction of new gas pipelines is extremely high, pipelines are unique and persistent channels from suppliers to consumers, imposing a “lock-in” relationship where the deep dependence without alternatives imposes non-market bargaining

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<sup>25</sup> S.M. Yenikayeff, “Kazakhstan’s Gas: export markets and export routes” Oxford Energy Institute, NG25, November 2008

<sup>26</sup> Ibid.

<sup>27</sup> Kazakhstan’s *potential* as an exporter of natural gas is very high, but bringing new fields online remains a lengthy process due to technical issues.

and allows the potential for political leverage to play a decisive role in the high-stakes game of dividing the large surplus generated by supplying high-value demand for clean energy.”<sup>28</sup>

As of 2010 Kazakhstan only had access to existing Soviet era trunk gas lines for exports effectively making Russia the sole transit state for Kazakh gas. Russia was subsequently able to restrict Kazakh market access largely to within the CIS except for a relatively small amount reaching European markets (around USD 3.5 bln from 2000-09, accounting for around 44% of Kazakh gas exports during the period.)<sup>29</sup> In effect this allowed Russia to meet some of its domestic gas needs and contractual obligations with Kazakh and Central Asian gas purchased at a low price, freeing up volumes of domestically produced gas available for sale at ‘European’ rates and ‘locking in’ supplies of Central Asian gas so that they could neither be bought by other states nor provide economic incentive for the construction of alternate transit routes.<sup>30</sup> This caused some tensions with other Central Asian gas producers, but as Kazakhstan’s main energy revenue source remained oil and alternative transit routes remained years away from completion it did not seriously affected the bilateral relationship.

With regards to new pipelines Kazakhstan shunned Western backed projects bypassing Russia in favour of expanding and upgrading the pre-existing trunk pipelines, the construction of a new Caspian Littoral Pipeline in conjunction with Turkmenistan and Russia, and a massive trunk pipeline to China with Uzbekistan and Turkmenistan. When completed the last of these will provide the only significant export route for Kazakh natural gas not controlled by Russia, but will only be able to

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<sup>28</sup> R.E. Ericson, “Eurasian Natural Gas Pipelines: The Political Economy of Network Interdependence” *Eurasian Geography and Economics*, February 2008, 50(1)

<sup>29</sup> UN COMTRADE statistical database

<sup>30</sup> Ibid.

carry 30 bcm of gas per year (shared with Uzbekistan and Turkmenistan) as against roughly 120 bcm for the Russian routes (also shared, but with a slightly larger share of the capacity going to Kazakhstan.) Kazakhstan supported the Russian position in opposition to a Trans-Caspian pipeline (across the seabed) that any exploitation of the Sea's resources required the assent of all the littoral states. Additionally the commitment to the Caspian Littoral route and the mainline expansion, as well as a route to China would probably tie up the bulk of Kazakh gas production leaving it unable to supply the volumes of gas required to make other routes commercially viable.<sup>31</sup>

The agreement between Kazakhstan, Turkmenistan and Russia to construct a Caspian littoral pipeline in particular underlines the degree to which Kazakhstan opted for a 'status quo' oriented policy. The agreement was a considerable success for Russian geostrategic and geoeconomic goals—the announcement of its existence seems to have been deliberately timed as a 'spoiler' to a European and American backed summit on creating an alternative Transcaspian route, which Nazarbaev also pulled out of after initially confirming his presence.<sup>32</sup> Even with regards the forthcoming export option to China, Kazakh commitment was relatively limited and Russia remained its primary purchaser. This had a certain mid-term economic logic as China was able to purchase gas from a variety of states and had greater corresponding leverage in negotiating prices. However Kazakhstan was not without any bargaining clout in the relationship, and managed to exploit its geo-strategic position and role in supplying Russian production shortfalls to good effect.

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<sup>31</sup> "Kazakhstan & Turkmenistan deal blow to Nabucco pipeline prospects" *Eurasianet.org*  
<<http://www.eurasianet.org/departments/news/articles/eav031209a.shtml>>

<sup>32</sup> J.C. Peuch, "Russia: Energy summit gives Putin new trump card" in *RFE/RL Newslines* May 16 2007  
<<http://www.rferl.org/content/article/1076519.html>>

Effectively Kazakhstan profited by making itself an important part of the value chain of Russian gas production and sales. As Russia's gas production plateaued Central Asian gas supplies became a critical element of meeting Russian commitments in European markets. The negotiations over the Caspian Littoral gas pipeline are demonstrative. Kazakhstan (along with Turkmenistan) made its commitments to the pipeline contingent upon significant increases in the price paid by Russia for its gas, reaching near 'European' rates by 2010.<sup>33</sup> So for the last decade we can say that Kazakhstan maximised its economic gains from its situation of dependency by leveraging both its physical importance as a transit state and political leadership role in Central Asia. Russia was unable to avoid having to pay higher rates for Central Asian gas due to its own production shortfalls, but the 'premium' paid to Kazakhstan indicates that it was eager to maintain Kazakh political and economic loyalty and was willing to pay to do so.

*Oil Transit:*

Technical differences between the transit and refining of oil and gas had important effects on the energy trade. First as a fungible commodity oil prices are generally set by commodity markets, rather than by inter-state negotiations. Oil is also inherently easier to transport and store, and can be shipped by tanker without the associated difficulties of LNG (in the Kazakh case this opened up more options for Transcaspian shipping as pipelines aren't required.) In all, Kazakhstan exports roughly 100 bcm of natural gas annually with 88% transiting through Russian pipelines.<sup>34</sup> Kazakhstan also exports roughly 1.3 bbl of oil annually with 84% transiting through Russia to the market.<sup>35</sup> The main issues at stake in the bilateral relationship with Russia and Kazakhstan were related to the allocation of shipping

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<sup>33</sup> S.M. Yenikeeff, "Kazakhstan's Gas: export markets and export routes" Oxford Energy Institute

<sup>34</sup> Ibid.

<sup>35</sup> *Central Asia's Energy Risks* Asia Report no. 133 – 24 May 2007, International Crisis Group

capacity in Russian pipeline networks and the transit tariffs applied. Oil transit and sales were also a higher priority in general for the Kazakh leadership as they were the main source of income for the state and driver of its economic growth since independence, while natural gas only emerged as a major revenue source around 2005.

For Kazakhstan the issue was one of achieving a proper balance, albeit a balance that ‘leaned’ heavily on Russia. While the ‘equalisation’ of the influence of outside economic actors was a stated goal of Kazakh foreign policy in the long term, the short-term constraints outlined above argued against the serious pursuit of transport routes bypassing Russia, due to the exceptional vulnerability to pressure from Moscow and an ensuing loss of revenue as new routes came online. Astana largely accepted reliance on Russia as something of a ‘fact of life’ and sought to ameliorate the potential negative effects in other ways, particularly by pursuing a closer political relationship, which Russia was receptive to. This is illustrative of the profound influence of post-imperial normative and cognitive frameworks on policy making outside the political sphere. However this is not to say that Kazakhstan avoided opportunities to pressure Russia in order to secure better conditions for its oil and gas sales. President Nazarbaev highlighted this in a 1998 interview with *Izvestiya*:

Kazakhstan always tries to take into account interests of Russia. But Russia also should take into account our interests. Oil and gas pipelines could bring much money... [w]hy was the realization of the Caspian pipeline consortium project brought to a standstill for many years? Mainly, because of the fact that in Moscow they required an inordinately high share of the profits for the transit of oil, not seeing the alternative to the Russian variant of transportation. When there loomed another routes this requirement was softened... I think that all of us should be realists... It would be profitable for Kazakhstan (and for Russia also) if all the oil and gas pipelines were laid on through Russia. For example, to lay on the

line to Samara and further along the pipe to the oil pipeline “Druzhba”.  
But nobody hear our requests.<sup>36</sup>

This general line of offering preferential treatment to Russia persisted throughout the decade, though Kazakhstan did explore opening some alternative routes to China, culminating in the ‘Atasu-Alashankou’ pipeline which began initial operations in 2006,<sup>37</sup> giving China a roughly 15% share in Kazakh oil exports.<sup>38</sup> However the situation inherited by the Putin administration more closely resembled the scenario of ‘involuntary disengagement’ outlined by Jonson due to the inability of the Yeltsin administration to effectively control domestic energy industry.

During the Yeltsin era significant contradictions existed between the short-term interests of Russia’s energy transport monopolies, and those of the state. Transneft and Gazprom had few qualms about using discriminatory tariffs, non-transparent and administrative allocation of pipeline capacity and other methods to seek rents from Kazakh oil producers, exclude them from European energy market in order to artificially increase Russian market share, and artificially depress prices in the intra-CIS markets that Kazakhstan did have access to.

While Russia’s energy giants were generally regarded in the Putin era as effectively being state agencies, the Kremlin had less control over their actions in the Yeltsin-era (as well as a less coordinated foreign policy generally.) The Foreign Ministry took the position that in the long-term, such tactics were self-defeating, and would only encourage Kazakhstan to attempt to export its oil through new pipeline routes not under Russian control. Pipeline access was Moscow’s primary post-imperial ‘hard-power’ lever for influencing Kazakh political and economic policies)

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<sup>36</sup> G. Alimov, *Kazakhstan will inevitably become a prosperous country*, in *Izvestiya (Translated at [www.akorda.kz](http://www.akorda.kz) Ofitsialnyi sait Prezidenta Respublik Kazakhstana)*. 1998: Almaty

<sup>37</sup> “Kazakhstan-China oil pipeline opens to operation” *Xinhua* July 12, 2006 <[http://news3.xinhuanet.com/english/2006-07/12/content\\_4819484.htm](http://news3.xinhuanet.com/english/2006-07/12/content_4819484.htm)>

<sup>38</sup> UN COMTRADE (do a double check on figure)

New pipelines would undermine that control and leave Kazakhstan open to political overtures from a third power. However, the Foreign Ministry was unable to prevent Transneft and Gazprom from pursuing its policy of denying Kazakh access to Russian routes.<sup>39</sup>

However as Russia gained greater control over its domestic energy infrastructure it was able to more effectively marshal its resources towards influencing Kazakhstan's energy transit choices. In the oil transit sector Kazakhstan opted to *increase* the amount of oil it transited through Russia with the Caspian Pipeline Consortium (CPC) route. CPC emerged as a response to the TengizChevroil consortium formed in 1993 to exploit Kazakhstan's Tengiz 'super' oil field. As the name suggests, TengizChevrOil's main backer was the American oil company Chevron which continued to hold a 50% stake in the Tengiz field.<sup>40</sup>

The Tengiz oil field is the sixth largest in the world, and accounted for approximately 33% of Kazakhstan's oil production.<sup>41</sup> During the 1990s Transneft was opposed to providing market access for the TengizChevrOil venture, but the heavy involvement of a number of Western firms heightened the likelihood that western states would become involved in advocating and building a transport route bypassing Russia. A straight refusal from Russia to transport oil from Tengiz would have undoubtedly angered Western companies involved in the project that might also be interested in investing in Russia, and which had the ears of their respective governments.<sup>42</sup>

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<sup>39</sup> Bobo LoLo, *Vladimir Putin and the evolution of Russian foreign policy*. Chatham House papers (Unnumbered). 2002, Oxford: Blackwell

<sup>40</sup> *Oil and Gas Forecast - Q4 2006*. 2004 [cited; Available from: [www.businessmonitor.com](http://www.businessmonitor.com).]

<sup>41</sup> "Chevron achieves full production from Tengiz expansion projects" *Oil Voice* September 25, 2008 <[http://www.oilvoice.com/n/Chevron\\_Achieves\\_Full\\_Production\\_from\\_Tengiz\\_Expansion\\_Projects/3a2b54ca.aspx](http://www.oilvoice.com/n/Chevron_Achieves_Full_Production_from_Tengiz_Expansion_Projects/3a2b54ca.aspx)>

<sup>42</sup> Mikhail Alexandrov, *Uneasy alliance : relations between Russia and Kazakhstan in the post-Soviet era, 1992-1997*. Contributions to the study of world history, no.66. 1999, Westport, Conn. ; London: Greenwood

The compromise solution was a non-Transneft controlled pipeline through Russia, financed by a consortium of Western, Russian and Kazakh investors – the Caspian Pipeline Consortium (CPC.) However due to both Astana’s desire to avoid alienating Russia, and the commercial benefits of constructing the pipeline using refurbished and extended Soviet-era capacity, the pipeline was built to run through Russia. The CPC compromise therefore proved to be more palliative than remedial. The physical location of the CPC pipeline on Russian soil allowed Moscow to delay expansion of its capacity and restrict CPC’s market access, further strengthening Russia’s overall market position in Europe and beyond.<sup>43</sup>

As delays in capacity expansion frustrated Western investors they increasingly dropped out of the project and sold their stakes to Transneft, heightening Russia’s effective control. Russia was also able to leverage its transit monopoly into stakes in the development of major new Kazakh oil and gas fields (explored in more detail below.) This demonstrates how Russia’s existing post-imperial based advantages allowed it to ‘lock-in’ Kazakh dependency on it for transit routes by using its infrastructural advantages to effectively deny access from new economic actors aiming to bypass Russia.

Kazakhstan’s dependency on Russia was also somewhat exacerbated by the relatively primitive and degraded state of transport and refining infrastructure already in existence. Kazakhstan’s oil also had a naturally very high sulphur content increasing wear and tear on infrastructure. This heightened Kazakh dependence, on Russian investment to keep its current pipes operational and for access to refining facilities in order to continue its export operations.

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<sup>43</sup> Vladimir Socor, “Kazakhstan oil output and export data dramatize need for trans-Caspian outlets.” *Jamestown Eurasia Daily Monitor*, Vol.4 Iss. 8, 2007

This is not to say that Kazakhstan completely abandoned attempts to open up alternative export routes, but again the overall direction was a slight gain of autonomy for Kazakhstan in hydrocarbon exports within an overall context of Russian dominance. Kazakh policy was generally best described as accommodation to the fact that long-term attempts at energy transit diversification could provoke significant short-term economic pain due to conflict with Russia, which was not regarded as an acceptable trade-off. The extreme degree of potential economic control Russia possessed over Kazakhstan at the time of the Soviet collapse was always likely to decay as Kazakhstan developed greater external economic links. Russia was generally successful in maintaining its monopoly by recognising the disadvantages of short-term exploitation of its position during the Putin era. The trend of ‘involuntary disengagement’ projected by Lena Jonson was ameliorated, but Yeltsin era policies still contributed to a weakening of Russia’s position.

The continued delays over CPC probably played a large role in leading the US government to support an alternative trans-Caspian pipeline, the Baku-Tbilisi-Ceyhan (BTC) pipeline that came on-line in 2006 and which may further erode Russia’s control over the region in the medium-term. BTC became a ‘long-term geopolitical endeavour’<sup>44</sup> of Washington, a significant artery for Kazakh crude oil exports, and controlled by a largely Western consortium of investors, as well as the Azeri state oil company. The Kazakhstan-China pipeline also diversified Kazakhstan’s oil export options, and pipelines under construction will do the same for natural gas in future. This heightened the ‘external’ competition for Central Asian resources, and

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<sup>44</sup> “Kazakhstan squeezes in on BTC pipeline project,” in *Times of Central Asia*. 2006: Bishkek

Kazakhstan was able to leverage this towards obtaining much more favourable terms of trade for its energy resources by the end of the decade.<sup>45</sup>

However, despite all these developments, realities on the ground did not change drastically. 75% of Kazakh crude oil (43 million tons out of 57) still transited through Russia to reach their markets as of 2010.<sup>46</sup> Additionally, the Russian-controlled Atyrau-Samara and CPC pipelines remained significantly cheaper transport routes than BTC.<sup>47</sup>

Fig 1. – Kazakh Oil export routes<sup>48</sup>

Pipeline	Cost per barrel oil (US\$)
Transneft controlled Russian network	2-3
Caspian Pipeline Consortium	3.70
BTC	3-4

Effectively all of Kazakhstan’s gas exports were transported across Russian territory as of 2010. Russia maintained dominance of Kazakhstan’s energy industry, which meant it dominated the field driving Kazakh economic growth. There were certain interdependencies existing in the relationship, and the Kazakh strategy for diversifying the role and number of actors in its energy economy gave it greater leverage in its dealings with Russia. This strategy focused mainly on bringing new actors in to domestic energy development, and developing some transit capacity through to China and through BTC, not to break the link with Russia but to mitigate Russian economic leverage in order to obtain better prices for Kazakh oil and gas exports. But the relationship was still very much a core-periphery one. If there was a change it was only in the degree to which Kazakhstan was near totally dependent on Russia when bringing its energy resources to market.

<sup>45</sup> S.M Yenikeeff, “Kazakhstan’s Gas: export markets and export routes”

<sup>46</sup> V. Socor, “Kazakhstan oil output and export data dramatize need for trans-Caspian outlets.”

<sup>47</sup> A. Cohen and K. Rosner, eds. *Kazakhstan: Energy co-operation with Russia – oil, gas and beyond* GMB Publishing, 2006

<sup>48</sup> Ibid.

When Kazakhstan sought to diversify transport options to the West, it took care to co-opt Russia and to secure a financial stake for Russian companies in new projects. In March 2007 Kazakhstan declined to participate in a planned expansion of the Polish-Ukrainian Odessa-Brody pipeline without Russian participation in the project, despite showing some initial enthusiasm. A few days later Nazarbaev was also highly pessimistic about the possibility of a Trans-Caspian pipeline which would bypass Russia entirely and directly link Kazakhstan to BTC. Most interestingly, Nazarbaev gave Russia almost an effective veto<sup>49</sup> over possible future construction of a Trans-Caspian pipe by declaring “Russia is Kazakhstan’s main strategic partner and we must respect its opinion in making decisions on the trans-Caspian gas project” and committing not to take part in oil transit infrastructure projects intended to ‘bypass’ Russia.”<sup>50</sup>

In the oil sector then Kazakhstan reached an economically sub-optimal arrangement with Russia, simply due to the insufficiency of credible short and medium term alternatives for export of a commodity that was absolutely crucial for Kazakhstan’s economic growth. Kazakhstan’s principle lever of influence was the threat of defection to alternative routes of transit in order to secure a greater share in pipeline capacity and preferable transit rates. The key to the failure of ‘involuntary disengagement’ to occur in a sustained manner was the considerable financial pain Russia could credibly inflict on Kazakhstan in the interim period between new transit options coming online, and the inability or unwillingness of Western investors to compensate for those losses. Kazakhstan therefore had to improve its position primarily through appealing to the political relationship with Russia and bargaining, rather than increasing competition for access.

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<sup>49</sup> V. Socor, “Moscow Pressuring Kazakhstan to frustrate Westbound energy projects.” *Jamestown Eurasia Daily Monitor*, Vol. 4, Iss. 67, 2007

<sup>50</sup> P. Netreba, “Tranzit v obmen na loyal’nost” *Kommersant*’ No. 53 (3629) April 2 2004

*Oil and Gas Development:*

Aside from maximising its geopolitical leverage and agenda-setting power in European and CIS energy markets, the Russian transit monopoly was also a considerable asset in the competition for development rights and shares of Kazakhstan's oil and gas fields. Russia was effectively able to use its 'veto power' over oil exports to demand a stake in various development ventures. This allowed Russia to offset to a certain degree its financial and technical weakness with compared to western competitors.

The development of the Tengiz oil field is demonstrative of the degree to which Russia's control over transit routes allowed it to demand a role in (or to seek rents from) oil and gas development projects in Kazakhstan. Kazakhstan initially invited US oil company Chevron to form a consortium (TengizChevroil) to develop the field in the early 1990s. Initially the consortium excluded Russian firms – however the need for a new export route to carry Tengiz' output (the CPC pipeline) and the ability of Russia to complicate, delay and generally frustrate CPC's implementation allowed it to effectively demand a stake in Tengiz for Lukoil, which the Kazakh government, and eventually the other Tengizchevroil consortium members granted.<sup>51</sup> Russia leveraged its share in CPC and the threat of turning it over to Transneft (which would in all likelihood have substantially increased export costs) to steadily increase its financial stake in both the pipeline and the Tengiz oil venture more generally without bringing significant additional financial or technical resources to the table, showing the still considerable clout of its hard power resources. It was

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<sup>51</sup> M. Alexandrov op.cit.

even argued TengizChevroil's negotiation and creation was an example of the Russian government demanding 'tribute' from Kazakhstan.<sup>52</sup>

Both Kazakhstan and Russia were increasingly engaged in what has been criticised as 'resource nationalism' by many Western sources – that is the renegotiation of production and development agreements reached with companies during the 1990s when oil prices were at historic lows and both Russia and Kazakhstan were weak states desperate for sources of revenue. Nazarbaev also faced considerable domestic pressure from amongst the 'oil elite' that underpinned his presidency and the opposition to strike new bargains with western investors. Ultimately however Kazakhstan did not have the domestic resources or expertise available for significant energy development and extraction and Russia (and China) could only make up so much of the difference left by fleeing Western investors.

As a result Kazakhstan's 'resource nationalism' differed substantially from Russia's in that it primarily operated as a means of striking a more favourable bargain with Western stakeholders in Kazakh energy projects rather than pushing them out of the market altogether. It was a negotiating tactic and 'not a strategy for governance'<sup>53</sup>, (i.e. it was intended to secure more favourable terms with Western investors, rather than consolidate the state's control over the energy sector) as it arguably was in Russia. This 'favourable comparison' kept Kazakhstan in the good graces of most IOC's. However, the establishment of KazMunaiGaz by Nazarbaev in 2002 along with legal requirements that it maintain a 50% share in all Production Sharing

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<sup>52</sup> M.B. Olcott, "Central Asia, Russia and the West" in Chuffrin, G. ed. *Russia and Asia: the emerging security agenda*

<sup>53</sup> Ryan Kennedy and Adilzhan Nurmakov "Resource nationalism trends in Kazakhstan 2004-09" *RussCasp Working Paper* March 2010

Agreements (PSAs) with outside investors has tangentially aided Russia by keeping the general ‘shape’ of each state’s energy markets similar.<sup>54</sup>

It is for obvious reasons difficult to discern the extent to which Russia’s non-financial resources such as threats to deny access to pipelines and political contacts with the Kazakh government were used to gain itself a stake in Kazakh oil and gas development, most notably in the Tengiz and Karachaganak fields.<sup>55</sup> What is clear is that they were a considerable factor in securing Russia a major stake and thus profits from much of Kazakhstan’s domestic oil and gas production capabilities.

*Economic Integration and Trade Liberalisation:*

The setting up of a free trade area and the liberalisation of trade among the post-Soviet states more generally was a strategic objective of the Nazarbaev administration alongside bilateral economic co-operation with Russia. Kazakhstan’s motivations were relatively easy to discern – the recreation of a common economic space on the territory of the former Soviet Union had potentially significant economic benefits for Kazakhstan. Russia was of course a firm supporter of virtually any initiatives heightening its influence within the post-Soviet space and binding the post-Soviet states together more tightly. As by far and away the largest economy within any potential trade area Russian economic influence would be dominant. Additionally as outlined in the politics chapter the Kazakh elite were used to working within the context of the unified Soviet economy

There was of course also something of a structural bias towards economic integration and economic union given that the economies of the post-Soviet states were still, to varying degrees, the fragments of a former unitary economy. However

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<sup>54</sup> S.M. Yenikeeff, *op. cit.*

<sup>55</sup> D. Urbaniak, et al. “Kashagan Oil Field Development - extractive industries: blessing or curse?” Report commissioned by Friends of the Earth, Europe

there was also a political recognition that any serious free-trade zone would have to first be constructed amongst the more economically advanced core states of the FSU (namely Belarus, Russia, Ukraine and Kazakhstan) before expanding outwards, especially given the adaptation of the other post-Soviet economies (again to varying degrees) to life as independent states.

Political concerns were also central in the creation of economic IGOs. In the immediate aftermath of the Soviet collapse the desire of the non-Russian post-Soviet states to acquire and demonstrate economic sovereignty to accompany their new political sovereignty led to the rapid erection of trade barriers and the collapse of the rouble zone. Additionally the nationalist narrative of ‘economic vampirism’ (described in the Ukraine economics chapter) took hold in several states (though not in Kazakhstan) and legitimised the severing of economic ties as a route to prosperity further fragmenting the post-Soviet economic landscape. Since that point economic re-integration became progressively more difficult.

Attempts to restart efforts towards trade liberalisation and economic integration during the 1990s were unsuccessful for a number of reasons. The first attempt at forming a CIS customs union composed of Russia, Belarus, Kyrgyzstan, Tajikistan and Kazakhstan failed due to the unwillingness of any of the member states to seriously commit to it, due to the essential restrictions it would have placed on their own domestic and external economic policies. Russia additionally attempted to dominate the decision making processes of the proposed customs union by yoking it to the CIS, and Kazakhstan’s attempted to circumvent Moscow by creating a sub-regional single-economic space during the 1990s (which never got off the ground.) Kyrgyzstan’s decision to join the World Trade Organisation, and all the member state’s inability to actually harmonise their customs and tariff policies (i.e. to

surrender a degree of economic sovereignty) led to the undermining of the Customs Union as an effective organization, until it completely collapsed during the financial crisis of 1998.<sup>56</sup> This demonstrates some of the limitations of the post-imperial framework, especially in the initial period after the Soviet Union's collapse, when the political incentives towards demonstrating and reinforcing state sovereignty were at their strongest.

However, as the initial push towards sovereignty faded, Russia and Kazakhstan emerged as the two states with the most interest in forming some form of economic union. Nazarbaev built the legitimacy of his continued rule on the provision of continued economic growth and political stability. A customs union with Russia, Belarus and Ukraine along the lines of the proposed Common Economic Space (CES) would have added significantly to Kazakh GDP growth (and even more to Ukraine's and Belarus' underlining the fact objections to union were more politically based.)<sup>57</sup> For Russia the economic benefits of a customs union, while considerable and doubtless a factor given Putin's focus on geo-economics, were traditionally less important than the strategic benefits of strengthening its position as the economic heart of the post-Soviet space, as well as providing a clear *raison d'être* and path of development for new post-Soviet IGOs.<sup>58</sup>

Under the Putin presidency Russia was more willing to cede the initiative in multilateral economic integration to Kazakhstan and to endorse Kazakh initiatives that it was previously lukewarm towards. The most prominent of these has been the Eurasian Economic Community (EurAsEC) a proposal which grew out of previous

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<sup>56</sup> M. Alexandrov, *Uneasy alliance*

<sup>57</sup> F.N. Klotsvog, A.B. Sukhotin, L.S. Chernova, "Forecast of economic growth in Russia, Belarus, Kazakhstan and Ukraine within the Unified Economic Space" *Studies on Russian Economic Development* Vol. 20, No. 4 2009

<sup>58</sup> S. Shadikodjaev, "Russia and the Customs Union with Belarus and Kazakhstan" *Russian Analytical Digest* No. 87, November 2010

Kazakh lobbying for a 'Eurasian Union' along the lines of the EU. EurAsEC avoided the potential pitfalls of being perceived as a 'neo-imperialist' Russian venture by having Kazakhstan as its main sponsor. The Putin administration facilitated this by clearly indicating that it regarded Nazarbaev as the leader of the project and of integration in Central Asia generally, and it appears that this was not purely for public consumption. Kazakhstan played the leading role in coordinating and promoting EurAsEC's development amongst its member states and was the main 'agenda setting' state.

This allowed for many of the political concerns of Russia and Kazakhstan, as well as the other EurAsEC states to be addressed and reconciled in an effort to move forward on economic goals. Russia may not have had absolute agenda setting power within EurAsEC, but the distribution of votes within the organization did give it veto power.<sup>59</sup> Additionally EurAsEC allowed Kazakhstan to solidify and enhance its role as a leading 'middle' power in Central Asia and to deal with Russia in a multilateral context, alongside potential allies and with a strengthened bargaining position. Above all, as a Kazakh initiative with Russian support, it had at least to an extent avoided the dilemma presented by Russian sponsored organizations attracting suspicion, while organizations absent Russian participation lacking credibility.

EurAsEC remained largely a political organization and currently exists more as a 'camp' for 'pro-Russia' post-Soviet states to join and signify their allegiances. But the *goals* of EurAsEC were primarily economic and Kazakh driven (Russia took a greater lead in CSTO and on strategic and security issues within the region, allowing Kazakhstan a greater mandate in economic affairs.) Progress within EurAsEC was incremental, due to the large economic disparity between its member states but in

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<sup>59</sup> Russia controlled 40% of the EurAsEC votes, with 40%+1 being the veto threshold.

August 2006, Belarus, Russia and Kazakhstan all announced their intention to form a customs union within EurAsEC which the other members would be able to sign onto later. This agreement was later extended to a pact on jointly entering the World Trade Organisation as a single bloc.

The latter agreement (and Kazakhstan's commitment to it) is especially worth highlighting. Russia and Belarus' respective paths to WTO membership were politically difficult to say the least. Kazakhstan's more cordial relations with both the post-Soviet WTO member states, China, Europe and the USA made its route to membership a much easier prospect. Given Astana's traditional emphasis on free-trade and access to external markets as part of its economic development strategy, this is a testament to the degree of economic power Russia continued to wield over Kazakhstan, the degree to which Kazakhstan prioritized the maintenance of cordial relations with Russia over other concerns – or most likely a degree of both.

However, establishing multilateral economic co-operation, even through the EurAsEC platform proved to be exceedingly difficult – especially given the considerable gulf in development between the EurAsEC states. As a result Russia pushed forward with Kazakhstan, Ukraine and Belarus on the Common Economic Space project launched in Novo-Ogarevo in 2003. Of course both political and economic difficulties served to gradually derail CES, as the other case studies have shown. Ukraine dropped out after the Orange Revolution, and Belarus delayed implementation of the customs union as relations between Minsk and Moscow deteriorated.<sup>60</sup>

Economic integration during the Putin period was therefore a mixed bag at best. But the strategy of 'division of labour' and letting Astana take a more proactive

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<sup>60</sup> A full trilateral customs union did eventually limp into existence in mid-2010 but its effectiveness and longevity has yet to be determined.

role relative to Russia paid some dividends already insofar as it moved the creation of an effective free trade zone and customs union farther along than had previously been possible. However the continued subordination of economic to political and strategic objectives by the other post-Soviet states made the task a highly difficult one.

*Conclusions:*

The course of the Russo-Kazakh economic relationship during the Putin era was substantially defined by the Soviet past, and conformed largely to what this study has described as a post-imperial relationship. The Kazakh energy and mineral extraction sector retained to a large degree the ‘core-periphery’ relations of the Soviet era, and the industrialised north continued to operate in tandem with the economy of south Siberia to form what we have termed a ‘co-dependent’ economic relationship. For example, critical components for Russian naval vessels were constructed in Kazakhstan,<sup>61</sup> such as torpedoes, guidance systems and turrets.<sup>62</sup> Kazakhstan, lacking a comparable navy had no use for these parts, but the Russian military still relied on them. A single economic complex in a single country became a fragmented economic complex across two. A status quo bias tended to reinforce existing economic links and greater Russian familiarity with Kazakh corporate culture and business practices, as well as other advantages conferred through structural factors, helped Russia punch above its weight and avoid being pushed out of the Kazakh market.

Energy remained the beating heart of both the Russian and Kazakh economies and the fact that the political relationship remained so strong while economically highly important disputes over oil transport remained a feature of the relationship during much of the decade supports the contention of this study that the political

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<sup>61</sup> Mikhail Ustigov, “An embarrassment of weapons” *Bulletin of the Atomic Scientists* October 1993

<sup>62</sup> M. Alexandrov, op. cit.

relationship between Moscow and Astana formed the core of the Russo-Kazakh relationship rather than economics or security concerns. While Nazarbaev was quietly vocal in his discontent at continued Russian rent-seeking on oil transfers, he sought to ameliorate the problem by co-opting Russian energy interests and giving them a 'slice of the pie,' rather than seeking projects that exclude Russia entirely. As Kazakh energy reserves became more central to Russian energy strategy, and the competition to prevent other powers from accessing Caspian and Central Asian energy reserves intensified, Kazakhstan saw its bargaining position strengthen. Nevertheless for all intents and purposes Kazakhstan remained almost totally reliant on Russia as an energy transit corridor, adding to the 'co-dependent' model.

Trade liberalisation and the creation a single economic space proceeded much more slowly, not due to intrinsic differences between Kazakhstan and Russia but the inherent difficulties in retaining Belarusian and Ukrainian commitment to economic integration. If anything the division of labour accelerated the tortuous process of negotiations by putting a more acceptable Kazakh face on Russian backed initiatives. Still it is beyond the scope of this study to make any prediction as to the likely future success of the most recently promulgated free trade zone between Belarus, Russia and Kazakhstan.

The economic relationship was still perhaps the most difficult part of Russo-Kazakh relations to accurately analyze, largely due to the geographical and ethnic divisions still visible in Kazakh economic activity, and the rapid economic development of both states. In particular, Kazakh officials publicly and privately expressed annoyance over Russian tariff rates and restrictions on pipeline capacity for oil and gas exports, but the state consistently opted not to pursue major diversification efforts. This may be due to the 'short term vs. long term' trade off described above, or

merely part of a 'go slow' strategy of gradually reducing Russian dependence at the margins in order to more rigorously pursue diversification later. This would have significant ramifications for the Russo-Kazakh relationship in the future. However, for our purposes (2000-10) the high level of intensity and Russian influence in the energy relationship can be said to have effectively prevented Kazakh diversification efforts, preserving the status quo into the foreseeable future. The non-energy sectors of the Russo-Kazakh economic relationship will probably evolve into complex-interdependency as the effects of marketisation take a cumulatively greater effect on their economic links. In the energy sphere the Russian dominance of pipeline infrastructure has proved surprisingly resilient. Contrary to most predictions in the 1990s, Russia's political and economic levers of influence have proved quite effective in preserving the status quo. The progress of the economic relationship seems to conform quite closely to the predictions of the 'post-Imperial' framework proposed by this study.

APPENDIX:

Fig 1. FDI Inflows to Kazakhstan in Thousands of US Dollars

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
BRITISH VIRGIN ISLANDS	17.8	42.2	148.0	85.7	135.8	268.8	503.9	2,465.4	1,040.3	1,019.2
CANADA	157.3	490.5	165.4	8.3	169.0	247.0	437.1	314.1	1,053.2	653.4
FRANCE	33.2	64.9	123.6	161.3	275.7	774.7	802.3	1,022.6	1,203.8	1,350.2
NETHERLANDS	114.4	211.1	401.2	612.2	1,768.2	1,549.2	2,886.0	3,148.0	4,352.1	6,629.8
RUSSIA	162.9	211.7	214.4	198.0	200.6	223.5	502.7	785.3	893.9	623.4
SOUTH KOREA	56.8	67.9	45.6	86.3	72.5	57.6	248.8	232.3	891.1	163.1
UNITED KINGDOM	481.8	600.6	622.7	591.4	924.6	-61.1	860.5	916.8	1,909.6	1,272.6
UNITED STATE OF AMERICA	951.2	1,460.4	1,011.3	1,105.5	2,971.2	1,131.5	1,708.9	2,453.2	2,076.1	1,949.8
OTHER	69.5		0.8		122.5	338.4	744.1	1,103.9	1,317.2	1,192.4
<b>TOTAL</b>	<b>2,781</b>	<b>4,557</b>	<b>4,106</b>	<b>4,624</b>	<b>8,317</b>	<b>6,619</b>	<b>10,624</b>	<b>18,453</b>	<b>19,755</b>	<b>19,517</b>



CHAPTER FOUR: SECURITY ISSUES IN THE RUSSIA-KAZAKHSTAN BI-  
LATERAL RELATIONSHIP

*Introduction:*

Security factors have often been assumed to be the main determinant and focus of Russia's Central Asia policy, even in analyses that have focused more on economic factors. Vitaly Naumkin has even maintained that Russia's security concerns were the single most pressing factor in its relationship with Kazakhstan.<sup>1</sup> Certainly, the Russian Defence Ministry regarded Central Asia as falling within a Russian 'sphere of interest.'<sup>2</sup> Up until the terrorist attacks of September 11<sup>th</sup> 2001, it was also one of the most straight-forward aspects of this relationship, with Kazakhstan's security challenges dealt with under the aegis of the Russian security umbrella. The limited military potential of Kazakhstan, compared with the still relatively powerful Russian military, turned it into very much the junior partner in a Russian dominated regional security complex. Even with China's greater engagement in the region via SCO, and the attempt to build some 'counter-terrorism' capacity for that organisation, both Kazakhstan and Russia focused on CSTO as the main vehicle for regional security integration. Russia's military was vastly more capable than those of its CSTO allies, and China showed little appetite for challenging Russian primacy by pushing SCO as an alternative structure, leaving Russia in a position of dominance almost by default. Certainly as Russia remained the de facto sole external guarantor of Kazakh security, the bilateral security relationship was high in both influence and

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<sup>1</sup> Vitalli V. Naumkin, "Russian Policy towards Kazakhstan" in Robert Legvold, *Thinking Strategically: The Major Powers, Kazakhstan and the Central Asian Nexus*

<sup>2</sup> V. Yasmann, "Defence Minister says Central Asia is Russian interest zone as Russian General announces creation of 'Central Asian Army.'" in *RFE/RL.Newsline* 9, no. 192 (2005)

intensity. Even with the comprehensive engagement of NATO forces in the fall of 2001, Kazakhstan's dependencies on Russia in the security sphere remained comprehensive.

*Russian and Kazakh Security Concerns:*

There were three main components to Russia's security objectives and strategy in Central Asia.<sup>3</sup>

- 1) The maintenance of a military presence in Central Asia as a 'forward defence' against non-state armed formations, such as the Taliban, as well as the maintenance of a stable environment in Central Asia to reduce their ability to effectively organise and operate.
- 2) Ensuring continued access to expensive, difficult to replace and strategically valuable Soviet era facilities such as the Baikonur Cosmodrome in Kazakhstan.
- 3) 'Strategic denial,' or the desire simply to keep the CARs from allying to any other power which might in future become hostile to Russia's interests.

On point one and three, Russia can be said to have reacted to a potential 'disorganised' and 'organised' threat respectively. Afghanistan's descent into seemingly perpetual civil war in the 1990s heightened the destabilising influence of militant Islam and the narcotics trade in Central Asia, and the rapid collapse of post-Soviet Tajikistan into its own civil war demonstrated the threat of the potential

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<sup>3</sup> M. Alexandrov, *Uneasy alliance : relations between Russia and Kazakhstan in the post-Soviet era, 1992-1997*. Contributions to the study of world history, no.66. 1999, Westport, Conn. ; London: Greenwood. Alexandrov includes a fourth point on the strategic possibility of Central Asia as a 'launch pad' for Russian power projection into the Middle East. This has been omitted due to its non-relevance for this study.

‘Afghanisation’ of the CARs. Russia’s long, virtually indefensible southern border with Kazakhstan, and the role of militant Islam and the black market in fuelling the Chechen conflict raised the threat of Central Asian instability destabilising Russia itself<sup>4</sup> – not to mention cutting Moscow off economically from a resource rich region. Equally, the potential for a Chinese or American led organisation of the Central Asian states into an unfriendly bloc threatened the same economic cut-off and – from Russia’s perspective – potential threat to the Russian homeland. It should also be noted that Kazakhstan shared Russian concerns about potential Central Asian destabilisation, and as it saw Russia as the most suitable partner for preventing that scenario (see below) was comfortable with facilitating Russian ‘strategic denial.’

Point two ties in somewhat more closely with post-imperialism’s expectations on metropolitan efforts to reconstruct the ‘value chain’ of imperial-era organisations. By maintaining de facto control over key installations like Baikonur, continuing Soviet-era defence-industrial trade relationships and preserving the political alliance with Kazakhstan Russia effectively reduced the overall cost of its defence needs. Additionally it increased what might be termed Russia’s net national security by preserving, at least in part, an ‘external border’ in Central Asia and limiting the length of the ‘actual’ Russian border requiring direct defence.

As in the economic field Russia suffered from resource constraints and was at a significant comparative disadvantage to other competitors in its ability to extend direct military aid, or credibly project power into Central Asia. As early as 1999, according to President Putin, Russia was only able to cobble together a composite force of around 55,000 men (out of a theoretical 1.4 million under arms) for the

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<sup>4</sup>S.A. Nikolaev, “Russia-Central Asia: towards prosperity and security” *International Affairs*, no. 4, 2009 Moscow

second Chechen campaign.<sup>5</sup> While Russia swiftly crushed Georgian resistance in the 2008 South Ossetia War, the proximity of Georgia to Russia's most capable military district, the small size of its territory and the fact that Russia was effectively intervening on the side of a friendly local insurgency all played to the advantage of a Russian force that still significantly underperformed, particularly in air power.<sup>6</sup> It is not clear whether Russia had the capabilities to wage the kind of campaigns it would be likely to be called upon to fight in the case of Kazakhstan's destabilisation.

While Moscow was able to undertake 'peace enforcement' operations in Central Asia, based largely around the 201<sup>st</sup> Motor Rifle Division in Tajikistan under a CSTO mandate, its actions during the 2000-10 decade were largely conducted within the dual frameworks of CSTO and SCO. CSTO in particular has had some success in setting up permanent joint forces and increasing regional military integration, but political differences within the group (stemming primarily from Uzbekistan and Belarus) made the actual commitment of CSTO forces in a crisis doubtful. In short, it seems Russia had significant difficulties in fulfilling any of its core strategic objectives in Central Asia.

The Russo-Kazakh security relationship was therefore inextricably linked with the security of the Central Asian region as a whole. This combined with the rise of China and the development of its interests in the region, and the entry of NATO after the 9/11 attacks meant that the bi-lateral security relationship was at almost all levels intimately linked to multilateral regional politics.

Russian relations with the NATO powers, both individually and collectively, were highly varied, but Russia still considered NATO to be a major potential threat –

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<sup>5</sup> Pavel Felgenhauer, "Contradictory Statements Thwart Attempts to Formulate Comprehensive Defense and Security Policy." *Jamestown Eurasia Daily Monitor*, 2007. 4(27)

<sup>6</sup> Roger N. McDermott, "Russia's conventional armed forces and the Georgian war" *Parameters*, Spring 2009

NATO expansion both in terms of members and functions was listed as a specific external threat Russia in the 2010 Military Doctrine.<sup>7</sup> While Russia was initially co-operative with NATO efforts in Afghanistan following the September 11<sup>th</sup> terrorist attacks, and showed a renewed commitment to co-operation through the Russia-NATO Council (RNC) at the beginning of the Putin presidency, it was consistent in its opposition to any *permanent* NATO presence in the CIS. In Moscow's view NATO long-term engagement in Central Asia would eventually form a belt of hostile states along its southern flank, in addition to forcing it out of the region economically. The psychological aspects of surrendering such a vital area in Russia's security considerations to Western control should also not be underestimated. The maintenance of Central Asia as a Russian 'sphere of influence' was politically, economically, militarily and psychologically critical to Russia's great power status. The loss of Kazakhstan, a close ally with a large ethnic Russian population to boot, would have been considered intolerable, and became a real and disturbing prospect with the onset of the Colour Revolutions.

The case of SCO was more complex than that of NATO – Russia appears to have concluded that outright denial of China to political and economic influence in Central Asia was impossible, undesirable or both. Moscow therefore opted for a strategy of institutional engagement, hoping to effectively 'moderate' Chinese engagement in the region by channelling it through a multilateral body more inclined to be favourable to Russian interests.<sup>8</sup> So while Russia was willing to moderate its commitment to 'strategic denial' or more simply to preference denial of some powers

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<sup>7</sup> Sovet' Bezopasnosti Rossisskaya Federatsia "Voennaya doktrina Rossisskoi Federatsii" 2010 <<http://www.scrf.gov.ru/documents/33.html>>

<sup>8</sup> J. Bakshi, "Shanghai Co-operation Organisation before and after September 11<sup>th</sup>" *Strategic Analysis* 26(2) 2002

over others, it is still generally true that denial formed the heart of its security and political strategy in the region.

Kazakhstan shared many of Russia's security concerns and objectives, if not the same devotion to Russia's place on the global stage. Kazakhstan's security priorities were generally focused on avoiding regional instability, which explains why it not only sought a Russian security 'umbrella' but also promoted multilateral security regimes among the CARs. Beyond this general principle, Kazakhstan was generally willing to follow Russia's lead on security policy, active in the CSTO and wary of ensuring its co-operation with NATO did not threaten its security relationship with Russia.<sup>9</sup> Instability, from both within and without was undoubtedly the primary threat to Kazakhstan's territorial integrity and its political order<sup>10</sup> Kazakhstan's independent political history was largely driven by the need to fuse a coherent nation-state out of a religiously, economically and ethnically disparate state. Threats to the current order arise from three main sources.

First is the northern Russian minority.<sup>11</sup> Kazakhstan's 'nightmare' security scenario was always the successful mobilisation of nationalist and secessionist sentiment amongst ethnic Russians in Kazakhstan leading to its annexation by Russia and the dismemberment of the republic. The assertion of the Yeltsin administration that it would, if necessary, militarily intervene to protect ethnic Russians on former Soviet territory, as well as the less credible though still worrying neo-imperialist thinking of influential Russian figures such as Aleksander Solzhenitsyn<sup>12</sup> and

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<sup>9</sup> M.B. Olcott, "The Kazakh-Russian relationship" in *Russian Analytical Digest* No. 29 October, 2007

<sup>10</sup> Konstantin Syroezkhin, "The policy of Russia in Central Asia: a perspective from Kazakhstan" in Chuffrin, G. ed *Russia and Asia*

<sup>11</sup> A. Shilibekova, "Russian-Kazakh security relations revisited" *Russian Analytical Digest* No. 87 19 November 2010

<sup>12</sup> A.Solzhenitsyn, "Kak nam obstruit' Rossiyu" *Komsomol'skaya Pravda* July 1990

Vladimir Zhirinovskii<sup>13</sup> were all of great concern to Astana. Moreover, Russia had a history of supporting secessionist movements in Moldova and Georgia, the latter of course leading to the outbreak of open war between Moscow and Tbilisi in 2008. While the possibility of another ‘frozen conflict’ in Central Asia was remote, it could not be entirely discounted.

Secondly the Uighur population of China’s Xinjiang Autonomous region presented another potentially destabilising group. The Uighur’s proved to be politically quite troublesome for China, which considered Uighur separatism a significant and real threat to its territorial integrity. Some Uighur groups also showed support for pan-Turkism, and ethnic Uighurs existed in significant numbers through Kazakhstan and the rest of Central Asia.<sup>14</sup> In the event of major unrest in Xinjiang, it is likely that China would have showed little respect for Kazakh sovereignty if it suspected Uighur separatists were being supported from across the border. The ‘Uighur problem’ in China was essentially a mirror of the ‘Russian problem’ in Kazakhstan, though with the power relations of the host states reversed.

Finally, the threat of militant Islamic groups remained perhaps the most potent potential threat to the internal stability of all of the CARs. Prior to NATO operations to oust the Taliban regime from power, the continuing conflict between Taliban and Northern Alliance forces in Afghanistan constituted a major threat to stability in the whole region. The Islamic Movement of Uzbekistan (IMU) despite its name was also intimately linked with Afghan and extra-regional radical Islamist groups (including Al’Qaida)<sup>15</sup> and showed little regard for national borders in its operations. The Uzbek military showed a similar disregard for borders in its operations against the IMU,

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<sup>13</sup> Irina Zviagelskaya, *The Russian policy debate on Central Asia*

<sup>14</sup> Robert Legvold, “Introduction” in *Thinking Strategically: The Major Powers, Kazakhstan and the Central Asian Nexus* R. Legvold, ed. Cambridge, MIT Press 2003

<sup>15</sup> P. Tighe, “Pakistan Tribesmen fight terrorists, kill 300 Musharraf says,” in *Bloomberg Wire Service*. 12 April, 2007

frequently entering other bordering states to pursue and engage. The threat to Kazakhstan did not come primarily from any domestic Islamist groups, which proved weak in Kazakhstan, nor did it stem directly from the actions of foreign militant groups, but rather the instability such groups created within the region as a whole.<sup>16</sup>

Kazakhstan's security situation with regard to more traditional 'organised' threats was another matter, and given that it relied on Russia to deter them, highly compatible with Russia's objective of regional 'strategic denial.' Kazakhstan is surrounded by four nuclear powers, with Iran a potential fifth in the near future. It is a geographically large, sparsely populated yet resource rich state bordered by a former imperial power to the north and a rapidly developing potentially revisionist power to the East. It also had a traditional rivalry with Uzbekistan which had a considerably more capable and powerful military.<sup>17</sup> Astana concluded that the invasion of its territory in an actual war was unlikely due to the belief that any invading power would find itself rapidly in direct conflict with a third party and due to Kazakhstan's own pursuit of a 'multi-vector' foreign policy as a means of deterring conflict.

This stance of seeking to avoid invasion primarily through diplomacy rather than strengthening its armed forces was ultimately dependent on the maintenance of an implicit security umbrella over it by a larger power, especially for the purposes of preventing intra-regional conflict. Russia became the 'umbrella' power for the same reasons that Kazakhstan's 'multi-vector' policy always tended to 'lean' towards Moscow – post-imperial factors, such as the Russian settler population not only inclined Kazakhstan to preference Russia over other potential foreign partners, but provided a certain compatibility in security policy (stemming from factors such as

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<sup>16</sup> S.N. Cummings, *Understanding Politics in Kazakhstan* DEMSTAR Research Report No. 10, 2002 University of Aarhus

<sup>17</sup> Roger N. McDermott "The armed forces of the Republic of Uzbekistan 1992-2002: Threats, influences and reform" *The Journal of Slavic Military Studies* 16(2) 2003

military culture, equipment etc.) that alternative foreign partners could not match. However Kazakhstan also took care to ensure that this ‘umbrella’ did not develop into domination by progressively attempting to channel Russia’s security role through CSTO and SCO – the latter of which provided a Chinese counterbalance to Russian power.<sup>18</sup>

There was then, an obvious compatibility between Russian and Kazakh security concerns, primarily focused around the preservation of stability and the status quo in Central Asia. In its essentials, the relationship did not change since the dissolution of the Soviet Union or even since the initial Kazakh request for Russian suzerainty in the 18<sup>th</sup> Century. Without Russian hegemony, Central Asian stability, and thus Kazakh security would be at risk of progressive destabilisation due to the activities of militants and other non-state actors. Such a breakdown would have severely negative consequences for Russia, not least of which would be the corresponding invitation it would extend to other powers to intervene. While Kazakhstan sought occasionally to moderate Russia’s security hegemony, it never seriously attempted to challenge it.

*September 11<sup>th</sup> and Central Asian Security:*

The September 11<sup>th</sup> terrorist attacks in New York and Washington DC immediately altered the security calculus and diplomatic landscape of Central Asia by making it an area of vital national interest to the USA<sup>19</sup> and bringing the ‘third power’ into the security competition in the region as well. Washington had previously lacked a clear motivation and justification for bringing its massive military and security potential to bear in Central Asia in concert with economic and political power. This presented opportunities and risks for both Kazakhstan and Russia in ways that

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<sup>18</sup> M.B. Olcott, *Kazakhstan: Unfulfilled Promise* p.37

<sup>19</sup> R. Legvold, ed. *Thinking Strategically: The Major powers, Kazakhstan and the Central Asian nexus.*

impinged upon their relations with one another. By engaging with NATO and the US Kazakhstan could substantially increase its autonomy from Moscow – however if (as eventually happened) NATO funnelled its engagement through Uzbekistan it could significantly weaken Kazakhstan’s economic and political position in the region. Russia’s position was rather more complicated.

For the Central Asian states Western co-operation with NATO cannot have been a difficult decision to make, both due to the material incentives and benefits on offer from NATO, and Russia’s tacit acceptance of a NATO presence in Central Asia immediately after the 9/11 attacks. NATO military bases were followed by generous amounts of economic, military and humanitarian aid, in greater amounts than Russia could afford. ‘Involuntary disengagement’ seemed to occur at a rapidly accelerated pace as the Western engagement in the region increased massively almost overnight, while Russia remained constrained by its chronic shortage of resources to commit to the region. Uzbekistan in particular benefited greatly from Western engagement. Its substantial pre-September 11<sup>th</sup> military-to-military contacts with the US allowed the USA to rapidly establish a presence in the country and made it the natural strategic fulcrum for NATO engagement to pivot on.<sup>20</sup> At the time, it seemed clear that the decade long struggle between Astana and Tashkent for regional leadership had been decided decisively in the latter’s favour, due to the USA’s ability to provide superior resources and support to its regional partner.

If any of the CARs could be considered the ‘loser’ of NATO’s engagement it was definitely Kazakhstan. Despite numerous offers to provide basing and overflight rights for NATO operations in Afghanistan<sup>21</sup> and contributions of personnel to the ‘Coalition of the Willing’ in Iraq, Kazakhstan failed to attract the same degree of

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<sup>20</sup> Svante E. Cornell, “America in Eurasia: One Year After”. *Current History*, 2002(October 2002)

<sup>21</sup> Aris, Ben “Kazakhstan: offer of airports and military bases” *The Daily Telegraph* London, 25 September 2001

western military engagement and thus economic and military support as its neighbours.<sup>22</sup> This may have been due to Western sensitivity to Sino-Russian concerns about the appearance of US and NATO bases in a state bordering both countries, but the net effect was to (temporarily) refocus its security policy on building ties with Russia and China, rather than NATO and the USA.<sup>23</sup>

September 11<sup>th</sup> opened up a new policy window for the nascent Putin administration, albeit one that presented considerable difficulties in pursuing. In Putin's consideration, the perceived danger of NATO bases in Central Asia, and the possible loss of Russian influence in the region were outweighed by the potential benefits:<sup>24</sup> an improvement in Russo-US relations, still at a low ebb after the 1999 NATO campaign in Kosovo; a chance to diminish Western criticism of alleged human rights abuses in Chechnya by recasting Russia's campaign in the north Caucasus as part of the larger 'War on Terror;' and the potential removal of a common foe and source of Central Asian instability, the Taliban regime in Afghanistan. Moreover the political costs of being seen to seriously obstruct NATO's campaign against Al Qaida after the magnitude of the September 11<sup>th</sup> attacks would have been enormous. Conservative elements within the Russian political elite remained opposed to any US presence in the post-Soviet space – while Putin was able to move ahead with an engagement based strategy this was not without risk to his long-term political survival, nor did it remove long term Russian concerns regarding the desirability of a NATO presence on its southern flank.

This is not to say that Russia did not try to shape Western engagement in Central Asia to its advantage and preserve its influence over the region. Russia and

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<sup>22</sup> R. Abazov, "Kazakhstan desires military bases too" *CACI Analyst* July 3, 2002  
<<http://www.cacianalyst.org/?q=node/374>>

<sup>23</sup> S.N. Cummings, *Kazakhstan: power and the elite* p.3

<sup>24</sup> Sergei Morozov, *Diplomatiya V.V. Putina* Sankt-Peterburg: Izdatel'skiy Dom, 2004

the Putin administration did seek to ‘channel’ NATO and may have succeeded in keeping Kazakhstan ‘off the table’ for NATO bases. This allowed it to preserve the bilateral political and security relationship from strong Western competition in the long term, which would form the basis for a ‘return’ to dominance in the region as the other CARs began to develop conflicts with NATO.

However this was not Russia’s original intent, which was to try and be the ‘conduit’ through which NATO engaged with Central Asia. While the formula of ‘better the Americans in Uzbekistan than the Taliban in Krasnodar’<sup>25</sup> may have provided some comfort to Russian policy makers, the form that NATO engagement in Central Asia took must be seen as a failure of Russian security policy in the region. The decision by the Bush administration to unilaterally withdraw from the 1972 ABM treaty also rekindled Russian suspicion of the possibility of effective co-operation with the USA and NATO,<sup>26</sup> and the benefits of a US presence in Central Asia for Russia were soon once again outweighed by the costs.

Finally it should be noted that NATO’s engagement also served as what Sergei Morozov terms ‘the weighty argument’<sup>27</sup> in the debate over energy policy. While it has already been noted that the lifting of Russia’s security burdens in Central Asia could have potentially been of great benefit to Moscow, the disintegration of its oil transport monopoly would remove the last of its major levers of influence over the region. The potential stabilisation of Afghanistan in and of itself would open up a major land-transport route for Central Asian oil and gas, bypassing both Russia and Iran on its way to refineries and harbours in the Persian Gulf. A substantial presence in the Caspian basin for NATO and the US could allow it to act as a guarantor of

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<sup>25</sup> S. Morozov, *Diplomatiya V.V. Putina*

<sup>26</sup> L. Bakaev, and D. Kydyrbekuly, “Kazakhstan v fucose Geopolitika SShA Nachala XXI Veka: Problemi I perspektivi” *SSha Kanada*, 2002. 8

<sup>27</sup> S. Morozov, Op. Cit.

Georgian security and territorial integrity, decreasing the complications inherent in Trans-Caspian oil transit. Tellingly, the long-delayed Baku-Tbilisi-Ceyhan pipeline finally began construction in September 2002, one year after the attacks.<sup>28</sup>

The post-September 11<sup>th</sup> development of Central Asia initially seemed to justify predictions of eventual Russian displacement. However political considerations in both the Western and Central Asian states served to undermine the NATO presence sooner than predicted.

*The Colour Revolutions and Andizhan:*

Both Russia and Kazakhstan demonstrated that regime maintenance was one of their foremost security concerns. The onset of the ‘colour revolutions’ was perceived by both states as directly threatening to the continued viability of their respective regimes. In Central Asia particularly, ‘colour revolutions’ became linked to the threat from radical militants, and in the wake of the ‘Andizhan massacre’ in Uzbekistan, Russia and Kazakhstan attempted to move multilateral security regimes in the direction of combating domestic unrest and upheaval.

Beginning with the ouster of Eduard Shevardnadze in the Georgian ‘Rose Revolution’ of 2003, the Western position in Central Asia, based around the Uzbek fulcrum began to seriously deteriorate. The cresting of the revolutionary wave in the previously obscure Uzbek town of Andizhan in May 2005 presented a serious dilemma for the West and a major opportunity for Russia with regard to their respective positions in Central Asia. While the full details of Andizhan will probably never be known, for our purposes the broad outlines are sufficient: seriously unnerved by the continuing upheavals in the post-Soviet space, the Uzbek authorities took

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<sup>28</sup> BBC News “Caspian pipeline dream becomes reality” September 17, 2002  
<<http://news.bbc.co.uk/2/hi/europe/2263611.stm>>

absolutely no chances when faced with anti-government demonstrations and ordered government troops to fire on unarmed civilian protestors.<sup>29</sup> The ‘colour revolutions’ had ended.

While the US response to what was termed the ‘Andizhan massacre’ was initially muted due to Washington’s unwillingness to deliberately antagonise Tashkent, media coverage of the events and the resultant public outcry quickly made this position untenable. Public opinion in Europe and the US would not countenance the continuation of military and economic support to the repressive Uzbek regime, especially during the Iraq War, the ostensible mission of which was to begin democratising the Middle East. The EU quickly implemented an arms embargo, and the US demanded an independent enquiry into the Andizhan events.<sup>30</sup> The Uzbek reaction was equally swift. President Islam Karimov ordered US forces to evacuate their bases in Uzbekistan within 180 days in July 2005. Karimov was subsequently very outspoken on his version of the Andizhan events, strongly hinting he believed them to have been instigated by the US,<sup>31</sup> reinforcing the Russian narrative on the colour revolutions.

The speed with which the west lost its strategic fulcrum in Central Asia was reflected by the speed with which Russia was able to reassert its position in the region through its own fulcrum, Kazakhstan. Without US support, Uzbek ambitions for regional ‘leadership’ and perhaps hegemony were an instant dead letter and the political and security ‘space’ opened up for Russian and Kazakh backed regional security regimes. While the mercurial nature of Karimov’s foreign policy meant that

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<sup>29</sup> *Preliminary findings on the events in Andijan, Uzbekistan 13 May 2005* OSCE/ODIHR, Warsaw, 2005

<sup>30</sup> A. Tully, “Uzbekistan: US Sharpens call for independent probe of Andijon bloodshed, while Russia objects.” *Radio Free Europe/Radio Liberty* 10 June 2005

<sup>31</sup> A. Kolesnikov, “Potryasennye bsyekh svobod: Rossiya podtolnkula Aziyu na ul’timatum Amerike” *Kommersant*’ No 122 (3206) 6 July, 2005

any ‘realignment’ in Central Asia dependant on Uzbekistan must be considered subject to future reversal, the lessons of Andizhan were not lost on the leaders of the CARs. Authoritarian and autocratic regimes ultimately rely on a certain amount of political repression to survive. Relying on political partners unwilling to countenance such repression is not a prudent long-term strategy.

While the Western powers in the past were not above supporting anti-democratic and repressive states the centrality of ‘democratisation’ to NATO’s post-Cold War mission and the Bush administration’s wider foreign policy, coupled with the scale of violence necessary to prevent a ‘colour revolution’ made it politically impossible for the West to continue to so overtly support the CARs.<sup>32</sup> While the West, of course remained engaged in the region and with Kazakhstan at a relatively deep level, through NATO’s PFP, some training exercises and of course economically (see the Kazakhstan Economics chapter) it could not offer the unqualified political and economic support that Russia and China could. Russia, as well as China and Uzbekistan’s other neighbours showed themselves willing to regard internal repression as outside their sphere of concern, and provided a multi-lateral framework to defend Uzbek actions in the form of SCO, preventing it from potential diplomatic isolation.

Uzbekistan’s return to CSTO and joining of EurAsEC greatly enhanced the credibility of both of these organisations as military-political blocs. US withdrawal from all but the Manas airbase in Kyrgyzstan, in addition to the revival of CSTO and EurAsEC, greatly raised the profile of SCO in the region. Famously, the SCO was the forum used to issue a demand that NATO withdraw from Central Asia in the summer

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<sup>32</sup> G. Saidazimova, “Andijon crackdown prompts shift in international balance of power” *RFE/RL Newsline* Vol. 10, No. 87, Part 1 May 15, 2006

of 2005<sup>33</sup> and was increasingly looked to (rhetorically at least) as the primary body for combating ‘terrorism, separatism and extremism’ in the region. For example during the aforementioned meeting Nazarbaev ‘called upon (SCO) to become a shield that will protect us from the terrorist threat’<sup>34</sup> as the organisation simultaneously called for NATO, the previous shield to exit the region. Russian and Chinese dominance in SCO, and Russian and Kazakh dominance in CSTO helped ensure that these organisations would become increasingly focused on combating domestic ‘extremism’ – that is, focused on regime maintenance.

Still, warnings that CSTO or SCO might become some form of Russian-led ‘counter-weight’ to NATO were premature to say the least. While NATO evolved into a ‘problem-solving’ organisation, willing to use its capabilities to settle disputes in other states (such as its multiple interventions in the former Yugoslavia) and as a tool for projecting political as well as military force, CSTO and SCO did not initially establish either the same military capabilities or political cohesion, if power projection was indeed their wider goal. While Russia and China may have had grander ambitions for either or both of these organisations, the preference of the CAR leaders, particularly Kazakhstan, was one of relative non-confrontation with the West.

CSTO developed primarily more as an organisation dedicated to preserving the political status quo in Central Asia. While it had a real and proactive mission in combating terrorism and organised crime in the region, the minimal rapid reaction forces it managed to form by 2010 were geared towards the quelling of civil disturbances,<sup>35</sup> and the stabilisation of potentially fragile friendly regimes in a crisis situation, much as the Russian 201<sup>st</sup> Motor Rifle Division maintained the Rakhmonov regime in Tajikistan for most of the 1990’s under a CIS/CST mandate. As for SCO

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<sup>33</sup> A. Kolesnikov, “Potryasennye svobod: Rossiya podtolnkula Aziyu na ul’ timatum Amerike”

<sup>34</sup> Ibid.

<sup>35</sup> S.A. Nikolaev, “Russia-Central Asia: towards prosperity and security”

there questions remained about the seriousness of Chinese commitment to the organisation. While Iran was mooted as a potential future member, a development that would almost certainly have brought SCO into a more open rivalry with the US and NATO, Kazakhstan had a key role in leading CAR opposition to such a move and effectively ‘vetoing’ it.<sup>36</sup> Still, as a means of preserving regimes that the Western powers regarded as ‘pariah states’ from total diplomatic isolation SCO remained a valuable organisation for the non-democratic regimes of the region.

The story of Western security engagement in Central Asia illustrates the prominent role of politics, in particular the maintenance of the authoritarian Central Asian regimes, and how it was underestimated in the development of Central Asian security co-operation. Prior to Andizhan a strong argument could be made that Russia would eventually be ‘driven out’ of the region and replaced by the US due to the superior financial resources it was able to offer to the CARS. However, the political non-viability of Western democratic states to be seen as propping up what were frequently highly repressive regimes in Central Asia, compared with Russia’s willingness to defend the stable status quo proved to be a more decisive factor. For Russia, the long term maintenance of a strong and stable alliance with Kazakhstan allowed it to re-engage with Central Asia rapidly, primarily through the multilateral institutions proposed by Kazakhstan with Russian blessing.

The security organisations that took over in the face of Western withdrawal, have been largely shaped and guided by Russo-Kazakh co-operation, and will probably shape security policy in the region for the foreseeable future. In short, NATO engagement far from being a culmination of the process of Russian ‘involuntary disengagement,’ turned out to be largely a transitory phase. On March 26

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<sup>36</sup> Daniel Kimmage, “Central Asian Ministers argue against Iran joining SCO,” in *RFE/RL Newslines* 16 May, 2006

2007, Nursultan Nazarbaev categorically stated that there would ‘never’ be US bases in Kazakhstan.<sup>37</sup> The relationship between Russia, Kazakhstan, and the West in the security sphere came full circle.

Russia’s main role here appears to have been maintaining a foothold in Central Asia through Kazakhstan which it was able to exploit as NATO’s presence in the region became increasingly less tenable. While regional stability remained a goal of all actors engaged in the region, there were differing conceptions of what ‘stability’ meant in practice. The imperial legacy left Russia and Kazakhstan with political leaderships comfortable working with one another and little domestic opposition to supporting authoritarian regimes abroad. This was arguably a commitment that the US and NATO could not give, once again returning Russia to its position as the perceived best guarantor of Kazakh security interests, both domestically and regionally.

*The Collective Security Treaty Organisation:*

Perhaps the single most important multilateral response from Russia to its failure to effectively channel and control NATO engagement with Central Asia was its revitalisation of the moribund Collective Security Treaty in 2002 by re-organising it into the Collective Security Treaty Organisation (CSTO.) While Armenia and Belarus were important partners, Kazakhstan was instrumental as a promoter of CSTO in ensuring the continued participation of the other CAR states and establishing its presence along the Caspian thus helping to secure its energy reserves and throughout Central Asia where Russia was presumed to be most vulnerable from the threat of Islamic extremism.

CSTO’s first three years were largely uneventful, and appear to have been devoted primarily to developing its organisational capacity and preparing for limited

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<sup>37</sup> *Russia needs friend, long-term partner*, in *ITAR-TASS*. 2007: Moskva

exercises in Kazakhstan in 2005. It was only after Andizhan that CSTO began to realise more of its potential – Uzbekistan joined the organisation in 2006 as part of its broader turn away from the West and towards Russia bringing with it its considerable military.<sup>38</sup> This was a considerable coup for Russia and the new organisation. Joining CSTO (and leaving the then GUUAM) represented a certain ‘return to the fold’ for Tashkent (as well as bringing its energy reserves and security services into the Russian orbit.) For Kazakhstan it also represented something of a decisive victory over Uzbekistan in the contest for regional leadership, as Tashkent was now engaged with institutions heavily influenced and designed by Astana.

Kazakhstan was not a particularly pro-active driver of CSTO nor did it seek to play a front-line role in shaping regional security policy. Instead CSTO can be thought of as forming a leg of a regional division of labour between security policy and economic policy, with Kazakhstan taking a more direct role in the latter through its leadership role in EurAsEC (or less charitably as a *quid pro quo*.) Kazakhstan made a substantial contribution to the organisation in terms of manpower, and therefore had some influence over its general political direction, but for the most part did not take a leadership role. There was of course a certain logic to developing some form of link between the two organisations which had largely overlapping membership (Armenia remained outside EurAsEC and Uzbekistan ‘suspended’ its membership, though did not withdraw completely in 2008.<sup>39</sup>) The two organisations have committed to some form of link or organisational co-ordination, but as of yet the actual mechanics of this are unclear.

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<sup>38</sup> “Uzbekistan stal polnopravnym chlenom ODKB” *Kommersant* August 17, 2006 <  
<http://kommersant.ru/news/993653>>

<sup>39</sup> “Uzbekistan suspends Eurasec membership, Moscow unruffled” *RIA Novosti* 11 November 2008, <  
<http://en.rian.ru/world/20081112/118264022.html>>

As a political mechanism CSTO proved to be of some value to Russia in the aftermath of the 2008 South Ossetia war. CSTO served as a co-ordinating mechanism for a statement in support of Russia's actions<sup>40</sup> and for the pressing of an arms embargo against Georgia.<sup>41</sup> This effectively allowed the Central Asian states and Belarus to line up behind the Russian position without their having to individually commit to it – a politically and diplomatically much trickier option.

For the purposes of the relationship as a whole, one of the most valuable aspects of CSTO for Russia and Kazakhstan was also its most obvious – the proffering of a reasonably credible system of collective security. While for most of its independent existence Kazakhstan attempted to develop its security relationship with NATO and its Partnership for Peace programme, the development of CSTO into a reasonably credible and stable security organisation led Kazakhstan to further develop its ties with the Russian-backed organisation as part of its overall 'lean' while downgrading co-operation with NATO and Western security structures.<sup>42</sup> This fulfilled two key priorities for Kazakhstan: delinking its security dependence from states more likely to question its domestic political order (i.e. the 'Freedom Agenda'); and continuing to engage Russia within multilateral structures in which Moscow could at least be partially 'checked' by operating within a 'rules based' atmosphere. While it is still early days for CSTO the best example of the degree to which it has cohered beyond other post-Soviet organisation is the recent development of the Collective Operational Reaction Forces (CORF.)

#### *CSTO CORF:*

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<sup>40</sup> "ODKB podderzhivala deisyviya Rossii na Kavkaze" *Kommersant'-Online* September 5, 2008 <<http://kommersant.ru/doc/1022523?isSearch=True>>

<sup>41</sup> V. Solov'ev "Rossiya dala Gruzii kollektivnyu otsenku" *Kommersant'* No.159 (3976) September 5, 2008

<sup>42</sup> S. Gamova, and V. Panfilova, "Nedruzhestvennye manervy" *Izvestiya* April 22, 2009 <[http://www.ng.ru/cis/2009-04-22/1\\_manevry.html](http://www.ng.ru/cis/2009-04-22/1_manevry.html)>

The 2008 South Ossetia war helped in part to spur on a more proactive Russian policy towards CSTO and to attempt to inject the organisation with real military capabilities. As Kazakhstan's military gained greater capabilities towards the end of the decade, it became a more important component and bigger contributor to regional collective security. In particular there does appear to have been a realisation among Russian policy makers that one of the most problematic aspects of the Ossetia war was its unilateral nature, and that even a token contribution from an allied state would have helped alleviate international criticism and furthered Russian political goals (Even though Kazakhstan was generally supportive of Russian actions in Georgia, it has to date declined to recognise South Ossetia and Abkhazia, a key Russian objective.) The result was the creation of an autonomous and unified CSTO rapid reaction force in February 2009.<sup>43</sup>

From an organisational standpoint the goal of CORF was to create a substantial group of forces drawn from all of the CSTO member states, but under a single (presumably Russian) command maintained on a consistent alert status and therefore deployable on a rapid timescale. The CORF group will share a joint uniform, equipment, training and mission profile effectively making it a standing 'joint' army. Russia committed to developing CORF to a high standard with President Medvedev demanding that the new grouping be 'on a par' with NATO.<sup>44</sup> CORF's general function is as yet unclear. If it is to function as an internal post-Soviet 'peacemaking' force in order to deal with insurrections and other destabilising threats it has thus far failed – CSTO declined to intervene to save Kermanbek Bakiyev's government in 2010 or even to respond to his successors' requests for forces after the

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<sup>43</sup> "Strany ODKB obsuzhdayut sozdanie sil bystrogo reagirovaniya" *Vesti.ru* February 2009, <<http://www.vesti.ru/doc.html?id=249784>>

<sup>44</sup> Aleksandr Gabuev, "Sammit v Kremle vyshel blokom" *Kommersant* No.20 (4075) May 2, 2009

outbreak of ethnic violence later that year.<sup>45</sup> So far its only military-political function seems to be to wrest the initiative for regional counter-terrorism and counter-narcotics exercises away from SCO and back to 'Russian' political structures.

CORF also had considerable teething problems. Belarus had to effectively be cajoled into joining the initiative and Uzbekistan secured an opt-out and will only supply forces on a 'case-by-case' basis.<sup>46</sup> This made Kazakhstan, for logistical, political and personnel reasons all the more important as a participant. Logistical due to the fact that it is still the geo-strategic 'gateway' to Central Asia where CORF's ostensible future 'counter-terrorist' missions are most likely to take place. In personnel terms Kazakhstan is the largest contributor of forces after Russia contributing one brigade and one battalion.<sup>47</sup> Politically, Kazakhstan was perhaps the single most influential post-Soviet state after Russia itself due to its increasing economic clout, rising living standards and 'leadership' role in Central Asia (all factors intimately linked to its bilateral relationship with Russia.) Its withdrawal from CORF would most likely cripple the whole initiative.

CORF was able to hold a successful series of exercises in September and October of 2009 in Kazakhstan, but the continued development of the force and its long term viability remained questionable. While it is perhaps going too far to dismiss it as 'merely symbolic' as some western commentators have,<sup>48</sup> it has clearly not yet developed into a serious factor in regional security.

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<sup>45</sup> The reasons behind this decision are still somewhat unclear, but are probably linked to Russian displeasure with the Bakiyev government's shifting policy on US airbases leading to a decision to let it fall. Its failure to intervene during the following outbreak of ethnic violence appears to have been due to Russian unwillingness to get involved in a potentially costly peacekeeping exercise. (see - <http://www.time.com/time/world/article/0,8599,1997055,00.html>)

<sup>46</sup> R.N. McDermott, "Russia's vision in crisis for CSTO Military forces" *Jamestown Eurasia Daily Monitor* Vol. 6, Iss. 125 June 30, 2009

<sup>47</sup> F. Sharip, "Astana steps closer to military alliance with Moscow" *Jamestown Eurasia Daily Monitor* Vol. 6, Iss. 117 June 18, 2009

<sup>48</sup>R.N. McDermott, "CSTO Rapid Reaction Exercises get off to discouraging start" in *RFE/RL Newslines* August 27, 2009

*Economic and Technical Aspects of Security Co-Operation:*

While political issues were of course paramount in shaping security policy for Russia and Kazakhstan, economic and technical issues had an important ‘guiding’ role as well. Economic and technical security co-operation also functioned as a useful barometer in some cases for measuring the overall closeness of Russo-Kazakh security collaboration.

Firstly it should be noted that the Soviet Military (by which we mean not only the armed forces of the Soviet Union, but also the military industrial complex that supported it) was designed to function as a single national defence organisation. There were no republican level military organisations in the same way that there were republic level intelligence services or economic ministries. The break up of the USSR did not reduce the Soviet Military to a series of smaller national defence complexes, but rather fractured it, much as it fractured the economy of south Siberia. A suitable analogy might be that of a complex machine such as a car which is at root a series of complex interacting components. Disassembling the car leaves us with disparate pieces, capable of at best limited and unpredictable functionality on their own. For example ethnic Russian and Slavic officers from the Kazakh armed forces left in huge numbers in the early 90’s. These officers made up the vast bulk of the officer corps in command of Kazakh forces, but calculated that their military careers would be better pursued in Russia.<sup>49</sup> Kazakhstan was thus faced with the task of building national armed forces almost completely from scratch, without the benefit of qualified officer cadres for training purposes. This considerably increased the desirability of an intense

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<[http://www.rferl.org/content/CSTO\\_Rapid\\_Reaction\\_Exercises\\_Get\\_Off\\_To\\_Discouraging\\_Start/1808735.html](http://www.rferl.org/content/CSTO_Rapid_Reaction_Exercises_Get_Off_To_Discouraging_Start/1808735.html)>

<sup>49</sup> M. Alexandrov, Op. Cit.

security relationship with Russia – which would make the process of rebuilding the Kazakh defence forces cheaper and more efficient – and therefore aided Russian influence and helped ensure an intense security relationship.

For Russia, the loss was mainly confined to raw materials, and certain specialised military facilities such as the Baikonur Cosmodrome, or numerous munitions testing ranges now within the Republic of Kazakhstan. Russia continued to rely on Kazakh industry for equipment related to its naval forces, particularly certain munitions and guidance systems.<sup>50</sup> As Kazakhstan possessed no significant naval forces of its own (nor do the other CARs) and the fact that these components were designed to work with Russian designed ships, the only potential market for such concerns was Russia. The maintenance of such a reasonably hi-tech and high income industry was of course also beneficial for Kazakhstan.

Russia's space forces also begun to experience what one reporter termed a 'veritable renaissance.'<sup>51</sup> While the Russian military was keen to develop an alternative centre for military space programmes within the territory of the Russian Federation, and opposed to relying on facilities not directly under its control, resource constraints forced them to compromise, and Baikonur Cosmodrome remained a major centre of Russian military space activity.

In particular, GLONASS, the Russian version of the Global Positioning Satellite system required the use of Baikonur for the launching of replacement satellites in order to maintain its functionality. While the preference of the Russian military remaine the adaptation of the Plesetsk Cosmodrome to suit all of Russia's military needs, in the near to mid future Baikonur will remain the military's primary

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<sup>50</sup> Ibid.

<sup>51</sup> Nikolai Poroskov, "Uzhe my delaem rakety: kosmicheskii voiskam obeshchan rennesans" in *Vremya Novostei* 15 July 2005 < <http://www.vremya.ru/2004/123/4/102800.html> >

launch facility.<sup>52</sup> For its part, while disputes continued to occasionally flare up between Russia and Kazakhstan over the payment of leases for the Baikonur facility, it proved invaluable in the development of Kazakhstan's space capabilities. While these are primarily in the commercial sphere, Kazakhstan's decision to join GLONASS, and the launch of KazSat are proof of the technological advances Baikonur has facilitated as well.

Kazakhstan's armed forces were for their part, almost entirely armed and equipped with Russian armaments, some of it quite advanced. As of 2010 Kazakhstan was the only country other than Russia to field a fleet of MiG-31 aircraft,<sup>53</sup> the most sophisticated interceptor aircraft developed by the Soviet Union. It is reasonable to assume that for the maintenance of these aircraft, as well as training and technical data Kazakhstan remained reliant on the Russian Federation.<sup>54</sup> This is in addition to the field of other late-generation Soviet designed fighters, bombers, and helicopters that the Kazakh military still operated as of 2010. Kazakhstan's position as an ally of Russia and its membership of CSTO also allowed it to buy advanced Russian weapons systems at domestic Russia prices. Kazakhstan's military or political establishment does not appear to have been overly concerned about Russian influence, or the dependency on Moscow for military supplies. This is not surprising as much of Kazakhstan's officer corps was still trained in Russian military academies and socialised in Russia's military culture (see above) an important aspect of Russian 'soft power' influence in the security sphere.

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<sup>52</sup> Informatsionnoe Aгенstvo "Kazakhstan Segodnya" "Kazakhstan nameren uchastvovat' v kosmicheskikh programmakh GLONASS i "Galileo" < <http://www.zakon.kz/70319-kazakhstan-nameren-uchastvovat-v.html> >

<sup>53</sup> MILAVIA "Mig-31 'Foxhound'" <<http://www.milavia.net/aircraft/mig-31/mig-31.htm>>

<sup>54</sup> "Kazakhstan signs MiG-31 upgrade contract with Russia" *Jane's Defence Weekly*, September 4, 2007

Finally, the basic composition and training of the Kazakh forces was heavily reliant upon Russia. Kazakhstan had little in the way of an independent military tradition. As has already been noted, the Kazakh forces possessed a limited cadre of trained officers after the Slavic exodus immediately following independence. Russia was essential for providing the officer training necessary to establish an effective army. While the PfP programme did offer some opportunities for US and NATO training of Kazakh officers, and some steps were taken towards increasing interoperability with NATO forces, Russia remained the main model for the Kazakh armed forces, and continues to subsidise the training of Kazakh officers in Russian military academies.

The Kazakh government announced at the end of February 2007 that major reforms of the armed forces would be undertaken in the near future, and would take place as a part of a 'joint program' with Russia. Then Kazakh Defence Minister Daniyal Akhmetov mentioned that the new program would encompass reforms of the training, culture, force structure and of course purchases of equipment. With such far-reaching influence over the future shape of Kazakhstan's military it is reasonable to assume that Russia will encourage the formation of a Kazakh army reliant on Russian equipment, designed for maximum interoperability with Russian forces, and with a mission structure compatible with Russian security goals in the region.<sup>55</sup>

#### *Conclusions:*

The security relationship did not see major changes in its overall content since the dissolution of the Soviet Union with Russia still the primary guarantor of Kazakh stability and security. What did change was Kazakhstan's increased military potential

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<sup>55</sup> Daniel Kimmage, "Kazakhstan to Reform Military With Russian Help," in *RFE/RL Newsline* February 23, 2007

and the gradual growth of multilateral security organisations in Central Asia, in which Astana played a key role. While the political and economic relationships were asymmetrical, with Kazakhstan acting as the junior partner, the asymmetry was partially levelled by other factors, such as Kazakhstan's major oil reserves, or its position as the leader of integration processes in Central Asia. In the security sphere few such mitigating factors are apparent. The Kazakh armed forces were almost entirely dependent on Russia for their training and equipment, and in the event of any serious armed and organised threat to Kazakh sovereignty and territorial integrity would doubtlessly be heavily dependent on Russian assistance for the defence of Kazakhstan.

Moreover, the events of the 'Andizhan Massacre' in Uzbekistan put the leaders of the CARs, Nazarbaev included, on notice that the West would not tolerate its allies forcibly quelling of domestic civil unrest. The leaders of the NATO countries were simply unwilling to pay the domestic political price associated with being seen to militarily and economically support repressive dictatorships. Despite the superior capabilities of NATO in meeting Central Asian security concerns, these preconditions proved too onerous for the CARs to bear. Russia showed a tolerance for Andizhan style repression, but even tacit encouragement. As mentioned in the politics chapter, the current Secretary-General of CSTO was prompt in offering the use of CSTO's rapid reaction forces for the suppression of civil unrest during the Kyrgyz 'Tulip Revolution' and subsequent outbreaks of public protest following it. The frequent emphasis on 'extremism' as a primary security concern by CSTO and SCO suggests that the forcible maintenance of the status quo has come to be seen as a security priority.

Excepting for the four years of NATO's major presence in Central Asia, Russia functioned as the exclusive security umbrella for the region. With the withdrawal of Western forces, Russia no longer faced any competitor in the region for this position, with the exception of China which showed little inclination to challenge it.

On the whole Kazakhstan had security concerns that largely overlapped with those of Russia, primarily the interest in preserving stability in Central Asia. As a resource rich, territorially large and sparsely populated state it also required a security umbrella, and key post-Imperial factors helped ensure that Russia appeared the best candidate to fulfil that role.

Russia for its part was able to use Kazakhstan to reap the benefits of keeping its army geared towards defending borders in Central Asia rather than in Russia as well as expanding its potential for projection of military power on the cheap. It should also be noted that there was a considerable cognitive element to how Russia and Kazakhstan have conceptualised their security needs in the region. For example Kazakhstan chose to accept a Russian 'umbrella' partially because it was seen simply as less threatening than China. However what was arguably most important was the prioritisation of regional 'stability' and a shared conception of stability as consisting of the preservation of existing friendly authoritarian regimes (with the partial exception of the Bakiyev government.) This is not a concept that NATO shared, nor could its member states politically afford to be seen endorsing.

What is clear is that just as NATO engagement with Central Asia began to effectively crumble when its position in Uzbekistan was undermined, Kazakhstan was an equally crucial part of Russian engagement in the region. This gave both sides a

strong interest in maintaining a high-intensity security relationship, which increased Russia's overall influence in Kazakhstan.

CHAPTER FIVE: POLITICAL ISSUES IN THE RUSSIA-UKRAINE BILATERAL  
RELATIONSHIP

### *Introduction:*

This chapter starts from the assumption that Russo-Ukrainian relations during this study's timeframe are best analysed using two distinct periods: the second Kuchma administration, and the post-Revolutionary period. Its main argument is that the relatively advanced development in Ukraine of a nationalist, post-colonial political discourse with significant potential for political mobilisation was the principal independent variable in explaining the deviation of the Russo-Ukrainian relationship from some of the predictions of the post-Imperial framework. The unique place Russia and Ukraine occupied in each other's own national histories and self-image made each of their processes of self-definition a matter of vital interest to the other. Nationalist self-identification played a vital role in shaping the analytical frameworks, pre-conceptions and thus policy options faced and decisions made by each state. Nationalism also provided a means of mobilising electoral support in a system where elections were generally at least partially competitive and politically consequential. A deeper investigation into the role of nationalism is therefore an apt place to begin the chapter.

### *Relational Identities and Nationalism as an Independent Variable:*

Russia's conception of its relationship with Ukraine went far deeper than the 'Eurasianism' of its engagement with Kazakhstan in that it did not argue that Russia and Ukraine were similar nations in a common civilisation, but that there was no real difference between them at all at all. Iynystkiy emphasises the point that Ukraine was never seen as a 'foreign' element within the Russian Empire itself, but rather an integral part of the Russian identity.<sup>1</sup> Russian national luminaries such as Alexander Solzhenitsyn decisively rejected the notion of separate Ukrainian and Russian national

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<sup>1</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*. 2007, New York ; Houndmills, Basingstoke: Palgrave Macmillan.

identities as ‘absurd’ arguing that both were integral to the other, and meaningless in separation.<sup>2</sup>

This normative framework was prevalent among Russia’s elites and had a major effect on the development of policy. The inability of the Yeltsin administration to *psychologically* accept the sovereignty of Ukraine and its resistance to incorporation into a new Slavic Union has been described as the ‘jilted spouse’ syndrome.<sup>3</sup> Yeltsin, like most Russian elites at the time was literally unable to *comprehend* why Ukraine would not want to pursue re-integration with Russia. This was a persistent impediment preventing the articulation of a coherent and workable Ukraine policy. While the tendency abated under Putin, it did not disappear entirely. Tor Bukkvoll has argued that the question of Russia’s relationship to Ukraine remained a question of Russia’s ‘soul’<sup>4</sup> – the implication being that Russia’s identity remained almost spiritually dependent on Ukraine’s membership of an overarching Russian nation. To use a Russian explanation, Ukraine was still regarded as fundamentally and irretrievably *nashi* (ours) rather than a distinct and autonomous culture and nation in its own right.

The Ukrainian nationalist project of building post-Soviet Ukraine as a ‘European’ state was therefore in direct conflict with Russia’s own national self-image. Moscow’s commitment to maintaining Ukraine within a Russian ‘sphere of influence’ and integrating it into post-Soviet supranational organisations was a cultural project as well as political and economic.<sup>5</sup> Moreover it encouraged Russia to view the relationship in essentially zero-sum terms – that it must either have a ‘special

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<sup>2</sup> Zenon E. Kohut, *History as a battleground : Russian-Ukrainian relations and historical consciousness in contemporary Ukraine*. Homeland series ; no. 1. 2001, Saskatchewan: Heritage Press. 63.

<sup>3</sup> Roman Solchanyk, *Ukraine and Russia : the post-Soviet transition*. 2001, Lanham, MD ; Oxford: Rowman & Littlefield Publishers. xii, 237.

<sup>4</sup> Tor Bukkvoll, *Ukraine and European security*. 1997, London: Royal Institute of International Affairs.

<sup>5</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*

relationship' and alliance with Ukraine or an antagonistic and hostile relationship. Ukraine could only either be a second Belarus or a second Poland.<sup>6</sup> As a result, the Orange Revolution's basis in Western Ukrainian nationalist mobilisation, and its legitimisation of a foreign policy course favouring deeper integration with Euro-Atlantic economic, political, and security structures was perceived as hostile and threatening not only to Russian interests, but ultimately to Russia itself.

The Ukrainian nationalist discourse was considerably more complex. The western *oblasti* of Ukraine were only incorporated into the Soviet Union in the aftermath of the Second World War and developed largely under Hapsburg and Polish suzerainty, as opposed to the historically Russian *oblasti* of the east and south of the country. The western regions enjoyed a much longer history of political and national autonomy, linguistic freedom and developed a distinctively different political culture than the East alongside and linked to a Ukrainian national identity. The southern and eastern regions by contrasts, underwent an intense period of 'Russification' under Catherine the Great as well as 'Sovietisation' and heavy industrialisation during the pre-war Stalinist period.<sup>7</sup> Ukrainian ethno-cultural nationalism was therefore a far more prevalent political force in the West, while Soviet nostalgia and identification with Moscow has dominated the East.

Coupled with the lack of a historically defined territorial state around which to base the legitimacy of independent Ukraine, these factors prevented Ukraine from rallying around a single generally accepted idea of the nation and state.<sup>8</sup> It instead

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<sup>6</sup> Andrew Wilson, *Ukraine's orange revolution*. 2005, New Haven, Conn. ; London: Yale University Press

<sup>7</sup> Andrew Wilson, *The Ukrainians : unexpected nation*. 2000, New Haven ; London: Yale University Press

<sup>8</sup> Taras Kuzio, and Center for Strategic and International Studies (Washington D.C.), *Ukrainian security policy*. Washington papers ; 167. 1995, Westport, Conn ; London: Praeger. xiv, 168

became a ‘cleft country.’<sup>9</sup> Molchanov argues that nationalism was used as a means of compensating for deficiencies in state capacity and as a means of mobilising the masses.<sup>10</sup> However nationalism had little success in *building* state capacity. It did however, have considerable political utility for elite actors and interest groups in Ukraine. The first Kravchuk government used nationalism in a tactical fashion to preserve the existing elite power structure by ideological conversion of its members (the so-called ‘National Communists’) while also co-opting a number of prominent nationalist political figures into the elite and employing some nationalist political concepts and programmes in legitimising the regime.<sup>11</sup>

This should be tempered by remembering the results of the 1994 elections, which saw Leonid Kuchma elected on the basis of his appeal to the Russian and Soviet nostalgia of the eastern *oblasti* demonstrating the highly regionalised nature of Ukrainian nationalist mobilisation, and that the overall balance of electoral power remained with the ‘swing’ centre.’ Mykola Riabchuk notes that both ‘Nationalists’ and ‘Soviet nostalgists’ were a minority compared to the ‘undecideds.’<sup>12</sup>

Ukraine therefore found it difficult to align itself either as a ‘European’ state (according to nationalist wishes) or a ‘Eurasian’ one (according to the nostalgists) and existed more in a state of contested ambiguity.<sup>13</sup> However the presence of two, relatively easily mobilised national-civilisational ‘camps’ in Ukraine provided the Ukrainian elite with a means of legitimising self-interested policy preferences through opportunistic employment of the competing discourses.

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<sup>9</sup> I. Katchanovski, *Cleft Countries: Regional Political Divisions and Cultures in Post-Soviet Ukraine and Moldova* Verlag, 2007

<sup>10</sup> M.A. Molchanov, *Political culture and national identity in Russian-Ukrainian relations*. 2002, College Station ; Great Britain: Texas A&M University Press.

<sup>11</sup> Tor Bukkvoll, *Ukraine and European security*.

<sup>12</sup> Mykola Riabchuk, “Ukraine: A Not-So-Unexpected Nation” *Ukrainian Quarterly*, 2005. **61**(4): p. 357-366.

<sup>13</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*

In the late 1990s, when Ukrainian oligarchs feared increased economic competition from Russian firms, official defence of ‘national capital’ and the need to create a self-sufficient Ukrainian bourgeoisie was used to legitimise protectionist policies. When economic collaboration with Russia became advantageous at the turn of the century, the elite shifted towards a discourse encouraging economic ‘pragmatism’ in relations with Russia.<sup>14</sup>

Elites in competition also used the East-West divide as a means of mobilising support, most dramatically during the 2004 ‘Orange Revolution’ where the victory of the nationalist faction was described as a ‘European response to a Eurasian challenge.’<sup>15</sup> In the post-Revolutionary political landscape this divide formed the basis for a de facto two-party system in Ukraine, and the basis on which Russia has sought to influence Ukraine by fixing policy to either ‘punish’ or ‘reward’ the state and elites based on their foreign policy orientation.

The relational nature of national self-definition also ensured that Russia was not a disinterested spectator. Nationalist factions traditionally placed Russia in the role of defining other, and articulated their goals as severing the essentially ‘European’ Ukrainian state from Russia’s ‘Eurasian’ civilisation and influence. Riabchuk makes the incisive observation that this is a direct threat to Russia’s own national self-conception – Ukrainianism is in effect an attempt to divide the still dominant ‘Imperial-centric’ Russian self identification into two distinct national concepts.<sup>16</sup> Beisswenger also notes the geopolitical threat to the Russian ‘Eurasianist’

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<sup>14</sup> Rosario Puglisi, “Clashing Agendas? Economic Interests, Elite Coalitions and Prospects for Co-operation between Russia and Ukraine” *Europe-Asia studies*, 2003. **55**(6): p. 827.

<sup>15</sup> Mykola Riabchuk, “Ukraine: A Not-So-Unexpected Nation” *Ukrainian Quarterly*, 2005. **61**(4): p. 357-366

<sup>16</sup> *Ibid.*

project that Ukraine represented, by placing a significant chunk of the supposed Eurasia civilisationally within Europe.<sup>17</sup>

Ukrainian nationalism also represented a threat to Russia's greater policy goals within the post-Soviet space. Ukraine's quest for independence was partially about achieving the ability to interact 'directly' in international affairs<sup>18</sup> threatening Russia's ambition to regulate the interaction of the post-Soviet states in their broader foreign policy.<sup>19</sup> This harkens back to the original basis of the post-Imperial framework – Motyl's 'hub and spoke' in which peripheral states can communicate and act only through the centre. The success of the Ukrainian nationalist project would be a major strategic setback for Russia, by demonstrating the limits of Moscow's influence and setting up a potential alternative locus of political loyalty in a competitive international arena.<sup>20</sup> The Orange Revolution in particular, was seen as directly threatening the stability of the Kremlin's authority by providing a 'moral example'<sup>21</sup> and encouraging citizens in other post-Soviet state to test the stability of their authoritarian regimes in emulation.<sup>22</sup>

National self-definition and nation building thus had a crucial role to play in shaping the overall relationship between Russia and Ukraine. Both sides had to respond to varying degrees of political pressure from 'Nationalist' 'Soviet-Nostalgist' and 'Neo-Imperial' domestic political groups. The dominance of ideas in shaping

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<sup>17</sup> M Beisswenger, "Eurasianism then and now; a Russian conservative movement and its Ukrainian challenge" in S. Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*.

<sup>18</sup> Mykola Riabchuk, "Ukraine: A Not-So-Unexpected Nation" *Ukrainian Quarterly*, 2005. **61**(4): p. 357-366

<sup>19</sup> Roman Szporluk, *Russia, Ukraine, and the breakup of the Soviet Union*. Hoover Institution Press publication, 2000, Stanford

<sup>20</sup> M.A. Molchanov, *Political culture and national identity in Russian-Ukrainian relations*.

<sup>21</sup> A. Wilson, *Ukraine's orange revolution*. 2005

<sup>22</sup> Tomas Ambrosio, "Insulating Russia from a Colour Revolution: How the Kremlin Resists Regional Democratic Trends" *Demokratizatsiya*, 2007. **14**(2): p. 232.

policy made the construction of a more strictly ‘pragmatic’ political relationship exceedingly complicated.

*Structural Inheritances:*

The structures of political and economic governance inherited by Ukraine from the Soviet Union formed the basis on which the independent Ukrainian state was built and helped determined its course of development. However, these structures were not entirely static – the continuing struggle between Ukrainian ‘nationalists’ and ‘nostalgists’ took place within these structures but also disrupted them externally. To begin with, I will examine the three major ‘structural’ inheritances of the Ukrainian political system from the Soviet and Imperial past.

Firstly, the weakness of Ukraine’s inherited state institutions and limited political experience within a ‘law-based state’ left post-Soviet Ukraine with a comparatively weak state, deficient in its ability to formulate and execute policy, and little elite agreement on or adherence to a concept of the ‘national interest.’ This was of course exacerbated by the conflict over national self-identity explored above.

This encouraged the development of a semi-authoritarian, state in which executive and legislative power was consolidated around a small group of economic-political elites (commonly referred to as oligarchs or Business Administrative Groups – BAGs.) This ‘oligarchy’ gained extraordinary economic resources due to their proximity to political power (mainly the president) and subsequent ability to extract rents from the state, primarily through the energy trade with Russia (explored in more detail in the economics chapter) non-transparent privatisation of state assets, tax benefits and other semi-legal and illegal practices. The President in this system functioned as an arbiter of (mainly financial) disputes between oligarchic ‘clans’ and as a balancing agent to prevent any group from gaining excessive power over the

others, and threatening the regime's stability. This process of 'state capture' contributed significantly to the continuing weakness of the Ukrainian state and the 'stalled transition' to a market economy.<sup>23</sup>

Secondly, the high retention rate of Soviet-era *nomenklatura* personnel left the new state dominated by elites with a low degree of legitimacy, weakly connected to the state and its independence and guided by Soviet-era administrative mindsets as well as informal networks of contact and influence with their Russian counterparts. The Kuchma administration in particular established a highly collaborative relationship with the Putin administration in the run-up to the 2004 election and made substantial policy concessions to Russia as part of the attempt to secure the succession for Viktor Yanukovich.

This was balanced by Ukraine's history of relatively successful nationalist mobilisation in the Western *oblasti*, which prevented the consolidation of a fully authoritarian political system. Dominique Arel<sup>24</sup> argues that nationalist mobilisation introduced a structural division within the state elite. By providing an effective alternative political base, it introduced an incentive to the elite to coalesce around one of two 'poles' and prevented the establishment of a strictly hierarchical 'vertical of power' based on the Russian model, and helped to maintain a reasonably strong opposition and 'counter-elite.' However Yushchenko and successive 'Orange' governments were unable to maintain the cohesion of the nationalist pole and significantly strengthen the capacity and legitimacy of the Ukrainian state after 2005. The designation of Yushchenko's election as a 'revolution' also overstates the extent

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<sup>23</sup> W. Bartlett, "SME Development Policies in Different Stages of Transition" *MOCT-MOST: Economic Policy in Transitional Economies*, 2001. 11(3): p. 197-204.

<sup>24</sup> Dominique Arel, "The 'Orange Revolution': Analysis and Implications of the 2004 Presidential Election in Ukraine", in *Third Annual Stasiuk-Cambridge Lecture on Contemporary Ukraine*. 2005: University of Cambridge.

to which the former regime was dismantled and replaced. Yanukovych and other Kuchma lieutenants remained powerful political figures and returned to government less than 18 months after the ‘revolution.’ Kuchma-era elites, and their associated networks remained ‘in-system’ and able to compete for power. The Orange Revolution did lead to substantial and significant changes in regime personnel, but rather limited ones for practical political purposes.

Finally the Soviet system was highly successful in demobilising and weakening civil society, leading to a weak party system and centres of opposition to the regime. The Orange Revolution bucked this trend by successfully harnessing the power of Western nationalists to mobilise opposition to the regime but was unable to maintain its cohesion afterwards. The post-Revolutionary Party of Regions remained more a coalition of oligarchic factions and interest groups than a ‘bottom-up’ political movement.

Relating to all these points, Lucian Way<sup>25</sup> argues that an inheritance of weak markets, weak rule of law and weak civil society made the ‘capture’ of the Ukrainian state far easier. The weakness of the rule of law as both a concept and a set of institutional mechanisms contributed to the use of the legal system as a means of state domination, rather than a means of preventing the arbitrary exercise of power. Despite the long-standing rhetorical commitment to Euro-integration, few Ukrainian leaders were willing or able to take on the systemic criminality inherent in the system necessary for a genuine movement closer to the West. Conversely, Russia’s greater ability and willingness to engage with unofficial and sometimes criminal networks in its relations with Ukraine helped to ‘embed’ its influence within the Ukrainian political system. As network theory predicts, transnational governance networks in

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<sup>25</sup> Lucian Way, “The sources and dynamics of competitive authoritarianism in Ukraine” *The Journal of Communist Studies and Transition Politics* 2004. 20(1): p. 143.

this case worked just as much to keep ‘outsiders’ out as to develop and promote the interests of ‘insiders.’<sup>26</sup>

Domestic institutions and the ‘character’ of the Ukrainian state were crucial for Ukraine’s overall foreign policy. Euro-integration and a European oriented foreign policy both required structural reform of Ukraine along modern European democratic standards. Russia both maintained the ability to inhibit reform, and benefitted from its continued failure. As Neil Munro explains “A pro-CIS foreign policy may be easier in the short term, because Russia would demand fewer changes in the basic modus operandi of Ukrainian elites, and is in a position to reward what it sees as good behavior.”<sup>27</sup> Nationalist groups were traditionally successful in securing at least rhetorical commitment to Euro-Atlantic integration for Ukraine, yet actual moves towards such a policy would inevitably have threatened the semi-authoritarian structure of the pre-Orange regime due to the stringent demands placed by the EU and NATO on democratic norms of governance.

The semi-authoritarian system refined by President Kuchma did have the significant drawback of being unstable and vulnerable to challenge from the ‘alternative pole’ described by Arel. This of course eventually happened during the Orange Revolution. But prior to 2005 Kuchma and the ‘oligarchy’ sought to address this weakness by effectively inviting Russia to take a greater role in the Ukrainian political system as part of the transition to a fully authoritarian political order. This also led to a significant deepening and solidifying of the relationship with Russia.

*The Second Kuchma Administration:*

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<sup>26</sup> Federico Varese, (1997) *The Transition to the Market and Corruption in Post-socialist Russia*, *Political Studies*, 1997, pp. 579-596

<sup>27</sup> Neil Munro, “Which Way Does Ukraine Face? Popular Orientations Toward Russia and Western Europe.” *Problems of post-communism*, 2007. **54**(6): p. 43.

Prior to the 2002 parliamentary elections in Ukraine the Kuchma administration was obliged to cede some influence and power to nationalist and ‘national-democratic’ parliamentary factions in the Rada in opposition to the remnants of the Communist Party of Ukraine (KPU.) The ‘oligarchy’ gained sufficient strength and control over state institutions that it felt confident enough after the elections of 2002 to abandon this model government on its own. The Yushchenko premiership of 1999-2001 had already begun to upset the oligarchy by initiating economic reforms threatening to their business interests. After the interregnum premiership of Anatoliy Kinakh, the 2002 ‘cabinet of oligarchs’ was formed under the premiership of Viktor Yanukovich.<sup>28</sup>

This government sealed the dominance of the three main oligarchic ‘clans’ – the Hrihoriy Surkis/Viktor Medvedchuk Kyiv clan and its SDP(o) parliamentary faction, Viktor Pinchuk’s Dnipropetrovsk clan and its Labour Ukraine faction, and the Donetsk clan largely financed by Rinat Akhmetov, represented in parliament by the Party of Regions faction led by Yanukovich. The government then attempted to shift Ukrainian politics away from the semi-authoritarian model of governance towards full authoritarianism,<sup>29</sup> as the political basis of Kuchma’s Ukraine was unstable and its preservation required a movement towards a more fully authoritarian polity<sup>30</sup> based on the model of Russia’s ‘managed democracy.’<sup>31</sup> Both the transfer and consolidation of power afterwards would have relied on a significant degree of support from Russia for three key reasons.

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<sup>28</sup> Anders Aslund, and Michael McFaul, *Revolution in Orange: the origins of Ukraine’s democratic breakthrough* Washington DC, Carnegie Endowment for International Peace, 2006

<sup>29</sup> Taras Kuzio, “Regime type and politics in Ukraine under Kuchma” *Communist and Post-Communist Studies*, 2005. **38**(2): p. 167-190.

<sup>30</sup> Taras Kuzio, “Oligarchs, Tapes and Oranges: ‘Kuchmagate’ to the Orange Revolution.” *The Journal of Communist Studies and Transition Politics*, 2007. **23**(1): p. 30

<sup>31</sup> Paul D’Anieri, “The last hurrah: The 2004 Ukrainian presidential elections and the limits of machine politics.” *Communist and post-communist studies*, 2005. **38**(2): p. 231

First - The movement towards authoritarianism would inevitably permanently alienate Ukraine from the Euro-Atlantic institutions it officially desired to join – avoidance of economic and political isolation would require the diplomatic support of Russia. Second - A successful transfer of power would also depend on Russian political support, financial resources, media support and ‘political technology.’ Thirdly - the three main oligarchic clans supporting the Kuchma regime (the Kyiv clan, the Donetsk clan, and the Dnipropetrovsk clan) were all to a certain degree reliant on Russian financial support for continued prosperity, and worried that the ascension of one clan to prominence over the others would prejudice the interests of the others in the absence of a Kuchma style ‘umpire.’

*The End of High Kuchmaism:*

The 21<sup>st</sup> Century began fairly inauspiciously for the Kuchma administration. The release of audiotapes secretly recorded by bodyguard Mykola Melnychenko appeared to reveal the President’s involvement in several illegal activities, including the murder of journalist Hiorhiy Gongadze and the sale of Kolchuga radar systems to Iraq.<sup>32</sup> The resulting ‘Kuchmagate’ scandal led to an unprecedented mobilisation of public opposition and protest - the ‘Ukraine Without Kuchma’ movement. While the protests were insufficient to topple the regime, they did highlight the continued potential of nationalism as a tool for political mobilisation (the protestors were primarily from Western Ukraine)<sup>33</sup> and attracted the support of ‘dissident oligarchs’ such as Yuliya Tymoshenko which added to the resources and credibility of the nationalist opposition.

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<sup>32</sup> Taras Kuzio, ‘Oligarchs, Tapes and Oranges:’Kuchmagate’ to the Orange Revolution’, *The Journal of Communist Studies and Transition Politics*, 23 (2007), 30

<sup>33</sup> Dominique Arel, ‘The “Orange Revolution”: Analysis and Implications of the 2004 Presidential Election in Ukraine’, Third Annual Stasiuk-Cambridge Lecture on Contemporary Ukraine, 2005

As the opposition became more identified with Ukrainian nationalism (expressed most famously by Yuliya Tymoshenko's distinctive traditional hairstyle and dress) the regime began to rely more heavily on appeals to Soviet nostalgia and anti-Westernism (for instance, labelling the entire cassette scandal the 'Brzezinski plot') in its response. Soviet nostalgia would become the ideological backbone of the 2004 Yanukovich campaign,<sup>34</sup> as well as a strategy of attempting to portray Yushchenko as a militant nationalist.

A survey of the three principle clans supporting the Kuchma regime also helps to explain the increasing preference of the regime for a Russia-oriented regime and normative foundation. The Kyiv has generally been described as the most ideologically pro-Russian of the three<sup>35</sup>[21, 25], due to clan 'leader' Viktor Medvedchuk's long-standing connections with Russian political actors and Russia's initial support of him as a successor to Kuchma.[10] It was represented politically by the Social Democratic Party (United) – SDP(o). Kuchma and his clan envisaged a 'hetmanate' style role for Russia as part of 'Operation Successor' with Moscow as the external guarantor of the oligarchic status quo.<sup>36</sup>

The Donetsk clan had its power base in the heavily 'Sovietised' and Russophone Donbas region, which was also the heartland of the highly gas (and therefore Russia) reliant steel industry. Its principle sponsor, Rinat Akhmetov was Ukraine's richest man due to his extensive steel interests (as well as media and other industries, controlled though the Systems Capital Management firm) and had a special direct arrangement for purchases of gas from Gazprom.<sup>37</sup> Its political organisation

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<sup>34</sup> Kuzio, T., "Oligarchs, Tapes and Oranges: 'Kuchmagate' to the Orange Revolution."

<sup>35</sup> Kuzio, T., "From Kuchma to Yushchenko Ukraine's 2004 Presidential Elections and the Orange Revolution" *Problems of post-communism*, 2005. **52**(2): p. 29.

<sup>36</sup> Ibid.

<sup>37</sup> Szeptycki, A., "Oligarchic Groups and Ukrainian Foreign Policy" *The Polish Quarterly of International Affairs*, 2008(2): p. 26

was the Party of Regions whose main leader Viktor Yanukovich, became the oligarchic presidential candidate in 2004.

Finally the Dnipropetrovsk clan is headed by Viktor Pinchuk, Kuchma's son-in-law. His Interpipe steel empire is based out of Dnipropetrovsk, another heavily Sovietised and Russophone region, and his business interests are based mainly around the sale of gas transit pipes to Russia and steel production based on Russian gas imports. Its parliamentary faction was the Labour Ukraine party.

In 2002, Medvedchuk's appointment to the head of the presidential administration, Yanukovich's to the premiership, and the formation of a government exclusively by oligarchic-centrist parties, consolidated the control of the oligarchy over all the major centres of government and administrative power in Ukraine. However the results of the 2002 parliamentary elections also demonstrated the increasing limitation of oligarchic power. The pro-presidential 'For a United Ukraine' (ZYU) bloc, encompassing all the oligarchic parties except for the SDP(o) garnered only 11.8% of the vote (SDP(o) carried a further 6.3%.) The opposition 'Our Ukraine' and Yuliya Tymoshenko blocs carried over 30%. While the oligarchic parties were able to form a parliamentary majority by carrying additional single member districts, and bribing and intimidating opposition deputies,<sup>38</sup> their prospects for the forthcoming presidential elections became less bright. While Kuchma and the 'oligarchy' were not squeamish about using administrative resources, biased press coverage and even limited vote-rigging to secure a 'positive' result, there is a limit to how effective these tactics can be, especially when the result has to be at least minimally 'realistic.' The 'Orange Revolution' occurred in no small part because the electoral fraud required for the first Yanukovich 'victory' was too much to produce a plausible result.

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<sup>38</sup> Kuzio, T. "Oligarchs, tapes and oranges"

For the oligarchy, the potential negative consequences of a non-‘centrist’ politician assuming the presidency were severe. The suspect manner in which they had acquired most of their business empires, as well as the alleged criminal actions of the Kuchma regime, made imprisonment, exile and the seizure of assets a real threat. Lacking the power to ensure a smooth transfer of power to an acceptable candidate on their own, the oligarchy invited Russian assistance in guiding the transition process – ‘Operation Successor.’ Russia seized the opportunity, seeing an opportunity to gain leverage over Ukraine towards tighter integration with Russia. Additionally it helped set the tone for the election campaign of 2004 as a struggle between the pro-Russian ‘East’ and Nationalist ‘West’ of Ukraine.

For Russia the decision to intervene in support of Kuchma’s authoritarian consolidation was driven by a number of considerations. Firstly, Moscow’s foreign policy was generally ‘actor’ driven rather than ‘process’ driven: “As post-Soviet politics in general, Russo-Ukrainian relations are in particular driven by personal networks and interest groups. Therefore the question of who, with whom, when and on which occasion are of much bigger importance than in Western societies that are shaped by institutions.”<sup>39</sup> Secondly, as mentioned above, Russia historically attached a high degree of psychological importance to maintaining a degree of hegemony over Ukraine. The successful installation and support of a ‘friendly’ regime in Kyiv would have helped to bolster domestic support for the Putin administration and help mobilise Russian society in support of the regime’s goals,<sup>40</sup> as well as ensuring stability of Ukrainian cadres and elites that Russia was familiar and comfortable working with.

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<sup>39</sup> Iryna Solonenko, and Iris Kempe, “International Orientation and Foreign Support” in *Presidential Election and Orange Revolution: Implications for Ukraine’s Transition* Kurth, H Kempe, I. eds. 2005, Friedrich-Ebert-Stiftung, Kyiv

<sup>40</sup> Fyodor Lukyanov, “Interactions Between Russian Foreign and Domestic Politics” *Irish Studies in International Affairs*, 2008. **19**(19)

Additionally, the installation and maintenance of a model of development similar to Putin's 'managed democracy' would have both served as a means of challenging the West's global 'political, economic and ideological monopoly'<sup>41</sup> and preventing the emergence of an alternative model of development in the post-Soviet space<sup>42</sup> with the potential to challenge the Russian political establishment.<sup>43</sup> Thirdly, the candidate of the 'authorities' would have had to draw upon eastern, Russified Ukraine for his power base, strengthening Russia's ability to shape the legitimising narrative of the Ukrainian state, and deepening its penetration of the Ukrainian cultural 'information space.'

Finally, and perhaps most importantly Russia's intervention allowed it to secure policy concessions from the Kuchma government that would have more firmly anchored its orientation towards Russia. The run up to the 2004 election saw several key policy reversals and initiatives from the Kuchma administration that appear to have been linked to Russia's support for 'Operation Successor.' On the political side the most significant of these was Kuchma's agreement in 2003 to join a customs union with Russia, Belarus and Kazakhstan called the Common Economic Space (CES.) While potentially economically beneficial for Ukraine as a whole, CES would have resulted in a degree of sacrifice of economic sovereignty to Russia<sup>44</sup> as well as removing EU membership or trade integration as a viable future option. CES also constituted a major shift in policy, given Kuchma's previous refusal to join Russia-Belarus Union, and the far less economically ambitious Eurasian Economic Community (EEC) as recently as November 2002. Significantly, Kuchma also tried to

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<sup>41</sup> Ibid.

<sup>42</sup> Tomas Ambrosio, "Insulating Russia from a Colour Revolution: How the Kremlin Resists Regional Democratic Trends" *Demokratizatsiya*, 2007. **14**(2): p. 232

<sup>43</sup> Taras Kuzio, "From Kuchma to Yushchenko Ukraine's 2004 Presidential Elections and the Orange Revolution"

<sup>44</sup> Iryna Solonenko, and Iris Kempe, "International Orientation and Foreign Support" in *Presidential Election and Orange Revolution: Implications for Ukraine's Transition*

fudge the issue somewhat, by arguing CES obligated only the formation of a free trade area, leaving Euro-integration a possible option even as the actual substance of CES as proposed suggested this was not the case.

Ukraine's accession to CES and the development of a full customs union would have been a major strategic breakthrough for Russia. While, as noted above, the nature of Kuchma's regime had already made the near-term prospects for serious Euro-Atlantic integration quite poor, the creation of a customs union would probably have effectively ended Ukrainian attempts to join the European Union<sup>45</sup> (despite Russian assurances to the contrary<sup>46</sup>) and delayed its accession to the WTO until Russian accession had been agreed as well. As a result, Ukraine's foreign economic policy would have been heavily tied to that of Russia with little opportunity for 'decoupling.'

The decision to enter CES was highly controversial even within the 'cabinet of oligarchs.' Tor Bukkvol outlines in great detail the debate within the Presidential apparatus and government over the adaptation of CES, concluding somewhat surprisingly that the initiative to pursue the CES originated from Kuchma in the face of opposition from both Yanukovich and the Donetsk clan as well as elements of the Dnipropetrovsk clan. Additionally, Kuchma elected to oversee the negotiations from the Ukrainian side personally. Mykola Azarov, Kuchma's unquestionably loyal and pro-Russian aide, was despatched to head up the Ukrainian delegation with orders to make substantial concessions in order to reach an agreement. All reports from the

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<sup>45</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*.

<sup>46</sup> Press statement and answers to journalists' questions at a joint press conference with Ukrainian President Leonid Kuchma, Yalta, Livadisky palace, April 23, <http://www.in.mid.ru/bl.nsf/062c2f5f5fa065d4c3256def0051fa1e/839d24483cafc9d6c3256e82002d58b0?OpenDocument>.

delegation were sent directly to Kuchma with the government and parliament kept at a 'safe distance' from the negotiating and ratification procedure.<sup>47</sup>

Bukkvoll attributes the opposition of the Donetsk and Dnipropetrovsk clans to a general oligarchic fear of being 'left alone' with Russia, and forced to compete against Russian business interests and capital on a relatively even playing field. Additionally he argues the development of oligarchic holdings into a variety of goods and services sectors expanded the appeal of trade with non-CIS markets (that is – Europe) to the Ukrainian oligarchy. In explaining Kuchma's enthusiasm for the plan, Bukkvoll notes the domestic popularity of the CES, and its potential to bolster Kuchma's sagging poll numbers. More importantly he ultimately concludes that CES was probably a large part of the price exacted by Russia in return for its critical support in the 2004 elections.

The wrangling over CES confirms some of the major hypotheses of the post-Imperial perspective. Firstly, Russia showed a considerable aptitude and enthusiasm for supporting Ukrainian elites with weak legitimacy in return for political loyalty towards Moscow. Secondly, Ukrainian elites such as Medvedchuk and Kuchma naturally looked to Moscow as the source of institutional support in order to strengthen and maintain their domestic power. Thirdly, the informal networks of power relationships both within Ukraine and in its relations with Moscow allowed for the subversion of nominally functional state institutions and the declared strategic goals of the state. Finally it demonstrated the imperative of regime survival in the hierarchy of goals in the non-Russian post-Soviet elite.

*A European Response to a Eurasian Challenge – the 'Orange Revolution:'*

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<sup>47</sup> Tor Bukkvoll, "Private Interests, Public Policy: Ukraine and the Common Economic Space Agreement" *Problems of post-communism*, 2004. **51**(5): p. 11.

The 2004 elections in Ukraine, followed by the street protests and third round of voting which made up what is now commonly referred to as the ‘Orange Revolution,’ constituted a major turning point in the post-Soviet Russo-Ukrainian relationship. Russia took an active role in the campaign lending political, economic and direct material assistance to the Yanukovich campaign as part of the aforementioned ‘Operation Successor.’ The decision had major repercussions for the broader foreign policy relationship, but it was not quite the ‘break’ from the past that it has been argued to be. While Yushchenko became president in 2005 and attempted to decisively re-orient Ukrainian foreign policy towards the West he was ultimately unsuccessful. The relevant aspects of economic and security policy are dealt with in their respective chapters in the wake of the revolution. This chapter will explore more how the revolution altered some of the structural factors determining foreign policy, while leaving others in place that allowed Russia to undermine Yushchenko’s overall foreign policy goals.

Before that it will examine the role of post-Imperial factors in encouraging the Kuchma administration to invite Russian intervention, the Russian decision to accept and intervene in the manner that it did, and explaining the scale of the subsequent fall-out in relations. While the new Orange authorities would almost certainly have had a problematic relationship with Moscow, the rapidity of the decline in relations and the depth of hostility reached, particularly between the presidential administrations are best explained by post-Imperialism.

*Post-Imperialism and Russian intervention in the 2004 election:*

As explored above the Kuchma administration sought out Russia’s assistance in ensuring the transition to a fully authoritarian political system, headed by Viktor Yanukovich, and offered significant policy concessions in order to achieve it. Russia’s

decision to *accept* Kuchma's entreaties and intervene in a rather direct and even heavy-handed manner deserves some explanation. So does the decision to back Yanukovich exclusively: representatives of Russia's major businesses, headed by Oleg Deripaska apparently made an appeal to support Yushchenko, or to take a more even handed approach, thinking that the more liberal candidate would better serve their business interests,<sup>48</sup> and Yanukovich's potential unacceptability as a candidate due to his criminal record was widely discussed. In subsequent revolutions in the post-Soviet space, and in dealing with Belarus (see the Belarus Politics Chapter) Russia was reasonably careful to cultivate links with the opposition and maintain a 'Plan B.' In Ukraine it banked exclusively on a Yanukovich victory.

This can partially be explained by the dominant influence of the so-called *siloviki* (former and present security service apparatchiks) faction in Putin's inner circle. The *siloviki* generally saw Ukraine as a vital part of a Russian dominated Eurasia,<sup>49</sup> and recognised that almost any significant supranational organisation in the post-Soviet space would be, at best, flawed without Ukrainian participation.<sup>50</sup> Additionally other Russian business interests could look forward to the Ukrainian oligarchs being forced to concede greater Russian penetration of Ukrainian markets. Thirdly the broader Russian elite and populace shared the normative and cognitive assumptions about Ukraine being essentially '*nashi*' and the desirability and justification in seeking to install an unabashedly pro-Russian government in Ukraine.

Secondly, a successful transfer of power and consolidation of an authoritarian system would have effectively copper-fastened Ukraine's Russia-oriented foreign policy by making Euro-integration impossible. The 'competitive authoritarian'

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<sup>48</sup> Andrew Wilson, *Ukraine's orange revolution*

<sup>49</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations.*

<sup>50</sup> A. Aslund, M. McFaul, *Revolution in orange : the origins of Ukraine's democratic breakthrough.*

system of Kuchma's Ukraine had already heightened Ukraine's growing isolation from both Europe and the USA and a fully authoritarian one under Yanukovich would doubtlessly have become more estranged (apropos of this, the Revolution itself has often<sup>51</sup> been described<sup>52</sup> as a 'European response to a Eurasian challenge.'<sup>53</sup>) 'Operation Successor' also provided a means of deepening the relationship by inducing foreign policy shifts on Kyiv's part. As Kempe and Solonenko note "An important indicator of Ukrainian authorities seeking Russia's support was the shift of Ukraine's foreign policy in the direction of Russia a year before the election and especially during the pre-election months. The concentration of pro-Russia policy steps within the few months prior to the election, and a lack of transparency suggest the clear linkage between these steps and the election."<sup>54</sup>

The benefits to Russia of securing such a transition would have been two-fold – firstly the alienation of Ukraine from Europe described above Secondly, the emergence of a functioning, vibrant democracy in Ukraine could have had a destabilising impact on the system of 'managed democracy' already in place in Russia,<sup>55</sup> by demonstrating an alternative development model to authoritarianism,<sup>56</sup> and the possibility of a successful challenge to the existing 'authorities.'<sup>57</sup> Indeed, Petrov and Ryabov have argued that part of Russia's reason for intervening as it did in such an open and heavy-handed fashion was to demonstrate the degree of influence and power it wielded in the post-Soviet space, and hence the futility of opposition to

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<sup>51</sup> Stephen Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*.

<sup>52</sup> Neil Munro, "Which Way Does Ukraine Face? Popular Orientations Toward Russia and Western Europe" *Problems of post-communism*, 2007. **54**(6): p. 43.

<sup>53</sup> V. Samokhvalov "Ukraine and the Orange Revolution: Democracy or a 'Velvet Restoration?'" *Journal of Southeast European and Black Sea Studies*, 2006. **6**(2): p. 257

<sup>54</sup> Iryna Solonenko, and Iris Kempe, "International Orientation and Foreign Support" in *Presidential Election and Orange Revolution: Implications for Ukraine's Transition* Kurth, H Kempe, I. eds. 2005, Friedrich-Ebert-Stiftung, Kyiv

<sup>55</sup> Andrew Wilson, *Ukraine's orange revolution*.

<sup>56</sup> Tomas Ambrosio, "Insulating Russia from a Colour Revolution"

<sup>57</sup> Paul D'Anieri, "The last hurrah: The 2004 Ukrainian presidential elections and the limits of machine politics"

Moscow.<sup>58</sup> Conversely the Orange Revolution was credited with inspiring the successful ‘Tulip Revolution’ in Kyrgyzstan in 2005, and the unsuccessful Andizhon uprising in Uzbekistan, as well as forcing Russia to delay the end of subsidies to Belarus in order to stabilise the Lukashenko regime (see Belarus Politics Chapter.)

Russia’s involvement in securing the transfer of power would also have enhanced its influence over Ukraine’s domestic political order under the ‘hetmanate’ precedent.<sup>59</sup> Similarly to the Russian system, the Ukrainian administration evolved around a small number of powerful interest groups (in Ukraine’s case the oligarchic clans) with the president in the role of balancer and adjudicator. With the rise of a new president with a distinct clan identity (Yanukovich) Moscow would take on, albeit indirectly, the arbitration and ‘balancing’ role of the President. Kuchma arranged to weaken the power of the Ukrainian president in favour of the parliament prior to his leaving office, which along with the general degradation of Ukraine’s state capacity opened up the possibility of greater Russian interference. For example, large numbers of civil servants and ministers who had expressed pro-EU leanings or opposition to Russia’s energy policies<sup>60</sup> were sacked in the run-up to the election,<sup>61</sup> threatening to ‘institutionalise’ Russo-centric foreign policy by removing opposing personnel and deterring others from continuing with their ideas.

The exaggerated Russian threat perception of Ukrainian political nationalism also provided an incentive for intervening against Yushchenko. Yushchenko’s electoral base in Western Ukraine, and the likelihood that his victory would see

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<sup>58</sup> Anders Aslund, M. McFaul., *Revolution in orange : the origins of Ukraine's democratic breakthrough*

<sup>59</sup> Taras Kuzio, “From Kuchma to Yushchenko Ukraine's 2004 Presidential Elections and the Orange Revolution”

<sup>60</sup> Iryna Solonenko, and Iris Kempe, “International Orientation and Foreign Support”

<sup>61</sup> K.C. Smith, and Center for Strategic and International Studies (Washington D.C.), *Russian energy politics in the Baltics, Poland, and Ukraine : a new stealth imperialism?* 2004, Washington, D.C.: Center for Strategic and International Studies. x, 77

further emphasis placed on the issue of language, the *holodomor* as well as increasing Ukraine's prospects of Euro-integration, added to Moscow's concerns that he would be the 'anti-Russian' candidate. Yanukovych, as a Donetsk based candidate was agreeable to the Russian side, seeking to promote Russophone interests in the post-Soviet space. Yanukovych's adoption of Russian language and citizenship issues as a key plank in his campaign arguably helped 'seal the deal' with the Russian side. Yanukovych, in general, was seen as furthering Russian goals of further political and economic integration, while Yushchenko was seen as potentially moving them beyond reach.<sup>62</sup>

The question as to why Kuchma and his lieutenants sought Russian assistance in Operation Successor has already been partially answered. "The risk that the president and his administration could be overturned, reverting all the privileges acquired by powerful economic agents, generated a convergence of interests between the president and his economic circle and gave rise to an extraordinary mobilization of resources to preserve the status quo."<sup>63</sup> A stable foreign policy environment was traditionally a must for securing authoritarian transitions and Russia's possession of the greatest capacity to affect Ukraine's foreign policy environment would secure it at the least a degree of *droit de regard* in the aftermath.

Additionally, the 'real' electoral popularity of movement towards Russia should not be overlooked. The Common Economic Space initiative enjoyed broad electoral support in 2004 and Putin was a highly popular political figure in Ukraine at the time. Possessing his endorsement had the potential to accrue electoral benefits beyond Yanukovych's electoral base. However it is important to explore why the Kuchma regime invited Russia to intervene in such a deep and comprehensive

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<sup>62</sup> Paul, D'Anieri, "The last hurrah: The 2004 Ukrainian presidential elections and the limits of machine politics". *Communist and post-communist studies*, 2005. **38**(2): p. 231

<sup>63</sup> Rosario Puglisi, "The rise of the Ukrainian oligarchs" *Demokratizatsiya*, 2003. **10**(3): p. 99

fashion, to the point where Russian agents were practically running the Yanukovich electoral campaign.

Transnational networks also influenced the decision to call in Russian support and to lobby for the ‘hetmanate’ settlement described earlier. Andrew Wilson argues that the decision to back Yanukovich specifically was influenced by Vitkor Medvedchuk’s successful lobbying of Russia.<sup>64</sup> By following the ‘hetmanate’ precedent, Medvedchuk sought to retain his position and prevent Yanukovich’s Donetsk clan becoming more powerful by inviting Russia to take the position of ‘guarantor’ of the existing oligarchic order making the new president reliant on Russian support.<sup>65</sup> Medvedchuk’s reputation as ideologically pro-Russian and his support of the CES arguably gave his voice greater weight both in Moscow and within the Kuchma administration.

It should be also noted that beyond his desire for immunity from future prosecution, some analysts have questioned whether Kuchma had a real interest in handpicking his successor – especially given that he had already planned on altering the constitution to diminish the Ukrainian president’s power before leaving office. This indicates that Moscow’s intervention may not have been entirely deliberate – rather, the machinations of Ukrainian power politics and the actions of actors within transnational networks that had also served as its levers of influence drew Russia steadily further into an active role in the elections.<sup>66</sup>

Additionally the development model Kuchma sought to impose on Ukraine was heavily influenced by the Russian variant of ‘managed democracy.’ Given Russian technical experience in creating and maintaining such a system it should

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<sup>64</sup> Andrew Wilson, *Ukraine's orange revolution*.

<sup>65</sup> Taras Kuzio, “From Kuchma to Yushchenko Ukraine's 2004 Presidential Elections and the Orange Revolution”

<sup>66</sup> Anders Aslund, M. McFaul, and Carnegie Endowment for International Peace., *Revolution in orange : the origins of Ukraine's democratic breakthrough*.

seem natural that the Ukrainian authorities would seek Russian assistance in creating their own version of it. There is some support for this argument given the role that Unified Russia subsequently played in forming alliances with other ‘parties of power’ and pro-Russian opposition parties across the post-Soviet space. This also applies vice-versa, in that Russia’s desire to support and stabilise like minded regimes in the post-Soviet space clearly applied to Ukraine.

*Means:*

Russian dominance in the Ukrainian ‘information space’ bolstered the ability of the Kuchma administration to shape the media coverage of the campaign and tilt the playing field in favour of Yanukovych. Additionally it provided a platform for President Putin (as mentioned above still highly popular in Ukraine at the time) to tout his support. Bi-lateral ‘diplomacy’ was also engaged to this effect, with Putin, Yanukovych and Kuchma also appearing at an unusually large number of high profile events with one another in 2004, including a highly publicised visit just before the first and rounds of voting.<sup>67</sup>

Both the media factor and the ‘Putin factor’ were taken to their extreme during this last visit, when Putin appeared for an hour long live television broadcast on all three of the major Ukrainian news channels. Putin heavily emphasised the benefits of increased co-operation between the Russian and Ukrainian states, enthusiastically endorsed the economic progress made by the Kuchma government, and in an apparently unscripted and spontaneous moment proposed a further liberalisation of cross-border transit.<sup>68</sup> This was almost certainly part of a concerted effort of promoting an election year narrative emphasising the economic and social benefits of pursuing a course of Russian integration, as well as a campaign to demonstrate Putin’s

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<sup>67</sup> H. Fawkes, “Putin visits Ukraine before poll” *BBC News Europe*, 12 November 2004 <<http://news.bbc.co.uk/2/hi/europe/4003663.stm>>

<sup>68</sup> *Interview with Russian Federation President Vladimir Putin*. 2004, UT-1, Inter, 1+1: Ukraine.

personal and political endorsement of Yanukovych without overtly breaking diplomatic protocol.

Not only was Moscow able to shape its own message regarding the Ukrainian election, the extensive use of Russian consultants and ‘political technologists’ allowed it to control the narrative of the Yanukovych campaign and its policy preferences. The two most important figures in this regard were Russian political consultants Gleb Pavlosky and Marat Gel’man and their ‘Foundation for Effective Politics’ – a Moscow based Kremlin backed think tank and PR firm. Pavlovsky was also a prior associate of Viktor Medvedchuk having worked with him during the 1998-99 Kuchma presidential campaign. The campaign aimed to harness the Soviet nostalgic vote by campaigning aggressively on themes of anti-nationalism and anti-Westernism, portraying Yushchenko as an extremist and even fascist candidate.<sup>69</sup> Pavlosky himself set the general tone by arguing ‘that a Yushchenko victory will be only a victory for Western Ukraine, and could even threaten to divide the Ukrainian nation, while Yanukovych would contribute to national stability.’<sup>70</sup>

This strategy was partially based on the experiences of the 1994 election campaign when Kuchma won by appealing to the more populous Eastern regions of Ukraine against the Western ones,<sup>71</sup> but there were clear policy implications from the campaign that favoured long term Russian goals. In particular Yanukovych made last minute pledges in October 2004 to make Russian an official state language and to legalise dual citizenship with Russia for Ukrainians. While as an electoral strategy it was probably high-risk, low reward as a policy it would have strengthened Russian influence in Ukraine. The electoral results seem to suggest it succeeded mainly in

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<sup>69</sup> Taras Kuzio, “From Kuchma to Yushchenko Ukraine's 2004 Presidential Elections and the Orange Revolution”

<sup>70</sup> Kempe and Solonenko, Op Cit.

<sup>71</sup> Taras Kuzio, “Oligarchs, Tapes and Oranges: 'Kuchmagate' to the Orange Revolution. ”

bolstering the perception among Yushchenko supporters that Yanukovych would turn Ukraine into a vassal state and energised them into action, rather than winning votes from the ‘swing centre.’

### *The Revolution*

Post-imperialism also helps to explain the conduct of Russia after the second round of voting when crowds began to mass in the Maidan and the revolution started to gain traction. Western refusal to recognise the Yanukovych victory and insistence on a rerun of the election was matched by a Russian counter campaign of support for the official results. Almost immediately Putin openly raised the potential threat of the Orange protestors ‘splitting’ the country and praised Kuchma’s maintenance of the integrity of the state,<sup>72</sup> continuing the Russian narrative of portraying Yushchenko and his supporters as dangerous extreme nationalists. At the same meeting Kuchma concurred with the notion that Ukraine had been divided and invited Russia to help ‘regulate’ the ‘processes occurring in Ukraine’ – a clear invitation for Russian intervention, showing the degree of sovereignty which Kuchma and the oligarchy were willing to yield in order to preserve their own positions within Ukraine. In a December 6<sup>th</sup> EU summit in Ankara, Putin also implied that the Revolution itself was a Western plot, rather unsubtly linking Western support for the Yushchenko campaign to the 1999 NATO campaign in Serbia.<sup>73</sup> Additionally in solo statements and in joint statements with Kuchma and EU representatives, Russia pursued a discursive strategy of supporting the legality of Yanukovych’s election, and attacking the constitutional

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<sup>72</sup> The Beginning of the Meeting of Russian President Vladimir Putin with Ukrainian President Leonid Kuchma, Moscow, Aeroport Vnukovo-2, December 2, 2004. 2004 [cited; Available from: <http://www.russianembassy.org.za/statements/text/dec04/dputin-kuchma021204.html>].

<sup>73</sup> *Responses by Russian President Vladimir Putin to Questions from Russian Journalists, Ankara, Turkey, December 6, 2004.* 2004 [cited; Available from: <http://www.russianembassy.org.za/statements/text/dec04/dputin-ruspress061204.html>].

legitimacy of the proposed third round of voting in an attempt to alleviate the pressure on Kyiv and secure Yanukovich's position.

It is important to remember that Russian normative and cognitive frameworks influenced elite perception of Ukrainian politics and events on the ground. While Yanukovich and the 'Russia-oriented' electoral campaign had been a political loser, Russia believed that they *should* have won over the Ukrainian populace engendering a perception that the Revolution had been a Western sponsored coup d'état against the 'true' wishes of the Ukrainian people and modelled on earlier regime changes and in Serbia (2000) and Georgia (2003.) "For Russia, the success of democracy in the Ukraine is both a constant reminder of perhaps its greatest foreign policy defeat since the end of the Cold War and a powerful symbol of a successful colour revolution in a state with which Russia shares a similar culture and long history. As a result, Russian foreign policy towards the Ukraine was deeply affected by the Ukraine's democratic transition."<sup>74</sup>

Putin was also allegedly deeply shocked by the events due to his belief he had secured a deal with the US and other key players regarding the transfer of power in Ukraine<sup>75</sup> and had subsequently been double-crossed.<sup>76</sup> Domestic Russian rhetoric began to talk of the threat from the 'orange virus' and the Putin regime began to believe that the colour revolutions were designed to facilitate a similar change of power in Moscow.<sup>77</sup> Russia began a diplomatic campaign against the Revolutionary regimes, particularly in the Parliamentary Council of Europe (PACE) regarding their

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<sup>74</sup> J.A. Corwin, "Analysis: Moscow Ponders How Ukraine Was 'Lost'", in *RFE/RL Newswire*. 2005: Prague

<sup>75</sup> Anders Aslund, M. McFaul, and Carnegie Endowment for International Peace., *Revolution in orange : the origins of Ukraine's democratic breakthrough*

<sup>76</sup> Daniel Kimmage, "Analysis: Nipping Orange Roses In The Bud -- Post-Soviet Elites Against Revolution" in *RFE/RL Newswire*. 2005: Prague

<sup>77</sup> T. Ambrosio, "Insulating Russia from a Colour Revolution"

treatment of ethnic Russians.<sup>78</sup> Russia's reluctance to accept this setback in its policy towards Ukraine also encouraged it to use various means of pressure at its disposal, from non-formal networks of influence, to tariffs and economic policy, in order to hinder and undermine Ukrainian attempts at Euro-integration.<sup>79</sup>

The Kremlin also regarded the Orange regime as a qualitatively new threat not only geopolitically but to the stability of Russia's domestic political order. Putin in particular seems to have been convinced that the Orange Revolution *in toto* was a Western engineered regime change, in breach of a prior deal regarding the transition<sup>80</sup> and an extension of the Bush administrations 'freedom agenda.' The 'demonstration effect' of the Orange Revolution of both the possibility of defying Russian influence and developmental pathways, was seen as threatening further instability in the post-Soviet space. This analytical framework also strengthened arguments regarding Western Ukrainian nationalism as implicitly hostile and threatening to the established regime in Russia and its geopolitical ambitions. Overall, the revolution was seen not simply as a change of government, or even a significant political setback – it was a major foreign policy defeat.<sup>81</sup>

The Orange Revolution also demonstrated the crucial importance of Ukraine's nationalist mobilisation in shaping the relationship with Russia. First, it helped to undermine the neo-patrimonial and semi-authoritarian regime of the Kuchma administration, by providing an alternative source of power within the state for disaffected elites (as well as true-believers) to rally around.<sup>82</sup> The regime type itself that Kuchma erected was inherently unstable, and could only perpetuate itself with a

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<sup>78</sup> Ibid.

<sup>79</sup> V. Samokhvalov, "Ukraine and the Orange Revolution: Democracy or a 'Velvet Restoration'?"

<sup>80</sup> A. Aslund, M. McFaul, *Revolution in orange : the origins of Ukraine's democratic breakthrough*

<sup>81</sup> T. Ambrosio, "Insulating Russia from a Colour Revolution"

<sup>82</sup> Dominique Arel, *The "Orange Revolution": Analysis and Implications of the 2004 Presidential Election in Ukraine*

transformation into a fully authoritarian regime with Russian backing.<sup>83</sup> The nationalist demolition of Russia's strategic alliance with the Kuchma regime thus seriously compromised Russian political aspirations in the region. This fed into Russia's pre-existing propensity for viewing Ukrainian nationalism as an intrinsically threatening and anti-Russian phenomenon, seriously complicating the relationship with the nascent Orange leadership.

Russia's intervention and support was ultimately fruitless. Yushchenko and Tymoshenko's protest movement relied primarily upon Western Ukrainian nationalists and appeals to nationalist pride as a mobilising force. The overt Russian support for Yanukovych, the revelation of Russian complicity and assistance with the attempted rigging of the election, and opposition towards efforts to secure a third round of voting left a legacy of mistrust, and considerably diminished Russia's 'soft power' resources in Ukraine, most significantly among the 'swing centre.' The nationalist and pro-European nature of the Orange Revolution's political base also influenced the new regime's foreign policy outlook, adding further weight to the analysis of the Revolution as a 'European response to a Eurasian challenge.'

The Revolution also severely complicated broader Russian initiatives and plans for the post-Soviet space. Any major new integration initiatives within the CIS require Ukrainian participation if they are not to be perceived as somewhat hollow.<sup>84</sup> Ukraine's participation in CES in particular was now a dead letter given that the Orange authorities had no incentive or obligation to continue with it, and it contradicted their own goals of Euro-integration.

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<sup>83</sup> Paul D'Anieri, "The last hurrah: The 2004 Ukrainian presidential elections and the limits of machine politics"

<sup>84</sup> A. Aslund, M. McFaul, and Carnegie Endowment for International Peace., *Revolution in orange : the origins of Ukraine's democratic breakthrough*.

Yushchenko's election also gave new credibility and Western support to Ukrainian Euro-integration, WTO accession,<sup>85</sup> and the smaller sub-CIS GUAM grouping<sup>86</sup>, all detrimental to Russia's greater goals in the post-Soviet space.<sup>87</sup> Additionally Kyiv was able to rapidly restore ties with both the EU and USA after the degradation of the Kuchma years, including an official White House visit by Yushchenko in April of 2005<sup>88</sup> and accelerated recognition of Ukraine's status as a market economy.

Most importantly from the post-Imperial perspective, the attempts by Yushchenko and other members of his administration to reach out to the Russian side were hampered by the major turnover in elite personnel in Russia during the revolutionary period. As Kempe and Solonenko note "As post-Soviet politics in general, Russo-Ukrainian relations are in particular driven by personal networks and interest groups. Therefore the question of who, with whom, when and on which occasion are of much bigger importance than in Western societies that are shaped by institutions."<sup>89</sup> The old contacts of Yushchenko's team and elites that had defected to the Orange coalition were now out of the loop, and unable to substantially influence events.

While new strategic options most certainly opened up for the new Ukrainian regime, old methods of doing business remained prevalent throughout Ukrainian society. Clientilism and corruption, and the deep interconnection between business and the 'authorities' remained deeply ingrained in Ukrainian political culture, and the

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<sup>85</sup> "EU Calls Upon U.S. To Support Ukraine's WTO Bid" in *RFE/RL Newslines*. 2005: Prague

<sup>86</sup> A. Blua, "East: GUUAM Summit Aims To Revitalize Regional Body" in *RFE/RL Newslines*. 2005: Prague

<sup>87</sup> V. Mite, "Russia/Ukraine: Putin Heading To Kyiv For Awkward Summit" in *RFE/RL Newslines*. 2005

<sup>88</sup> V. Mite, *Ukraine: Is Kyiv Set To Become A Close U.S. Ally?* , in *RFE/RL Newslines*. 2005: Prague

<sup>89</sup> Kempe and Solonenko op. cit.

Ukrainian authorities had little success (or motivation) to effect substantive change.<sup>90</sup>

<sup>91</sup> In the energy sphere in particular Russia showed a considerable *nous* for exploiting informal and black market connections to exercise influence. The link between Ukrainian businessman Dmytro Firtash and Russian organised crime figure Semyon Mogilevich in particular led Tymoshenko to claim that RosUkrEnergo<sup>92</sup> was entirely controlled by Mogilevich and Russia.

*Ideological and Normative Consequences of the Revolution:*

The degree of ‘bad blood’ and mutual suspicion stemming from the revolution was severe for both sides. While Yushchenko had made several conciliatory gestures towards Russia during, and to a lesser extent after the campaign, Moscow had by August of 2004 already conceptualised him as a ‘second Saakashvili’<sup>93</sup> an implicit threat to Russia’s interests, and hence not someone to be dealt with by choice.

Relations between Kyiv and the Kremlin eventually deteriorated to the point that in August of 2009, President Medvedev simply refused to speak or deal with Yushchenko in any further official capacity.<sup>94</sup>

The two leaders of the Orange coalition had also been targeted by Russia, either legally (a Russian court re-opened corruption charges against Tymoshenko in October 2004,) or physically as Viktor Yushchenko was by a still unknown assailant (though Yushchenko has recently publicly implied that Russia was behind the poisoning.)<sup>95</sup> The success of the Revolution in defiance of Russian opposition also

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<sup>90</sup> V. Stepanenko, “Civil Society in Post-Soviet Ukraine: Civic Ethos in the Framework of Corrupted Sociality?” *Eastern European politics and societies*, 2006. **20**(4): p. 571

<sup>91</sup> Margareta M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*.

BASEES/Routledge series on Russian and East European Studies ; 37. 2008, London

<sup>92</sup> A trading intermediary at the heart of the Russo-Ukrainian gas trade – see the Economy chapter for more detail

<sup>93</sup> Kempe. and Solonenko, op. cit.

<sup>94</sup> Dmitri Medvedev, *Poslanie Presidentu Ukrainy Viktoru Yushchenko*, 2009, [www.kremlin.ru](http://www.kremlin.ru)

<sup>95</sup> “Ukraine: Yushchenko Accuses Russia Of Obstructing Dioxin Probe” in *RFE/RL Newslines*. 2007: Prague

made the Orange coalition's victory in and of itself a demonstration of national independence from Russia,<sup>96</sup> and hence a powerful legitimising principle and founding myth for the new regime. While Yushchenko did make initial conciliatory noises towards Russia his new government also undertook a new emphasis on 'cultural' issues such as Ukrainian language and Ukrainian interpretations of Soviet and Tsarist history.

Russia regarded this challenge to its own interpretation of historical events as almost a potent 'normative' threat as the 'demonstration effect' of the revolution. The two most controversial topics between Russia and Ukraine regarding their joint history were the role of anti-Soviet guerrillas during the Second World War (the OUN and UPA) and the artificial famine of 1932-33 (the *holodomor*.) The struggle over history was important because it was an essential component of Ukrainian efforts to craft a European national narrative, that distinguished Ukraine from Russia and 'Eurasia'<sup>97</sup> legitimising Ukrainian independence and creating an historic identity for the state. The *holodomor* and the partisan struggle were such controversial topics because they lent themselves directly to this aim, and simultaneously directly challenging Russian interpretations of history and state-legitimising narrative.

The *holodomor* had been rhetorically referred to as 'genocide' by Kuchma and other Ukrainian elites prior to the revolution, but the issue was never 'pressed.' Yushchenko by contrast promoted an 'official' interpretation of the *holodomor* as an act of genocide by the Soviet state against the Ukrainian people<sup>98</sup> as a key part of Ukraine's history and 'national narrative' by attempting to have it both internationally recognised as such and to legally prohibit denial of its status as genocide (in a similar manner to European laws prohibiting holocaust denial.) While no law has ever been

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<sup>96</sup> Kempe, and Solonenko, op. cit.

<sup>97</sup> S. Velychenko, "Ukraine, the EU and Russia : history, culture and international relations."

<sup>98</sup> "Ukrainian President Wants '30s Famine Declared Genocide" in *RFE/RL Newslines*. 2005: Prague

passed to this effect a 2006 Rada vote did officially recognise the *holodomor* as genocide.

Russia reacted strongly against new attempts to codify and gain recognition for the *holodomor* as genocide, regarding it as ‘anti-Russian’ and an implicit attempt to tar the current Russian state with responsibility for an historic crime. There was a ‘practical’ basis for this position given that the commission of genocide has become accepted internationally as a normative basis for the creation of new sovereign states for the victimised populace. It also threatened the Russian conception of the two states as being ‘organically’ linked, and its own post-Soviet narrative on Stalin’s crimes – namely that they were directed against *all* the Soviet people, including Russians, rather than in the name of a Russian imperial state. In other words recognition of the *holodomor* as a genocide would not only have implicitly burdened Russia with responsibility for an appalling crime against humanity, it would have provided a ‘justification’ for Ukraine’s independence and sovereignty, shattering the pretence that Ukrainian independence was simply an historical ‘accident.’

The history of the anti-Soviet OUN-UPA was a less dramatic, but still contentious issue. A partisan guerrilla outfit, OUN-UPA fought in Western Ukraine against both the Nazis and Soviet forces (depending on the fortunes of war) in an attempt to secure an independent Ukrainian state. After the war the guerrilla struggle continued into the 1950s until the OUN-UPA was finally destroyed by the Red Army. During the Soviet era they were reviled as fascist collaborators and Russian historiography is still traditionally quite condemnatory of them. However, the Ukrainian Institute of National Memory, (UNIP) founded on the initiative of President Yushchenko, began to argue for an official ideology treating these guerrilla movements as struggles for national liberation after his election.

Like the *holodomor*, the decision to rehabilitate the OUN-UPA was perceived by Russia as both provocatively anti-Russian, and a threat to its own historical self-identity and national narrative. The Red Army's defeat of the Third Reich is still the most 'untarnished' achievement of the Soviet past, and a major component of post-Soviet Russia's national identity and pride in its *derzhavnost*' status (this is also the case with Belarus – see Belarus Politics chapter.) 'Tarnishing' its achievements by conceding the Ukrainian view that the Soviet campaign against Hitler was more a struggle for domination than liberation would have fatally compromised the Russian heroic narrative.

The battle over history should not be lightly dismissed – it was a major component of Yushchenko's Russia policy. The goal of Ukraine's new historical project was simply stated by former foreign minister Volodymyr Ohryzko: 'We proceed from the fact that Russia will finally get rid of the stereotypes about our history, our right to have our own opinion on the history, our right to look at and assess it. We would like that tranquillity, pragmatism and adequate assessments dominate in this area.'<sup>99</sup> Significantly he used the same interview to declare the era of 'brotherhood' in Russo-Ukrainian relations to be over, highlighting the role played by history in supporting the 'big brother-little brother' paradigm of relations favoured by Russia. The 'European response' that underpinned Yushchenko's greater political ambitions included as a crucial component a historical justification for the independence of the state *from* Russia.

Unsurprisingly Russia's reaction to this political project was openly hostile, accusing the Ukrainian authorities of distorting history and provoking

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<sup>99</sup> Interfax, *There is no more brotherhood between Russian, Ukrainian people -Ukrainian FM* in *Interfax*. 2009: Kyiv

‘Russophobia.’<sup>100</sup> Moscow responded by advancing and promoting its own ‘official’ history of these past events, establishing a legally codified ‘official’ history and working to isolate Yushchenko and his historical project. The *holodomor* and Yushchenko’s ‘distortions’ of the historical relationship were specifically mentioned as justifications for Medvedev’s 2009 ‘open letter’ in which he refused to have further dealings with the Ukrainian president. Medvedev also responded to UNIP by setting up Russia’s own historical organisations to provide ‘official’ interpretations and narratives of the Soviet past.

Since national self-identity for Ukraine and Russia is intensely relational the interpretation of the past, the creation of myths and a national self-identity are crucial to their formation. In the Russo-Ukrainian case, each side’s preferred interpretation of the past contradicts the others, leading to a frequently conflictual relationship in the ‘ideological’ field. History, to paraphrase Zenon Kohut, remained a battleground. It was also used as a weapon, and a means of providing a normative framework and justification for each side’s policy actions. Ultimately it was a battle Yushchenko lost, among many others, as his domestic political support evaporated and his erstwhile allies became more willing to abandon ideological conflicts with Russia in order to foster greater co-operation (and domestic political advantage.)

*Ukraine’s New Strategic Direction:*

The revolution also threatened Russian influence in Ukraine simply by re-opening strategic options for Ukraine that had previously closed. Western support for the revolutionary authorities led to rapid recognition of market economy status by both the EU and US, the lifting of the Cold War era Jackson-Vanik restrictions on Ukrainian trade, and acceleration of Ukraine’s WTO bid. Euro-Atlantic integration

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<sup>100</sup> D. Sindelar, *Ukraine: Famine Anniversary Marked Amid Denials* in *RFE/RL Newslines*. 2007: Prague

once again became the primary focus of Ukrainian foreign policy, with a realistic hope for NATO and potentially even EU membership. While Yushchenko attempted to mend fences with Moscow by making his first official trip abroad there,<sup>101</sup> and by carefully keeping open the possibility of joining the CES in some form,<sup>102</sup> the first Orange coalition placed a distinct emphasis on a Western oriented foreign policy.

The specifics of Ukraine's attempt to re-orient economic and security policy towards the West are more fully covered in their relevant chapters. For the purposes of this study it is more useful at this time to explore how post-Imperial factors allowed Russia to undermine Yushchenko's foreign policy – namely the continuing weakness and external subversion of Ukrainian state capacity, and the use of transnational networks to communicate and implement policy preferences.

The key to Russia's success in preventing a Ukrainian re-orientation lies primarily in the fact that while Yushchenko was successful in winning the presidency he was unable (or unwilling) to challenge the structures of power underpinning Kuchma's regime. Most obviously, the Party of Regions structure devised and supported by the oligarchic *ancien regime* survived and was now the single most powerful political force in the state. Yanukovich's position was arguably strengthened by the precipitous decline in the power of the Kyiv 'clan' and subsequent rise in power of his own Dnipropetrovsk group.<sup>103</sup> This was simply a sin of omission on Yushchenko's part – part of the price for a negotiated transition of power was a retention of the old elite and their ability to influence political life.<sup>104</sup>

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<sup>101</sup> R. Coalson, *Analysis: Kremlin Wary Of New Ukrainian President* in *RFE/RL Newslines*. 2005: Prague

<sup>102</sup> *Ukraine To Join Moscow-Led Economic Project* in *RFE/RL Newslines*. 2005: Prague.

<sup>103</sup> Margareta M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*

<sup>104</sup> V. Samokhvalov, "Ukraine and the Orange Revolution: Democracy or a 'Velvet Restoration'?" *Journal of Southeast European and Black Sea Studies*, 2006. 6(2): p. 257

But more significantly than leaving PoR and Yanukovych as players in the political game, Yushchenko was unable to significantly strengthen the capacity of the state and change the rules of the game themselves. This arguably led to the crumbling of the Orange coalition itself due to Yushchenko's inability or unwillingness to fully separate business from politics and the persistence of 'rent-seeking' behaviour by political elites in the oil and gas sector.<sup>105</sup> Tymoshenko's own status as a 'poacher turned gamekeeper' and the rather opportunistic attraction of defectors from the old regime into the new governing coalition made it a fractious one.<sup>106</sup>

Domestic power struggles also played a role in preventing a decisive 'Orange' government from forming as President Yushchenko was all too aware that Tymoshenko's charisma and political ambition posed a significant threat to him politically. During the first 'Orange' government, Tymoshenko's 'team' began to openly accuse the president and his administration of fostering corruption,<sup>107</sup> followed by counter-allegations and counter-counter-allegations. Political infighting, and the resulting chronic inability to enact real and deep reforming measures also injected a serious degree of pragmatism into Ukraine's Euro-Atlantic partnerships, as both the EU and NATO grew more concerned about Ukraine's political shortcomings, and the failure of the president to rally the country behind a Euro-Atlantic foreign policy course.<sup>108</sup>

While these were largely domestic Ukrainian issues they arose from the same basic weaknesses in the Ukrainian state outlined above, and presented Russia with ample opportunities to reassert its influence in Ukrainian politics. Russia's first major challenge to the Orange government was the 2005-06 'gas war' that opened a

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<sup>105</sup> Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

<sup>106</sup> Samokhvalov, op cit.

<sup>107</sup> J. Maksymiuk, *Ukraine: Orange Revolution Drowns Amid Mutual Recriminations* in *RFE/RL Newslines*. 2005: Prague.

<sup>108</sup> Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*

significant political vacuum in Ukraine's government that was soon filled by a re-energised Party of Regions.

The salient economic details of the crisis are covered in the next chapter. What is interesting from this chapter's standpoint is the degree to which Russia was able to exploit existing rent-seeking behaviour, and transnational networks to attempt to subvert the Orange coalition.<sup>109</sup> The January 4<sup>th</sup> resolution of the crisis led directly to the January 10<sup>th</sup> political crisis and subsequent parliamentary elections, where a discredited NUNS fared poorly, and the pro-Russian party of regions became the single largest party in the Rada and formed the next government, a move regarded by Russia as a 'small victory.'<sup>110</sup>

When Yanukovich assumed the office of premier, he began to engage in a sustained struggle with Yushchenko for control of Ukrainian foreign and security policy, originally the purview of the president.<sup>111</sup> Party of Regions, while not a puppet of Russia, formed a strategic partnership with Unified Russia and moved swiftly to undercut the Presidential stance on NATO, WTO admission,<sup>112 113</sup> and (unsuccessfully) privatisation of the Ukrainian GTS. Larrabee argues that Yanukovich was effectively able to implement a separate, parallel multi-vector foreign policy alongside Yushchenko's preferred pro-Western course,<sup>114</sup> a stance supported by Yanukovich's successful moves against pro-Western foreign minister Boris Tarasiuk.<sup>115</sup>

The return of Yanukovich was also a powerful symbolic victory for Russia as well. Yanukovich's first reception at an EEC summit nominally restricted to other

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<sup>109</sup> Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

<sup>110</sup> Claire Bigg, "Ukraine: Kremlin Insider Hails Developments" in *RFE/RL Newslines*. August 3 2006

<sup>111</sup> F.S. Larrabee, *The Washington quarterly*, 2007. **30**: p. 45

<sup>112</sup> Yanukovich Wants To End Disputes With Moscow in *RFE/RL Newslines*. 2006: Prague.

<sup>113</sup> *Ukraine May Delay WTO Entry* in *RFE/RL Newslines*. 2006: 2006

<sup>114</sup> Larrabee, *op. cit.*

<sup>115</sup> *Ukrainian Parliament Dimisses Key Pro-Western Ministers* in *RFE/RL Newslines*. 2006: Prague

heads of state indicated where Russia believed the real power lay in Ukraine. The return of Party of Regions shows the degree to which Russia was able to continue to influence Ukrainian foreign policy through the use of friendly political forces and contacts in Ukraine, despite the major elite turnover of the Orange Revolution.

Yushchenko's authority as president did not recover, and arguably declined further after Tymoshenko's return to the premiership at the end of 2007. Moscow switched tack to a policy of progressively isolating the president and dealing with Ukraine primarily through the Premier's office, a model Tymoshenko co-operated with as it allowed her to enhance her own political position and further undermine Yushchenko, who had by that point become a bitter rival. The October 2008 and January 2009 gas agreements were both interpreted as supportive of Tymoshenko's position, at the expense of the presidency. In the latter case particularly, the removal of the RUE middleman agency and isolation of Dmytro Firtash may have critically undermined the ability of Yushchenko to distribute rents from the energy sector, and thus his ability to command political loyalty. In the former, Russia's Interfax news agency quoted a Kremlin source admitting explicitly that the deal was designed to support Tymoshenko.<sup>116</sup>

The 2008 war in South Ossetia and the reactions it drew from Ukraine's main political forces is indicative of the foreign policy positions and political strength of the main Ukrainian parties, vis a vis Russia. Party of Regions, as expected, took a pro-Russian line, adopting the Russian 'narrative' of the conflict, formally expelling Raisa Bohatyrova for her support of Tbilisi, and urging recognition of Abkhazian and South Ossetian independence.<sup>117</sup> Yushchenko and NUNS took the opposite tack of strongly supporting Saakashvili and Georgia. Yushchenko's support in particular was highly

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<sup>116</sup> *Russian Gas Deal 'Aims To Support' Ukraine's Tymoshenko* in *RFERL Newswire*. 2008: Prague

<sup>117</sup> T. Kuzio, *Party of Regions Splits over Georgia and NATO*. Jamestown Eurasia Daily Monitor, 2008. **167**(5)

vocal, and included a personal trip to Tbilisi as well as an introduction of tougher regulations on movements of the Russian Black Sea Fleet.<sup>118</sup>

More surprising was Tymoshenko's silence on the issue, prompting an accusation from Yushchenko that she was moving to curry favour with the Kremlin in advance of a 2010 bid for the presidency.<sup>119</sup> Tymoshenko for her part seems to have been recognised by Moscow as the new power in the ascendant, and made a pragmatic decision to deal with her while sidelining the president. In August 2009 Dmitry Medvedev published an open letter refusing to have any further dealings with Yushchenko.<sup>120</sup>

Effectively, by 2008 Ukraine's weak state, combined with Russian manoeuvring, exercise of informal contacts within elite circles and a strategy of divide et impera had succeeded in politically isolating Yushchenko and preventing him from effectively conducting a foreign policy. While Russia's influence did not extend far enough to allow it to *positively* influence Ukrainian foreign policy it was able to deny Ukrainian attempts to re-orient, effectively locking Kyiv into a state of strategic ambiguity for Yushchenko's term as president.

#### *Conclusions:*

While the dust had yet to completely settle from the Orange Revolution by 2010, making analysis of many of the resulting political changes difficult, certain common threads can be seen throughout the Russo-Ukrainian political relationship. Firstly, Moscow was highly adept at using informal channels of communication and influence, such as commercial and business links, networks of contact in the circles of

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<sup>118</sup> *Ukraine Toughens Russian Warship Rules In Crimea* in Reuters. 2008

<sup>119</sup> *Ukraine's Future In Doubt As 'Orange' Coalition Dissolved* in RFE/RL Newswire. 2008: Prague.

<sup>120</sup> D. Medvedev, *Poslanie Presidentu Ukrainy Viktoru Yushchenko*, 2009, [www.kremlin.ru](http://www.kremlin.ru)

power as well as ‘underground’ criminal elements in addition to its usual diplomatic repertoire to achieve its goals in Ukraine.

Where Ukraine differs from our other case studies is in the presence of a well-mobilised and persistent nationalist constituency, capable of supporting an elite opposed to integration with Russia and focusing on Euro-Atlantic foreign policy goals. The story of the Orange Revolution was essentially their victory over the more Russo-centric status quo. Ukraine’s nationalism was intrinsically ‘anti-Russian’ in that it was opposed to the imperial-centric notion of Russian self-identity, which sought to incorporate the *vserusskii* culture and ethnos of the Soviet and Imperial eras.

As a result it was extremely difficult for post-Revolutionary elites to service their constituencies while retaining positive relations with Russia. While Party of Regions maintained a moderately pro-Russian line, Yushchenko initially pursued a moderate line before falling back on nationalist anti-Russianism as his broader political support collapsed. Tymoshenko took the opposite route, as support for BYuT widened, incorporating more moderate elements opposed to greater confrontation with Russia. Additionally, as Tymoshenko’s own personal power within the Ukrainian political system grew she became the *de facto* main interlocutor with the Russian government, which declared its unwillingness to negotiate with the politically marginalised Yushchenko.

As a result, Russia retained, albeit in a sometimes indirect manner, an ability to balance political forces in Ukraine off against one another, in return for tacit acceptance of certain foreign policy goals. Ultimately, however, Moscow’s primary goal was to permanently head off Ukrainian accession to either the EU or NATO and draw it further into post-Soviet supranational institutions, as part of a wider strategy of maintaining a sphere of influence in the post-Soviet space. Just as Moscow could

confer political benefits upon Ukrainian politicians willing to toe this line, Euro-integration and nationalism will always have powerful constituencies in Ukraine, favouring an equilibrium of ‘strategic ambiguity’ for Ukraine between east and west. The following chapters will explore more thoroughly the ‘hard power’ factors of economic and security relations with Russia. However the political relationship, with its unquantifiable and informal networks of power, remains key to understanding the relationship as a whole.

CHAPTER FIVE: ECONOMIC ISSUES IN THE RUSSIA-UKRAINE BILATERAL  
RELATIONSHIP

*Introduction:*

Compared with Belarus and Kazakhstan, domestic and bilateral political-economic issues were of significantly greater importance in the Russo-Ukrainian bilateral relationship. Ukraine was the largest of the CIS markets for Russian goods, had one of the most highly developed industrial bases, and functioned as a bridge to European markets for many of Russia's goods and services, particularly oil and gas. The political economy of Russo-Ukrainian relations was arguably the decisive 'hard' power factor affecting the relationship. However 'soft power' factors also played an enormous role – Russia and Ukraine both underwent exceedingly difficult transitions to a market based economy and had to build up systems of corporate governance and other economic 'rules of the game' from the ground up.

The economic transition in Ukraine was often slow or even non-existent (particularly during the Kuchma era) which led to an economic climate marked by extensive non-transparency and corruption, with significant 'grey' and 'black' market economies. In the context of a globalised economy, knowledge of non-transparent, corrupt and informal business practices, as well as a willingness to engage in them, gave investors in both Ukraine and Russia a comparative advantage in each others' markets that their European and American counterparts did not.

Broadly speaking the main effect of these legacy issues was to provide means for supportive and coercive suasion to the Russian side while restricting the ability of Ukraine to develop a coherent and unified strategy of national economic development, most importantly in the energy sector. Ukraine's elites were relatively consistent in rhetorically supporting a national strategy of Euro-integration and orientation of the country's trade and economic structures towards 'Western' institutions, but endemic corruption and the chronic incapacity of the state to properly address issues of

corporate governance, corruption and criminality made such proclamations ultimately hollow. Additionally the sheer size of CIS markets and the non-competitiveness of Ukrainian goods in other areas made the maintenance of strong trade relations with Russia highly important for Ukrainian industry.

Infrastructural holdovers from the Soviet past provided the main ‘hard power’ levers by which Russia continued to exert considerable political and economic influence over Ukraine. The Soviet Union constructed and maintained elaborate and highly centralised commercial infrastructure for the purposes of maintaining central administrative control of collection and redistribution of economic resources throughout the constituent parts of the Union. Centralised decision making in resource allocation determined the development of ‘republican’ economic complexes, which were in turn properly thought of as constituent components of a single ‘All-Union’ economy.

The dissolution of the administrative centres of power that determined resource allocation did not of course affect the economic needs of industrial concerns already in existence in the newly independent states. As a result patterns of trade and economic relations between the successor states developed to replace the need for direct administrative allocation. Russia, as the former metropole emerged in this situation with several advantages: as the largest of the successor states it also had the greatest economic resources; it maintained physical control of many of the ‘hubs’ of economic exchange, including airports and railway lines<sup>1</sup>; it maintained a great deal of the institutional knowledge and administrative capacity of the Soviet Union. Russian firms and investors showed a greater willingness towards long-term

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<sup>1</sup> Paul D’Anieri, *Economic interdependence in Ukrainian-Russian relations*. SUNY series in global politics. 1999, Albany: State University of New York Press.

investments<sup>2</sup> aimed at reconstructing and controlling entire value chains of production.<sup>3</sup> Manufacturing standards and compatibility requirements were also frequently held over from the Soviet era.

Most writers on post-Soviet Ukrainian and Russian politics have also noted the high level of continuity in personnel from the Soviet era<sup>4</sup>. Both Kravchuk and Yeltsin began their careers within the Communist and rose to its highest ranks becoming nationalist figures. Kravchuk's successor Leonid Kuchma was similarly a major figure in Soviet Ukraine as one of the 'Red Directors' (heads of major industrial concerns) from 1986-1992. Major figures in the pre-Revolutionary Ukrainian regime gained their positions due to their economic experience during the Soviet-era and helped craft a state typified by the close relationship, and often overlap between business and political elites. This provided the newly independent states with elite coalitions that shared a common bureaucratic heritage, common language, administrative mindset and normative and cognitive frameworks. Russian businessmen were not only able to better navigate the informal networks and opaque practices of Ukrainian businesses that deterred Western investors, but also to provide a model of corporate and economic governance for Ukraine independent from Western standards.

Finally the social and cultural aspects of post-Imperialism involved a certain degree of common understanding of the role of the state and the economy in relation to one another. Ukraine and Russia both saw particular aspects of their national economic infrastructure as being 'strategic' and heavily restricted the ability of outside economic actors to invest in them. The energy sector was the main area where

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<sup>2</sup> K. Kalotay, "Outward Foreign Direct Investment from Russia in a Global Context." *Journal of East-West Business*, 2006. **11**(3): p. 9-22

<sup>3</sup> K. Crane, "Russian Investment in the Commonwealth of Independent States," *Eurasian Geography and Economics*, 2005. **46**(6): p. 405

<sup>4</sup> Tor. Bukkvoll, *Ukraine and European security*. 1997, London: Pinter. ix, 129

the state and private enterprise were difficult to distinguish, if indeed distinction would be analytically meaningful at all. Ukraine regarded the continued direct control of its domestic energy infrastructure as vital to the defence of its political sovereignty, while Russia made little secret of its desire to use its energy reserves as a means of implementing foreign policy goals.

On the third point, of a common *developmental* heritage, the lack of experience with market economics is again critical. All of the post-Soviet republics began from a similar position of requiring the rapid development of state and economic capacity in the face of crumbling political authority and the dissolution of the command economy. An important, but often overlooked, factor is that the Soviet *republics* actually had relatively weak administrative capacity and institutions – these were provided largely by the Communist Party and the ‘all-Union’ ministries and departments.<sup>5</sup> Russia again, had a comparative advantage by inheriting the more robust ‘all-Union’ systems of administrative control that were centred in Moscow.<sup>6</sup> Ukraine, having long occupied a sub-ordinate position had to develop independent structures of governance almost from scratch.<sup>7</sup> The incestuous nature of business and politics in Ukraine served to further weaken the state and its ability to enforce proper rules of corporate governance,<sup>8</sup> due to the persistence of ‘state capture’ by private interests.<sup>9</sup>

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<sup>5</sup> Mikhail S Molchanov, *Political culture and national identity in Russian-Ukrainian relations*. 2002, College Station ; Great Britain: Texas A&M University Press. 350

<sup>6</sup> Simon Pirani, *Ukraine's Gas Sector*. 2007, Oxford Institute for Energy Studies: Oxford. p. 123

<sup>7</sup> Lucian Way, “The sources and dynamics of competitive authoritarianism in Ukraine.” *The Journal of Communist Studies and Transition Politics*, 2004. **20**(1): p. 143

<sup>8</sup> Margareta M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*. BASEES/Routledge series on Russian and East European Studies ; 37. 2008, London ; New York, N.Y.: Routledge. xiii, 222

<sup>9</sup> Taras Kuzio, “Oligarchs, Tapes and Oranges: 'Kuchmagate' to the Orange Revolution.” *The Journal of Communist Studies and Transition Politics*, 2007. **23**(1): p. 30.

This common lack of experience with market economics served to retard the development of functional capitalism within the successor states and thus close off, or delay the possibility deeper economic integration with more advanced capitalist states (such as those of the EU.) As a result Ukraine and the CIS had to turn inward to a certain extent. CIS forums often offered considerable ‘first-hand’ advice for transition from states and actors undergoing similar processes, mainly from Russia. Ukraine experienced a high-degree of economic penetration in high-level goods and services by Russian firms – particularly with regards to financial services and telecommunications companies (Russian based MTS is one of Kyiv’s main cellular phone operators, and AlfaBank has a major share in the second KyivStar) Imports of consumer goods from European and Asian manufacturers steadily increased, meaning an increasing degree of foreign wealth accumulated in the Ukrainian economy, without a substantial increase in domestic manufacturing and services capabilities. While political opposition to greater integration and interdependency may continue, much has already occurred ‘organically.’

This chapter will begin by examining the specific factors unique to the Ukrainian case study. It will then move onto discuss the overall structure of Russo-Ukrainian trade and the trade policies of each state towards the other. It will continue by examining the issue of Russian foreign direct investment (FDI) into Ukraine and the common factors effecting the development of Russian and Ukrainian markets and the advantages this provided to Russian investors. Finally it will explore the ‘gas wars’ of the post-Orange Revolution period, and the post-Imperial factors that led to their occurrence and helped determine their ultimate outcome.

*Distinctive factors in the Ukrainian case:*

The normative foundations of the Ukrainian state, its geographical proximity to Europe, and comparatively robust economic potential significantly affected its economic relationship with Russia. The Ukrainian nationalist movement formulated its economic policy on the assumption that the Soviet system was draining Ukraine of its natural wealth, and that the severance of economic ties would return Ukrainian wealth to Ukrainian hands, guaranteeing prosperity – a narrative of ‘economic vampirism.’<sup>10</sup> While it can be argued that nationalist political movements did not hold significant political power until the aftermath of the Orange Revolution, nationalist arguments were opportunistically employed by interest groups seeking protection from competition with Russian economic actors, such as the oligarchic promotion of ‘national capital’ in the late 90’s,<sup>11</sup> and nationalist political constituencies were powerful enough to preclude the political authorities from ignoring their concerns completely.

The practical effect of this in the Ukrainian case was to create a political constituency highly suspicious of any and all moves towards greater integration in the post-Soviet space, and amenable to greater co-operation and integration with Europe. However, this increased Ukrainian economic hardship and reduced some of its economic freedom of manoeuvre. Paul D’Anieri described this as a loss of *autonomy* (the ability to achieve economic goals) in favour of the pursuit of *sovereignty* (the ability to make independent decisions even if they do not result in desired outcomes.)<sup>12</sup>

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<sup>10</sup> Paul J. D’Anieri, *Economic interdependence in Ukrainian-Russian relations*.

<sup>11</sup> Rosario Puglisi, “Clashing Agendas? Economic Interests, Elite Coalitions and Prospects for Co-operation between Russia and Ukraine.” *Europe-Asia studies*, 2003. **55**(6): p. 827

<sup>12</sup> D’Anieri, op. cit.

The nationalist constituency also benefited from the fact that Ukraine borders a technologically and economically highly advanced trading bloc - the European Union. Euro-integration gained broad support as the country's preferred strategic direction by almost all the country's political and economic elite, if often only at the rhetorical level. Ukraine's main obstacles in pursuing this goal were enacting the necessary internal reforms for greater integration with Europe, the inability to build state capacity for market regulation, and the lack of political will to tackle corruption.<sup>13</sup> This represents perhaps the most pronounced area of Ukrainian inability to pursue policy due to the structural constraints imposed on it due to the Soviet legacy.

From the Russian point of view, Ukraine presented a vital component of its broader plans for economic integration in the post-Soviet space. A Euro-integrated Ukraine, perhaps joined by other 'reformist' post-Soviet republics would serve to divide the post-Soviet space and provide an alternative focus of economic power. Alternatively, successful co-option of Ukraine into Russian backed economic structures both increases their attractiveness and decreases the possibility of other states 'defecting' to alternative trading blocs.<sup>14</sup>

#### *Trade Relations:*

This section will first outline the general structure of Russia and Ukraine's trade relations with one another. It will then move on to the evolution of Russo-Ukrainian trade *policy*, particularly regarding the attempted establishment of CIS based economic associations, and the question of Russia and Ukraine's entry into the WTO.

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<sup>13</sup> S. Velychenko, *Ukraine, the EU and Russia : history, culture and international relations*

<sup>14</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*

### *Trade Structure:*

The rapid economic development of Ukraine since the beginning of the 21<sup>st</sup> Century was reflected in the marked shift in its structure of trade with Russia, the CIS and the world. Increasing Ukrainian purchasing power led to a major increase in Ukrainian imports of high value added goods from Europe, Asia and the Americas, particularly electronic goods and automobiles. However imports of equipment and goods required for economic development continued to be supplied primarily by Russia and other CIS countries, particularly oil and gas. Equally the rapid increase in Russian economic growth during the same period increased its own opportunities for investment within the Ukrainian economy.<sup>15</sup>

Russia remained Ukraine's single most important trading partner throughout the decade, accounting for 21.5% of Ukrainian exports and 34% of imports during the period 2000-09.<sup>16</sup> Other CIS markets were also extremely important for Ukraine, and the former Soviet Union as a whole accounted for roughly 30% of Ukrainian imports and 50% of exports. Ukraine also steadily diversified its import partners during the 2000-10 period, with non-CIS imports rising from 42% of Ukrainian trade in 2000 to a high of 60% in 2008 (non-CIS imports decline slightly in 2009, largely due to the global economic crisis.) Exports to non-CIS exports rose steadily from 2000-04, from 69% to 74%, before declining to 65%. This 10% shift was divided roughly equally between Russia, and the rest of the CIS.<sup>17</sup> Ukraine was an important market for Russia as well, if not on the same scale, accounting for roughly 5% of exports. However it was not simply the total value of trade that was critical, but also the nature of the goods being traded.

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<sup>15</sup> K. Crane, "Russian Investment in the Commonwealth of Independent States". *Eurasian Geography and Economics*, 2005. **46**(6): p. 405

<sup>16</sup> UN COMTRADE Database – See Figs. 1-5 for more detailed breakdown below

<sup>17</sup> UN COMTRADE Statistical Database

*High Value Added Goods:*

Fig. 1 Ukrainian exports in chemical, pharmaceutical and petrochemical products<sup>18</sup>

Year	Total Export Value (US Dollars)	%of total Exports	Of which to Russia (US Dollars)	Of which to Russia (%)	% of Exports to Russia
2000	1,787,796,883	12.3%	595,389,899	16.6%	27.0%
2001	1,734,585,417	10.7%	518,655,726	29.9%	14.2%
2002	1,659,979,874	9.3%	377,010,150	22.7%	12.0%
2003	2,304,359,290	10.0%	430,157,570	18.7%	10.0%
2004	3,221,099,040	9.9%	538,714,740	16.7%	9.2%
2005	3,563,267,632	10.4%	750,382,526	21.1%	10.9%
2006	4,190,627,892	10.9%	923,675,493	22.0%	10.7%
2007	5,047,457,338	10.2%	1,104,876,607	21.9%	8.3%
2008	6,042,680,012	9.0%	1,220,732,945	20.2%	7.8%
2009	3,078,441,866	7.8%	823,336,789	26.7%	9.7%

Fig 2. Ukrainian exports in Ground, Air and Water transport products and facilities

Year	Total Export Value (Million US Dollars)	%of total Exports	Of which to Russia (US Dollars)	Of which to Russia (%)	% of Exports to Russia
2000	437,915,896	3.00%	166,103,193	37.930%	4.757%
2001	548,707,168	3.37%	241,897,874	44.085%	6.664%
2002	688,556,392	3.84%	319,032,322	46.334%	10.132%
2003	984,033,540	4.27%	369,608,330	37.561%	8.573%
2004	2,032,812,340	6.22%	716,178,000	35.231%	12.295%
2005	3,031,615,610	8.86%	1,106,722,820	36.506%	14.776%
2006	2,081,099,286	5.42%	1,288,383,350	61.909%	14.983%
2007	3,305,601,447	6.71%	2,306,425,364	69.773%	18.206%
2008	4,321,282,854	6.45%	3,030,577,960	70.131%	19.260%
2009	1,596,395,542	4.02%	726,286,994	45.495%	8.550%

Fig. 3 Ukrainian Exports in machines, machine tools parts, reactor parts etc.

Year	Total Export Value (Million US Dollars)	%of total Exports	Of which to Russia (US Dollars)	Of which to Russia (%)	% of Exports to Russia
2000	1,358,113,280	9.32%	626,422,496	46.124%	17.939%
2001	1,713,934,784	10.54%	745,409,952	43.491%	20.474%
2002	1,758,605,120	9.81%	755,958,752	42.986%	24.008%
2003	2,321,796,030	10.07%	879,040,200	37.860%	20.389%
2004	3,031,615,610	9.28%	1,106,722,820	36.506%	19.000%
2005	2,838,651,632	8.29%	1,342,586,825	47.297%	17.926%
2006	3,330,484,384	8.68%	1,593,986,673	47.861%	18.426%
2007	4,977,104,512	10.10%	2,326,133,492	46.737%	18.632%

<sup>18</sup> As defined by UN COMTRADE Database

2008	6,340,783,251	9.47%	2,991,208,303	47.174%	19.010%
2009	5,013,479,800	12.63%	2,040,804,457	40.706%	24.024%

Fig. 4 Ukrainian imports in machines, machine tools parts, reactor parts etc.

Year	Total Import Value (Million US Dollars)	%of total Imports	Of which from Russia (US Dollars)	Of which from Russia (%)	% of Imports from Russia
2000	1,940,651,648	13.91%	613,083,800	31.592%	10.547%
2001	2,377,037,440	15.07%	699,222,120	29.416%	12.099%
2002	2,500,770,752	14.73%	549,895,776	21.989%	8.730%
2003	3,478,283,640	15.11%	707,865,820	20.351%	8.188%
2004	4,740,658,540	16.35%	1,055,338,210	22.261%	9.056%
2005	6,340,006,365	17.55%	1,150,850,061	18.152%	8.961%
2006	7,873,428,494	17.49%	1,409,798,744	17.906%	10.255%
2007	10,578,607,398	17.46%	1,746,491,302	16.510%	10.372%
2008	11,338,239,473	13.27%	2,038,724,817	17.981%	10.502%
2009	6,254,614,154	13.77%	1,015,991,645	16.244%	7.670%

Fig. 5 Ukrainian imports in Ground, Air and Water transport products and facilities

Year	Total Import Value (Million US Dollars)	%of total Imports	Of which from Russia (US Dollars)	Of which from Russia (%)	% of Imports from Russia
2000	503,583,237	3.61%	204,075,702	40.525%	3.511%
2001	746,020,982	4.73%	271,300,710	36.366%	4.695%
2002	1,505,030,016	8.87%	323,891,261	21.521%	5.142%
2003	1,874,333,910	8.14%	457,718,580	24.420%	5.294%
2004	2,494,379,810	8.60%	674,776,450	27.052%	5.791%
2005	3,219,522,143	8.91%	795,774,329	24.717%	6.916%
2006	5,147,085,964	11.43%	1,140,926,756	22.166%	8.275%
2007	8,216,611,636	13.56%	1,442,556,532	17.557%	8.567%
2008	12,090,382,480	14.15%	1,701,745,385	14.075%	8.766%
2009	2,163,822,037	4.76%	282,995,948	13.079%	2.138%

High Value Added (HVA) exports from Ukraine such as: machine parts; vehicle; pharmaceutical products; and certain chemicals were all heavily reliant on Russian and CIS markets. As Figs. 1-3 show, Russia's precise share of Ukraine's HVA market saw significant fluctuation, but along with the CIS states consistently accounted for roughly 50% of all Ukrainian HVA exports. This is not only due to the fact that Ukrainian HVA goods were significantly more competitive in FSU than

world markets. Ukraine was heavily industrialised during the Soviet era and produced components that remained part of the value chain of Russian industrial and commercial enterprises. Certain components for machines, such as nuclear reactor parts, required by Russian firms are produced in Ukraine and effectively have no other market. Manufacturing standards also played a role in 'locking in' Russia as an export market for Ukrainian production. Soviet railways are of a different gauge than European, so Ukrainian railway components and rolling stock (a significant export commodity) were sold virtually exclusively to Russia and CIS Markets.

Russia large share of Ukrainian imports was primarily due to its effective monopoly as a supplier of natural gas to Ukraine (a significant amount was supplied by Central Asian states but was effectively controlled by Russia due to its control over pipeline infrastructure.) Ukraine's gas intensive economy and the dominance of Russia as a supplier made natural gas exports an issue deserving of individual examination, and they will be analysed in a separate section below. Outside of energy Ukraine remained an extremely important market for Russian HVA goods, particularly in the machinery and vehicle sectors where Ukraine accounted for roughly a quarter of Russian exports. The same reason for Russia's share of Ukrainian HVA exports – the lack of product competitiveness in extra-CIS markets and the maintenance of Soviet-era technical and manufacturing standards – accounted for Ukraine's high share of Russian HVA exports.

The HVA sector made up a relatively small amount of Ukraine's export commodities, which were dominated by iron and steel products, ammonia and chemical fertilisers, and agricultural products. While Russia made up an important share of the market for these commodities, they areas are one of the few commodities where Ukraine found significant markets outside of the CIS. Here Ukraine's

geographic position on the edge of Europe (and with post-Communist states that remained competitive markets for Ukraine) was an important element of its divergence from Russia. However, with the exception of agricultural products, all of these are products in which Russian energy supplies were an absolutely critical part of the value chain of production.

It cannot be overemphasised the degree to which iron, steel and chemical exports which accounted for roughly half of Ukraine's import revenues from 2000-9 were critically dependent upon Russia. This was not due to Russian consumption of these goods (though Ukrainian exports to Russia in these categories was substantial – see Appendix) but rather because it provided certain key inputs for their production. Ukraine's ferrous metallurgy industry was overwhelmingly made up of privatised Soviet-era foundries, using outdated and highly energy intensive processes. The steel they produced was both of a relatively low quality and required significant inputs of natural gas to produce. Its competitiveness was traditionally based on Ukraine's ability to offer it at low prices due to heavy Russian subsidisation of gas purchases.

Ukraine's chemical exports were concentrated in ammonia and ammonia-based fertilisers. The former when industrially produced is effectively a processed form of natural gas, and its competitiveness, again, was based on the ability of Ukraine to procure gas at below 'market' rates. Iron and steel exports have been highly diversified – Russia remained the number one purchaser but almost 90% of Ukrainian steel exports went elsewhere, mostly to Turkey and Middle Eastern states as well as Italy and the former Warsaw Pact states of Europe.

Chemical exports were also highly diversified, with Turkey and India running a close second and third place to Russia as Ukraine's major export partners in this sector. However the massive share of natural gas in the unit price of chemical

fertilisers and ammonia appears to have had a significantly detrimental effect on its competitiveness. While Ukrainian exports overall took a significant hit in 2009 due to the global financial crisis, dropping to 60% of 2008 levels, chemical exports collapsed to just over 40% of 2008 levels, with Russia accounting for well over a quarter of those revenues.

Ukraine was relatively unusual among the post-Soviet states in that it was better able to access world markets (especially those in Europe) and produced products that other states wanted to buy. Ukrainian exports to non-CIS markets averaged just below 70% during 2000-09 compared with roughly 50% for Belarus. However, Russia remained Ukraine's most important trade partner and the overwhelmingly dominant one in several key areas of the Ukrainian trade balance, such as energy where Russia remained the sole effective supplier, and HVA goods. This introduced a certain tension in trade policy, where Ukraine had greater opportunities to engage with the EU and the wider world.

#### *Trade Policy:*

Trade policy between Russia and Ukraine has generally centred on the desire of Russia to 'lock in' Ukraine to some form of CIS based free-trade area and customs union, and Ukrainian attempts to keep its options open for deepening trade links with EU (possibly through EFTA) and beyond (by joining the WTO.) The economic benefits of joining a post-Soviet free trade area were real, though debatable, but would have involved a significant trade-off by effectively hampering Ukraine's ability to pursue greater economic integration with Europe. Additionally analytical preconceptions on both sides served to make trade policy an intensely political and politicised issue. Ukrainian elites were generally highly wary of proposals for economic integration, regarding them as 'Trojan Horses' for political and economic

domination. Russia meanwhile saw economic and political integration as two sides of the same policy coin.

Paul D'Anieri in particular has argued that nationalist concerns over preserving Ukrainian political sovereignty were the main determinant of trade policy. An early narrative of 'economic vampirism' whereby the link with Russia was blamed for the state's economic woes encouraged early policy preferences for severing ties.<sup>19</sup> Leonid Kuchma *did* win his first term by appealing to the Russophone East and arguing for renewing economic ties with Moscow. However, by the time of his re-election in 1999 his rhetoric shifted towards firm support for an economic platform of Euro-integration.

However Kuchma's increasing political alienation from Europe and the West at the beginning of the decade, and the need to gain political support from Russia did force a certain reorientation eastwards -Ukraine agreed in principle to form a Common Economic Space with Russia, Belarus and Kazakhstan and to become an observer member of the Eurasian Economic Community in 2003.<sup>20</sup> However, post-Revolutionary Ukraine effectively killed the CES proposal again and returned to traditional goals of Euro-integration. To the 'Orange Coalition' the opportunities offered by CES were outweighed by its potential boosting of Russian regional hegemony, and the possibility of it drawing Ukraine into relations with a third entity, the Eurasian Economic Community.<sup>21</sup>

As the politics chapter has already outlined, CES was a deeply political concern for Russia, not an economic one. Fundamentally Moscow sought to bring Ukraine, Kazakhstan and Belarus into a common customs and trade union in order to both foster greater political integration and to limit their scope for independent

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<sup>19</sup> P.J. D'Anieri, *Economic Interdependence in Ukrainian-Russian relations*

<sup>20</sup> K. Crane, "Russian Investment in the Commonwealth of Independent States"

<sup>21</sup> S. Velychenko, *op. cit.*

economic engagement, particularly with the WTO. The spinning of CES by Russia in the Ukrainian media is particularly telling – while it was clearly envisaged as a customs union Moscow insisted it was merely a free-trade zone, while at the same time making it the price Kuchma (to the ire of many of his allies) had to pay in order to obtain Russian backing for Yanukovich’s 2004 campaign.

Ukraine’s options broadened in the aftermath of the Orange Revolution as the generally positive reception of its success in the West, encouraged both the European Union and United States to accelerate recognition of Ukrainian market economy status, lifting restrictions on Ukrainian trade with both. However renewed interest on the part of the European Union was accompanied by greater expectations for the establishment of the rule of law, prosecution of corruption and an increase in corporate governance capacities. The failure of the Yushchenko administration to deliver on these goals and to garner broader support for Euro-integration in general introduced a note of ‘caution and realism’ into Ukraine’s relations with Europe after the initial post-revolutionary period.<sup>22</sup> However Ukraine did achieve WTO accession ahead of Russia in 2008, effectively killing off its participation in a customs union for the foreseeable future.

Prior Ukrainian WTO accession and the demise of the Customs Union were considerably irritating for Moscow. Russia’s traditional foreign policy goals of maintaining a maximum role of influence within the CIS were dependent on drawing Ukraine into ‘its’ own economic structures. Russia had also placed a considerable emphasis on attempting to synchronise the Ukrainian and Russian WTO bids.<sup>23</sup>

Russian began to respond with an increase in semi-punitive sanctions against Ukraine,

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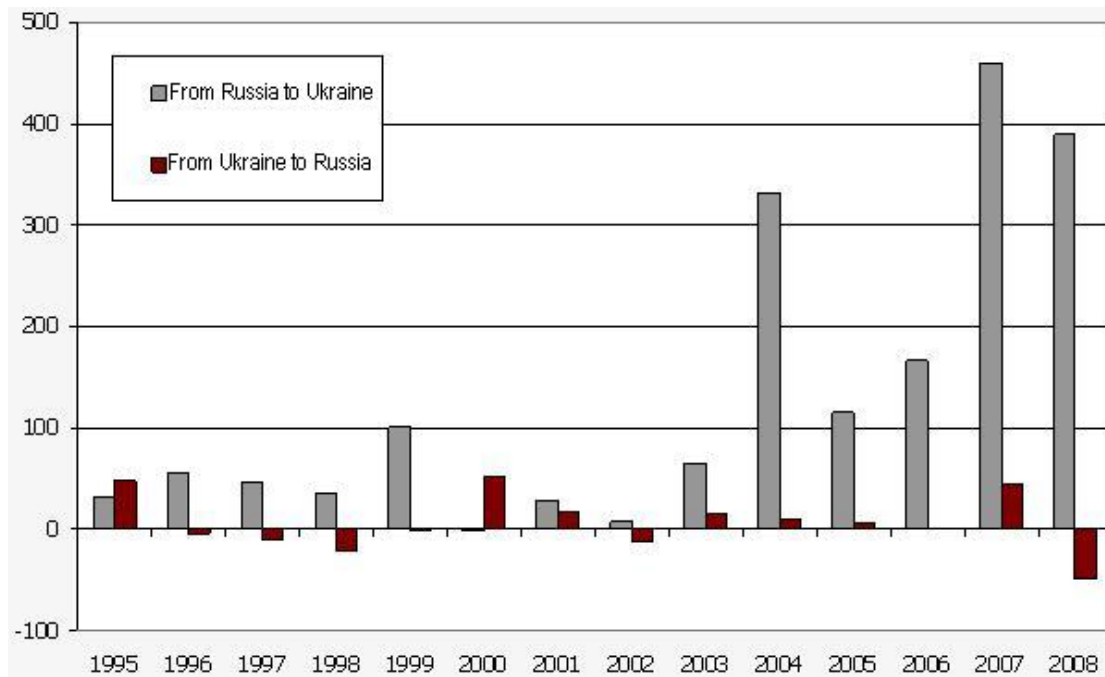
<sup>22</sup> Ibid.

<sup>23</sup> R. Abdelal, “Memories of Nations and States: Institutional History and National Identity in Post-Soviet Eurasia.” *Nationalities Papers*, 2002. **30**(3): p. 459-484.

and a movement towards introducing a customs regime along the border. Additionally there were several anecdotal reports of ‘informal’ sanctions such as governmental pressure being placed on business to reduce orders from Ukraine.

In conclusion Ukraine’s trade policy was considerably lacking in strategic direction, mainly due to the inability or unwillingness of the authorities to undertake the kind of economic and political reforms necessary to pursue greater integration with the West. However this was accompanied by a strong nationalist suspicion of and desire to avoid ‘Russian’ trade blocs and structures, leaving Ukraine in something of a state of strategic paralysis, while simultaneously frustrating Russia’s goals for greater regional economic integration.

*Russian Investment in Ukraine:*



(Y-Axis, Mln US\$) Source: Institute of Research, Russia<sup>24</sup>

Ukraine was the most important destination for Russian FDI in the post-Soviet space by far. This is not surprising given Ukraine’s economic and human potential

<sup>24</sup> Natalya Blyakha, *Russian Foreign Direct Investment in Ukraine*, Electronic Publications of Pan-European institute, July 2009 Turku School of Economics, Turku, Finland

being next only to Russia's in the post-Soviet space. What is noteworthy is the dominance of Russian capital in terms of total Russian FDI. Additionally Russian investment was extensive in industries that comprised a critical part of Ukraine's infrastructure, such as finance (where Russian capital accounted for 7% of market share), electrical power generation (36%) telecommunications (38.5%), metallurgy (66.7%) and oil refining (90%).<sup>25</sup> As in the other post-Soviet states Russia managed to compete more effectively due to its greater knowledge and tolerance for Ukrainian business practices, as well as the tendency of Russian investors to be interested in long-term acquisitions, and possess deeper knowledge of economic opportunities due to the similarities of the economic environment with that of Russia.

Foreign Direct Investment from Russia to Ukraine was quite extensive, but also somewhat difficult to track. According to Russian and Ukrainian official statistics, the Russian Federation was a comparatively minor source of FDI into Ukraine, ranging between 5-7% of the total. However, these same statistics also report huge inflows of FDI from Cyprus, the Netherlands and to a lesser extent the British Virgin Islands.<sup>26</sup> It is exceedingly likely that this is in fact Russian capital, routed through other states for tax reasons. If we assume the majority of these investments are in fact from Russia it emerges as an overwhelmingly dominant source of FDI into Ukraine.

While this is a somewhat contentious assumption to make, it has been supported by a number of specialist, independent studies of Russia-CIS capital flows, most notably by the RAND corporation<sup>27</sup> and Peeter Vahtra of the Turku School of

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<sup>25</sup> Ibid. p.7

<sup>26</sup> From UkrStat- [www.ukrstat.gov.ua](http://www.ukrstat.gov.ua) and RosStat – [www.gks.ru](http://www.gks.ru)

<sup>27</sup> K. Crane, "Russian Investment in the Commonwealth of Independent States."

Economics and Business Administration.<sup>28</sup> Both confirm that FDI into Ukraine was mainly of Russian origin, and that Ukraine was the number one destination of Russian FDI in the CIS. Ukraine's sizable population and geographic proximity alone made it an attractive market for Russian firms and investors. However Ukraine also borders the EU and had a highly developed industrial base that should in theory have been highly attractive to European investors. Post-imperialism helps to explain the major advantages Russian capital had in penetrating Ukrainian markets and gaining a competitive advantage – Russian investors (or their associates) had access to transnational political networks that their Western peers did not, as well as the advantage of working with market institutions and in a business environment that grew out of the same initial conditions (the Soviet Union and its aftermath) and thus developed similar institutions and business cultures. The development of the Ukrainian business culture and regulatory environment in particular was crucial.

*Developmental Factors:*

The Soviet past and the transition process served to create a similar business 'atmosphere' in Ukraine and Russia in both the formal and informal 'rules of the game.' This resulted in the replication of some of the effects of a 'closed network' in that it allowed effective communication and co-operation between Russian and Ukrainian actors while shutting out other players – the former were in effect speaking in a shared 'language' that the latter did not understand. A 2005 report by the RAND corporation analysts summarised the situation:

“Russian companies do operate differently than Western investors. They move more quickly, are less likely to undertake detailed evaluations, and are more comfortable operating in the regulatory and business environment in the region. Whereas many Western investors would not purchase a company that does not have audited financials conforming to

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<sup>28</sup> Peeter Vaahtra, “Russian investment in the CIS: Scope, motivation and leverage” Electronic Publications of Pan-European Institute, Turku School of Economics and Business Administration, Turku 2005 < [http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Vaahtra\\_92005.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Vaahtra_92005.pdf)>

international accounting standards, Russian investors would purchase operations that evade taxes by using two sets of books. Ties of language, familiarity, family, and education have been important factors in the success of Russian investors.”

The emphasis on the regulatory environment is significant. The development of robust practices of corporate governance was a slow one in Ukraine. Russian businessmen were both more familiar with and more willing to navigate opaque ownership structures and capital flows, the necessity of securing political or security service *‘krysha’*<sup>29</sup> and adapting to a regulatory environment that was often non-transparent or governed by contradictory legislation. After all – these are largely similar to the conditions they operate under at ‘home.’ This is somewhat similar to the effect of transnational networks – the institutional ‘rules of the game’, both formal and informal preferred one group of investors (Russian) while locking out others (Western.) Even if the official policy of the Yushchenko government was for greater economic integration with Europe, a more deeply rooted market and business ‘culture’ made this difficult to implement.

This dynamic also encouraged Russian FDI in another key way. Due to the necessity of navigating a new and unfamiliar business environment when investing capital in ‘the West’ the barrier to market entry was relatively high for post-Soviet economic actors, just as in the inverse case. Ukraine, with its large, educated population and highly developed economic base represents a very lucrative potential market with a significantly lower barrier to entry than those outside the ‘near abroad.’<sup>30</sup> Factors that make Ukraine attractive to Russian investors and unattractive to Western investors simultaneously do the inverse.

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<sup>29</sup> Russian for ‘roof.’ Popular slang term referring to political or other protection from extortion or excessive harassment from state agencies.

<sup>30</sup> P. Vahtra “Russian investment in the CIS: Scope, motivation and leverage”

Managerial techniques and business models developed and tested in Russia often transferred well to Ukraine and other CIS states. The above cited study makes a particular example of the 'El Dorado' electronics chain, which granted local management greater control over stock maintenance and acquisition than most Western firms would allow. This was due to the substantial regional economic inequality in Russia, a situation mirrored in Ukraine. Simply put, demand for HDTVs was much larger in Kyiv and Moscow than it was in Kherson and Voronezh.<sup>31</sup> On a more macro scale, major Russian financial institutions such as the Alfa Bank Group and VTB were able to import similar management structures and models to their operations in Ukraine while providing greater capital availability, maximising their ability to compete against local banks.

The greater retention of the Soviet Union's institutional knowledge by Russia in comparison with the other post-Soviet states enhanced its ability to shape the broader post-Soviet financial environment. Managerial cadres and economic experts from Moscow are seen as having a greater level of expertise and knowledge than local equivalents. Local managers often travel to Moscow to receive their training or to acquire new skills before returning to implement the lessons they have learned. In Ukraine this has been especially prevalent in the heavy machinery sector, where Russian financial penetration was extensive.<sup>32</sup>

Finally the report notes the importance of non-formal networks and relationships in governing relations in the post-Soviet business space. Most of the new Russian and Ukrainian business elite received their education and training under the Soviet system, with an eye towards becoming part of the single Soviet managerial elite. Many will have formed friendships at school, technical institutions or through

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<sup>31</sup> K. Crane, *Russian Investment in the Commonwealth of Independent States*.

<sup>32</sup> *Ibid.*

the Komsomol. In an environment where contract enforcement was weak, placing a premium on personal relationships in business dealings, Russians had a decisive advantage that Western competitors could not match.<sup>33</sup>

### *Major Areas of Investment*

The most significant areas of investment for the purposes of this thesis are the major elements of modern economic infrastructure, such as the financial system, energy distribution and generation, telecommunications and media. In all of these areas Russia made major investments in Ukraine, often gaining virtual monopolies of markets and crowding out even domestic Ukrainian competitors. There were also some indications that Russia's position was not unaffected by political considerations on behalf of Kyiv and Moscow.

During the start of the decade, the financial industry in particular saw a significant influx of Russian capital that was 'personally welcomed' by Kuchma and saw Russia take controlling stakes in numerous Ukrainian financial institutions.<sup>34</sup> The petroleum market (that is oil refineries and retail outlets) was 80% controlled by LUKOil, Tatneft and TNK-BP.<sup>35</sup> Telecommunications were a traditional area of dominance for Russia in the CIS but unusually so in Ukraine. Russian company MTS operated the largest mobile operator in Ukraine. More interesting were the activities of Vimpelcom and its purchase of Ukraine Radio Systems (URS.) Vimpelcom was part owned by Norwegian TeleNor and Russia's AlfaBank, which also had jointcontrol the KyivStar mobile network (which has the largest market share.) TeleNor understandably opposed Vimpelcom's purchase of a company that would be

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<sup>33</sup> Ibid.

<sup>34</sup> O.M. Smolansky, 'Ukraine and Russia: An Evolving Marriage of Inconvenience', *Orbis*, 48 (2004), 117

<sup>35</sup> Peeter Vahtra, "Russian investment in the CIS: Scope, motivation and leverage"

in direct competition with it, yet AlfaBank was enthusiastic about the purchase.<sup>36</sup> This also highlights the often conflicting operations and motivations of Russian and ‘western’ corporations in the post-Soviet space.

In the media sphere Russian companies also began to take a more active role in what was a heavily politicised market. The dominant media group in Ukraine is UA Intermedia which operates nine television stations including the most popular ‘Inter-TV.’ It is owned by Ukrainian businessman and politician Valeriy Khoroshovsky with a 29% stake owned by Russia’s ORT, which is itself partially owned by the Russian state. The rest of the Ukrainian media market is controlled by constellations of oligarchs loyal to differing political factions.

This is all in addition to the dominant Russian position in foreign ownership of more traditional heavy industry and manufacturing concerns. Again, the superior local knowledge and expertise of Russian investors aided them in competing with Western investors. “Russians who invested in energy or heavy industry were portrayed by Western investors as knowledgeable, long-term players (“industrialists”) who are willing to pursue ventures that other foreign investors shun. One Western observer noted that Russian investors know all the critical points in large manufacturing operations from their past experiences in Russia.”<sup>37</sup> The improvement of relations in the first half of the decade also appears to have helped (in addition to the Russian economic recovery.) Russian mergers and acquisitions during 2000-04 roughly tripled from the previous five years, and accounted for well over half of Russian M&A in the post-Soviet space.

Investments were largely apolitical, in the sense that they were not directly influenced by the Kremlin and were by and large driven by corporate and financial

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<sup>36</sup> Ibid.

<sup>37</sup> K. Crane, *Russian Investment in the Commonwealth of Independent States*.

considerations. However direct acquisition of Ukrainian firms by Russian owners through the Ukrainian direct privatisation process was controversial. Russian investors often lost out to better connected Ukrainian oligarchs, or run afoul of political-economic struggles between them and found themselves shut out of the privatisation process. As a result, Russian acquisitions generally took place through ‘secondary’ acquisitions after Ukrainian privatisation, in consortium or through European proxy firms, or indirectly. This, along with the continued opacity in Ukrainian standards of corporate governance made the true extent of Russia’s market position difficult to determine with great accuracy – but it was definitely extensive and economic penetration was deep.

In all, the post-Imperial framework provides a highly compelling explanation for the greater ability of Russian businesses to penetrate and operate within the Ukrainian market than better funded, more globally integrated Western multinationals. This was not necessarily a political process but did have political outcomes, especially with regards to Ukraine’s quest for further Euro-integration. Attempts during the Yushchenko premiership, and after the Orange Revolution to strengthen standards of corporate governance, tax law and so forth do not appear to have been successful. Yushchenko appears to have been unwilling to effectively tackle pervasive corruption within the Ukrainian economy, and by 2006 his political authority had been weakened to the point that arguably he was no longer able to do so. Attempts to restructure Ukraine’s investment climate to be more ‘western friendly’ therefore remained largely rhetorical.

*Energy Relations:*

Fig. 6 Ukrainian imports in hydrocarbons (oil and natural gas)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Value mln US\$	5,998	6,253	6,653	7,857	9,755	10,661	12,712	15,923	22,832	14,639
YoY Growth	100.0%	104.3%	106.4%	118.1%	124.2%	109.3%	119.2%	125.3%	143.4%	64.1%
% of Ukrainian imports	43.0%	39.6%	39.2%	34.1%	33.6%	29.5%	28.2%	26.3%	26.7%	32.2%

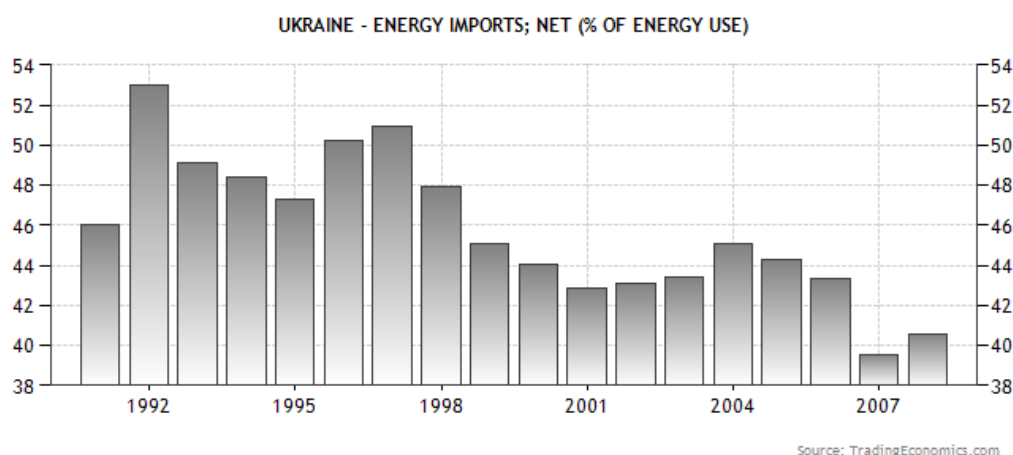
The trade in natural gas between Russia and Ukraine was perhaps the single most-important issue in the overall bilateral relationship, both effecting and being effected by virtually every other facet of the relationship. In the aftermath of the Orange Revolution, natural gas was the area where the renewed conflict in political relations was most seriously manifested. Energy is also perhaps the area in which the legacies of the Soviet Union were most determinative, and in which the post-Imperial framework is most useful.

The arena in which energy relations were played out was defined by the structural legacies of the Soviet era Gas Transport System (GTS) and a decades long energy pricing policy favouring highly energy-intensive industry and discouraging investment in greater efficiency. Beyond that, the process of privatisation and corporate governance of energy infrastructure was heavily affected by both the difficult transition to market mechanisms and principles, and informal networks across both sides of the border, which in practice meant a high degree of non-transparency and corruption in the energy sector as a whole.

This section will first address the structural, ‘hard power’ aspects of the Russo-Ukrainian energy relationship, before moving onto the specific developments in energy policy between the two states in the Kuchma and ‘Orange’ eras.

*Structural Factors:*

Fig. 7 Ukrainian energy dependency on imports<sup>38</sup>



The two most pressing structural issues in energy policy arising from the Soviet inheritance were the Ukrainian Gas Transit System (GTS) and the vital importance of natural gas in the Ukrainian economy. Both of these issues were of course linked – Soviet economic assumptions and Ukraine’s position as a transit state to European markets heavily influenced its development as a highly energy intensive economy, while leaving it with, and hence vulnerable to pressure by, a single supplier in the aftermath of the Soviet collapse.

The core issue at the heart of the Russo-Ukrainian energy relations from Kyiv’s perspective was best summarised by Vladimir Saprykin of the Razumkov Centre.

“Ukraine imports 53% of its energy resources; according to international standards, this level of dependence is not considered as an excessive. However, the problem is that Ukraine obtains the bulk of its energy resources (close to 60% of imports) from one country — Russia (either directly or via its territory). Thus, Ukraine's energy sector and entire economy are, in fact, critically dependent on this source of energy imports.”<sup>39</sup>

<sup>38</sup> *Trading Economics* <<http://www.tradingeconomics.com/ukraine/energy-imports-net-percent-of-energy-use-wb-data.html>>

<sup>39</sup> Volodymy Saprykin, “On Ukraine’s state energy policy doctrine up to 2020,” *Dzerkalo Tizhny*, 24 February 2001 <[http://www.razumkov.org.ua/eng/article.php?news\\_id=121](http://www.razumkov.org.ua/eng/article.php?news_id=121)> Saprykin’s estimates of Ukrainian energy dependency is somewhat higher than those in Fig. 7. This is likely due to Saprykin using data from the 1990s when Ukrainian energy dependency was more severe, or methodological differences. In any case the variance in estimates is small enough that it does not materially affect our argument.

As the Fig. 7 above demonstrates the level of Ukrainian foreign energy dependency varied from 2000-10 but within the range of 5%. And while Ukraine's energy dependency is not severe by international standards, it was problematic for Kyiv due to the fact that Russia remains the sole effective supplier.<sup>40</sup> This dependency was further fostered and exacerbated by two structural factors stemming from the Soviet legacy. Firstly, Ukraine inherited a large and expensive energy infrastructure and GTS as well as affiliated storage systems from the Soviet Union, based on a system of internal supply. The GTS was technically reliable, but ageing and left Ukraine without alternative suppliers of natural gas.<sup>41</sup>

Secondly Ukraine's economy was heavily energy intensive, both due to the nature of its primary industries (ferrous metallurgy and chemicals – heavily developed during the Soviet period) and Soviet era municipal and industrial planning based on the assumption of indefinite supplies of cheap gas. Soviet era pricing policies discouraged moves towards increasing energy efficiency in the economy leading to a subsequent long-term neglect of investment and upgrading of industrial stock. The fact that the bulk of Ukraine's managerial cadres, even after the dissolution of the Soviet Union, continued to operate under the assumption that cheap imports of energy would continue indefinitely should also not be overlooked.<sup>42</sup>

The resulting severity of Ukraine's energy dependency is difficult to overstate. While Ukraine saw significant gains in energy efficiency during the 2000-10 period, it remained the third most energy intensive economy on the

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<sup>40</sup> V. Saprykin, "On Ukraine's State Energy Policy Doctrine Up to 2020," in *Zerkalo Nedeli*. 2001.

<sup>41</sup> S. Pirani., *Ukraine's Gas Sector*. Oxford Institute for Energy Studies, 2007

<sup>42</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

planet (behind only Uzbekistan and Kazakhstan.<sup>43</sup>) The energy question has therefore always had the potential to become a ‘fundamental’ issue, affecting the economic survival and political independence of the Ukrainian state.<sup>44</sup> As the political relationship deteriorated it is not surprising that Russia turned to gas as its most effective lever of coercive suasion.

However the respective power balance in the energy relationship was not entirely asymmetrical. Russia relied on the Ukrainian GTS for transporting the overwhelming majority of its gas sales to Europe, which provided about three quarters of Gazprom’s entire annual profits. Ukraine’s ownership of the GTS makes it an effectively irreplaceable link in Gazprom’s business, and for that matter the Russian state’s revenues.<sup>45</sup> Russia’s leverage lay in its ability to raise prices or withhold shipments, but Ukraine could easily counter by raising transport tariffs. Ukraine’s perception was that effective state control over its own GTS was a matter of national security especially where Russia was concerned. Russian control of the GTS removes Ukraine’s principle lever of influence with regards to Russia and means of resisting economic pressure. Privatisation of GTS assets was therefore legally prohibited by the Ukrainian Rada.

As an insurance policy this did have limitations. Gazprom and Russia did not have sufficient funds to construct new GTS infrastructure bypassing Ukraine, but the annual interruptions in supply since the Orange Revolution have strengthened the argument within the EU that Ukraine is not reliable as a transit state. The result was steadily increasing support for constructing pipelines bypassing Ukraine (Bluestream, Nordstream etc.) in cooperation with

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<sup>43</sup> <http://yearbook.enerdata.net/energy-intensity-GDP-by-region.html>

<sup>44</sup> Balmaceda, *op.cit.*

<sup>45</sup> L. Grigoriev, and M. Salikhov, “Ukraine - Growth and Gas” *Russia in Global Affairs*, 2006. 2(3)

Russia, which may significantly undermine Ukraine's bargaining position in future.

*Russia and Energy:*

As indicated above Russia was heavily reliant on Ukraine for its main source of hard currency and economic growth – natural gas sales to Europe. While Russia had some limited success in proposing and building alternative pipeline routes bypassing Ukraine, the reality was that Gazprom had limited cash reserves available to implement these plans and had persistent difficulty in attracting support and investment from European partners.

After the ascension of Vladimir Putin to the presidency, and the installation of Aleksei Miller as the head of Gazprom, the company was not only bound closely to the state and used as a means of pursuing state goals, its *perception* of its goals and *means* of pursuing them were more heavily influenced by the *siloviki* faction of the Russian elite. Gazprom's 'viewpoint' was zero-sum and focused on the idea that security required maximal control over gas assets and methods of transit, rather than collaboration and contract.<sup>46</sup> Subterfuge and non-transparent schemes were critical elements of its implementation of strategic goals. Gas and energy were also seen not simply as commercial assets, but a vital tool in increasing Russia's geopolitical interest in the post-Soviet states. As James Sherr has written "Gazprom views challenges to its monopoly and monopsony power as threats. It earnestly believes that the scale of its energy interests entitles it to control 'the entire value chain' from the

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<sup>46</sup> James Sherr, and Defence Academy of the United Kingdom. Advanced Research and Assessment Group, *Russia and the West : a reassessment*. Shrivenham papers ; no. 6. 2007, Watchfield, Swindon?: Defence Academy of the United Kingdom. 43

oil and gas reserves of Central Asia to the pipelines of Ukraine and Belarus, and it is irritated when others don't accept this entitlement."<sup>47</sup>

In effect, Gazprom and Russia attempted to reconstruct and regain control over the bulk of Soviet era energy transport, processing and storage infrastructure, partially for commercial reasons, but also for political – the centrality of energy trade to Russia's economy meant that it was unwilling to cede the potential to disrupt it to transit states such as Ukraine. Russia's geographic position and its retention of both major infrastructural reserves and administrative capacity made its ability to do so formidable.

However the commercial aspects of Gazprom's operations should not be overlooked or understated either. Non-payment of gas bills by the former Soviet Republics was a chronic issue of dispute, especially between Ukraine and Russia. Barred from directly acquiring (or 'vertically integrating') aspects of the Ukrainian GTS and thus direct access to the consumer, Gazprom attempted to use third companies such as Itera and EuralTransGas, at least in part as a means of gaining control over *oblenergoes* (regional level energy companies) and suppliers, in order to exert direct pressure on consumers to pay gas bills rather than resorting to state cut-offs.<sup>48</sup> Indeed, despite the fact that Russia's use of energy for political purposes was extensive, Gazprom did have an objective interest in 'normalising' relations with gas consuming countries and introducing more transparent consumer relations. "Nevertheless, economic actors in particular consumer countries (particularly energy companies and gas-

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<sup>47</sup> Ibid.

<sup>48</sup> K. Crane, "Russian Investment in the Commonwealth of Independent States"

consuming industries) have a natural temptation to politicize the problem in a bid to preserve low prices and rents wherever possible.”<sup>49</sup>

*Energy Relations During the Kuchma era:*

During the second Kuchma term the energy relationship between Ukraine and Russia was increasingly shaped not only by state to state bilateral interactions. The oligarchic class within Ukraine which enriched itself off of the gas trade also developed its own relations with Gazprom and official Russia. The specific situation of dependency on Russia for imports of gas spawned numerous highly lucrative means of siphoning off unearned profits (‘rent-seeking’) for well-connected insiders, who as a result developed a vested interest in maintaining the *status quo* even at the expense of the national interest of the Ukrainian state.<sup>50</sup> As a result Russia was “able to tie important Ukrainian interest groups to a view of energy security that was less based on Ukraine's national interests than on a de facto joint view of energy security and on successful (from the point of view of individual participants) ‘joint business’ with Russia, a reality that was to have long-term effects on Ukraine's energy policy.”<sup>51</sup> In energy relations then, informal networks of actors were key.

*The role of rent-seeking in Ukrainian domestic politics:*

While the extreme dependency on Russia for natural gas imports was generally to the economic detriment of Ukraine as a whole, it was spectacularly enriching for members of the Ukrainian ‘oligarchy’ who were able to extract rents from the gas transit and distribution business. This rent-seeking had a highly detrimental effect on Ukraine’s ability to develop a coherent energy

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<sup>49</sup> L. Grigoriev, and M. Salikhov, “Ukraine - Growth and Gas”

<sup>50</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

<sup>51</sup> Ibid.

policy. Firstly, the collection of ‘rents’ frequently involved the shifting of large amounts of debt onto the state, as well as denying it important revenues from taxation. Secondly, the distribution of rents provided an important ‘glue’ holding together Kuchma’s neo-patrimonialist regime, drawing virtually all the major political and business actors into supporting the status quo of energy dependency, and hostility to challenges to the existing economic or political rules of the game.<sup>52</sup> Finally, Kuchma’s approach of ‘balancing’ competing oligarchic factions against one another through rent redistribution also required frequent rotation of administrative cadres in the energy sector, making the formulation of a long-term, effective energy policy for the state effectively impossible.<sup>53</sup>

In the first case, rent-seeking was dependent on the failed semi-privatisation of the state’s energy industry. Privileged insiders were able to make enormous profits by gaining access to: distribution licences; rights to purchase and re-export of Russian gas to European markets; over-reporting of the value of the gas obtained or goods traded in barter deals, the transfer of private debts onto the state; and the use of monopoly powers to obtain other firms cheaply by bankrupting. Outright theft of gas with state collusion was also occasionally reported.

The key point is that it was effectively the prerogative of the Ukrainian president to allocate the most lucrative rent-seeking schemes amongst allied oligarchs and their associated clans in order to ensure political loyalty through economic leverage, and to ensure they remained in a rough state of balance. This was generally highly detrimental to the Ukrainian state’s interests, but by materially binding the elite to this state of dependency it effectively nullified political challenges to the status quo

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<sup>52</sup> S. Velychenko, *op. cit.*

<sup>53</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

(at least temporarily.) More importantly, even in the aftermath of the Orange Revolution the rent-distribution powers of the president remained, and the use of gas revenues in coalition building and management remained an integral part of the system. And while energy distribution remained a largely domestic affair under Kuchma, Russia's knowledge of and ability to influence the energy 'game' became a crucial part of the subsequent 'gas wars' and its political relations with Ukraine in general.

During the Kuchma era Russia facilitated rent-seeking behaviour in a number of ways. Most obvious and important was the supply of natural gas at hugely discounted prices relative to Europe and often on a non-cash barter basis. Secondly Russia (and Gazprom) was very tolerant of the accumulation of energy debts both by the Ukrainian state and private companies in order to use them as bargaining leverage – for example, Russia gained control over additional parts of the Black Sea Fleet by clearing some of Ukraine's debt in the 1990s. The ultimate objective was to use these debts as diplomatic and economic leverage, and as a means of gaining control of Ukrainian economic assets, and elements of the overall GTS with a view to ultimately controlling the entirety of the GTS.<sup>54</sup>

To do so would effectively neutralise Ukraine's ability to withhold Russian gas shipments to Europe, significantly increasing Moscow's economic and political control over Kyiv. Debt accumulation was the favoured means of gaining leverage against the Ukrainian state, and Russia made several attempts to convert Ukrainian debt into majority stakes in its transport and storage facilities. However, it is at this point that the limitations of Russian influence through collaboration in rent-seeking displayed itself. Almost immediately after initial proposals for a Russo-Ukrainian-

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<sup>54</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*

German consortium to acquire and manage the Ukrainian GTS were proposed with Kuchma's and Yanukovich's backing in 2002-03, the Rada responded with a near unanimous vote outlawing the privatisation of this 'strategic' asset.<sup>55</sup> The reasoning behind this is not hard to discern – nationalist deputies objected on the grounds that Russian ownership of the GTS would invariably compromise Ukrainian sovereignty, while the oligarchs feared that if Russia secured its transit routes through Ukraine independently, their ability to extract rents through existing schemes would be threatened. So though Russia was able to increase influence significantly, there was always an 'upper limit' to how much of the GTS Ukraine would allow to be controlled.

However Russia's gas monopoly, coupled with its greater knowledge of the Ukrainian political and economic elite networks also allowed it to play a pro-active role in influencing the distribution of rents and thus influencing Ukrainian politics, particularly during the 'Orange' period. Most of the gas delivered to Ukraine was not sold directly by Gazprom or the Central Asian republics, but through front groups ITERA and RosUkrEnergo (RUE - formerly EuralTransGas.) RUE in particular acted as a middle man for the sale and distribution of Russian and Central Asian gas to Ukraine, but did not appear to provide any actual services or even exist as more than a 'paper' corporation (it was registered in Switzerland.) The company appeared to be largely a means of shifting Gazprom's profits to RUE's shareholders for distribution as dividends. Not only did Russia acquiesce in non-transparent and corrupt entities taking key

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<sup>55</sup> Ibid.

positions in the gas trade, it welcomed them due to the subsequent greater ability to increase pressure on rent-seekers.<sup>56</sup>

While due to the secretive nature of these entities it is impossible to say for certain, it can be reasonably assumed that their primary purpose was to accumulate rents for distribution to actors both in Russia and Ukraine.<sup>57</sup> RUE in particular is half owned by Gazprom, and half by Ukrainian businessman Dmitry Firtash. Firtash has been linked with Russian organised crime leader Semyon Mogilevich, who is alleged to have been tasked by Russia with overseeing aspects of the gas trade with Ukraine. Again – the secrecy of RUE’s business and management makes definitive accounts of its activities difficult, but also raise suspicions. Russia’s official tolerance, and even tacit endorsement of these schemes was connected not only with the need to service domestic client-patron networks, but also served the strategic purpose of perpetuating corruption and illegality in the Ukrainian market, discouraging European investment while maintaining a business climate favourable to Russian interests.

In summation, the energy relationship between Russia and Ukraine during the Kuchma era was almost entirely defined by the imperial past. Structural legacies resulted in a situation of asymmetric interdependency, and a Ukrainian economy based on cheap, abundant energy in an energy poor independent state. Informal networks of relations, weak institutions of corporate governance and incestuous relations between business and the state encouraged the development of semi-legal and illegal rent-seeking schemes, cultivating a powerful constituency for the maintenance of the status quo, discouraging Western investment in the energy sector,

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<sup>56</sup> Ibid.

<sup>57</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

and further weakening the ability of the Ukrainian state to plan and implement effective energy policies.

Russia was able to use this situation to exert pressure on Ukraine for further political and economic integration as part of its longer term strategies in the post-Soviet space. Understanding the nature of rents and their distribution allowed Russia to understand and thus influence Ukrainian policy making.<sup>58</sup> By knowing who the key policy actors and their associated networks of clients were, Russia was able to influence the flows of energy rents accordingly in order either strengthen or weaken political actors and networks. This appears to have been the logic behind the demands that RUE be used as an intermediary in the 2006 gas deal with Yushchenko, and its abandonment in the subsequent deals negotiated primarily with Tymoshenko.<sup>59</sup> This is a source of power that derives directly from the imperial past, and is unique to Russia and cannot be emulated or matched by European states. However there were definite limitations to its reach, particularly with regards to the acquisition of GTS infrastructure.

The next section will explore the sequence of gas crises that erupted between Russia and Ukraine in the aftermath of the Orange Revolution. While these were at root caused by real and deep political changes from the Kuchma era, what is of greater interest from the post-Imperial perspective are the elements of continuity. The most important and enduring of these was the preservation of energy rents as a tool of political coalition building and management in the ‘Orange’ era, and Russia’s ability to manipulate this fact in order to advance its political interests vis a vis Ukraine.

*The Orange Revolution and the Triggering of the Gas Crises:*

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<sup>58</sup> Ibid.

<sup>59</sup> Unfortunately it is beyond the scope of this study to ‘drill down’ and identify specific political actors and networks effected. We can discern a logic at work, but not describe fully what that logic was.

While the structural factors leading to the ‘era of crises’ predated the Orange Revolution, and arguably goes back to the founding of the Ukrainian state itself, the political realignment caused by the Revolution was the vital catalyst in changing the conduct of the relationship, and precipitating the annual public crises.

Most importantly, the sector of the Ukrainian political elite cultivated by Russia through its ‘honey-trap’ strategy were removed from power and replaced by a counter-elite that based its appeal primarily on Ukrainian nationalism, and its opposition to the corrupt ‘oligarchy’ which Russia cultivated. With the political influence of Russia’s clients greatly reduced, the continuation of the ‘implicit subsidy’ made little sense, compounded by the fact that it had grown substantially in real terms during the early 21<sup>st</sup> century rise in energy prices. Significantly, gas subsidies also amounted to a major subsidisation of Ukraine’s steel sector, an area where it was a major competitor with Russia. This is an area where post-imperial factors led to similar developmental outcomes (hypertrophied industrial concerns with high politically powerful ‘oligarch’ owners) but introduced a conflicting, rather than co-operative dynamic. Wilson alleges that many of the Russian oligarchs were displeased with the decision to exclusively back Yanukovich during the 2004 elections<sup>60</sup> due to the Dnipropetrovsk clan’s successful exclusion of Russian bidders for privatised Ukrainian assets. The fact that Russia was effectively subsidising their competitors may also have contributed to their attempts to support Yushchenko and the anti-oligarchic political class. In any case, Gazprom clearly decided to wind up its policy of subsidising politically friendly nations, as evidenced by the decision to raise Belarusian gas tariffs to world market levels as well (albeit at a gentler pace.)

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<sup>60</sup> Andrew Wilson, *Ukraine's orange revolution*. 2005, New Haven, Conn. ; London: Yale University Press.

During the Kuchma presidency, market rates for natural gas and the value of gas intensive industrial goods such as steel and chemicals rose sharply, fuelling Russian and Ukrainian economic growth. The rate of \$50TCM of Russian gas supplied to Ukraine remained stable, however, increasing the ‘implicit subsidy’ Gazprom provided to Ukrainian consumers. This subsidy also effectively extended to steel and chemical producers in Ukraine who competed in the same markets as their Russian counterparts. The increasing tension between political goals and commercial realities was apparent in the 2002 ‘mini-crisis’ between Ukraine and Russia which would presage the ‘gas wars’ following the Orange Revolution. A deal negotiated between the Kuchma and Putin administrations to merge the Ukrainian GTS into a consortium with Russian participation was agreed in principle, but stalled due to fervent opposition in the Ukrainian Rada. Even the generally pro-Russian character of the Kuchma era political elite recognised that selling the GTS would drastically reduce Ukraine’s economic independence and their ability to credibly bargain with Russian economic interests.

However while the conflict in state interests is one aspect of the post-Revolutionary energy story, competing private interests also had a large role to play. Most importantly it appears that Yushchenko and his team were either unable or unwilling to dismantle the system of energy rents described above, and that segments of the new elite tapped into the old systems of rent extraction, in concert with segments of the old elite that never left.<sup>61</sup> Conflict emerged early on in the coalition, due to Tymoshenko’s desire to replace ETG with Itera as the primary moderator for gas imports, and investigations into corruption in the gas sector which ended abruptly when Yushchenko removed Petro Poroshenko and Tymoshenko from the NSDC and

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<sup>61</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union*

premiership respectively, and installed Yuri Yekhanurov to the latter with support from PoR.<sup>62</sup>

*The 2006 Crisis:*

There were several post-Imperial factors that contributed to the 2005-06 gas crisis. The first and most obvious are the infrastructural legacies which left Ukraine heavily reliant on gas for its economic survival, and Russia as effectively its only supplier. Additionally, as is explored in more detail in the Politics chapter, the cognitive frameworks employed by the Russian elite lead to a perception of Yushchenko and his administration as hostile and threatening to Russian interests. The resolution of the crisis also seems to have been achieved through the use of informal transnational networks of actors, acting through the trading company RUE. It should also be noted that both the crisis and the manner in which it was resolved significantly undermined Yushchenko's domestic political popularity, authority and credibility as per Russia's objectives, demonstrating its continued high degree of influence even in the immediate aftermath of the Orange Revolution.

The gas crisis of 2005-06 erupted when Gazprom abruptly demanded a raise in the price of gas exports to Ukraine to European levels. Ukraine's refusal to pay led to a four day crisis in which Ukrainian and European consumers were completely cut off. The terms of the final agreement reached between the two sides proved highly contentious – Ukraine agreed to fix transit rates for five years in exchange for purchasing a 'cocktail' of low priced Central Asian gas and 'market' priced Russian gas through an intermediary company, RosUkrEenergo, 50% financed by Gazprombank and 50% by unknown Ukrainian businessmen (it was later revealed that Dmytro Firtash, an associate and political backer of Yushchenko as well as Ihor

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<sup>62</sup> Ibid.

Bakai and Yuri Boiko owned 90% of the Ukrainian stake in RUE.) Domestic Ukrainian supplies would be managed by an RUE NAK Naftogaz conglomerate, UkrGazEnergo.

RUE effectively formalised Russia's role as a monopsony purchaser of Central Asian gas and prevented Ukraine even theoretically from triangular negotiations with Russia and Central Asian suppliers in order to secure lower gas prices. Nothing in the agreement prevented sudden rises in the price of either Russian or Central Asian natural gas, while fixing the transit rate and removing Ukraine's one major option for offsetting price increases. In sum the agreement seemed highly disadvantageous to Ukraine's national interest.

The 2006 agreement did however serve the interest of certain private interest in Ukraine with political connections. UkrGazEnergo's new situation as a monopoly supplier gave it the ability to effectively bankrupt certain industries at will (similar to previous rent-seeking schemes) as it did with certain competitors of Dmytro Firtash<sup>63</sup> and attempted to do with NaftoGaz Ukraina.<sup>64</sup> It also had politically disastrous consequences for Yushchenko and his Our Ukraine bloc – the government was defeated in a no confidence motion shortly after the signing of the deal, leading to Yanukovich's return to power as prime minister in late 2006, and the marginalisation of Yushchenko among the 'orange' political camp and the rise of Tymoshenko to a position of dominance.

Balmaceda argues that the January 4<sup>th</sup> agreement can be read as a probably Gazprom created scenario rather than a 'crisis' per se. By using its knowledge and willingness to engage non-transparent and even criminal business structures (Semyon Mogilevich's involvement with RUE has been heavily implied if not proven) Russia

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<sup>63</sup> Ibid.

<sup>64</sup> Y. Mostovaya, "Eshyo raz o Deshevom Sire" in *Zerkalo Nedeli*. 2007

was able to deal a major political blow to Yushchenko and NUNS from which neither recovered.<sup>65</sup> Coincidentally and conveniently, Yanukovych was then able to successfully negotiate the next round of gas shipments in October 2006, before the situation escalated to a crisis point again.<sup>66</sup> The gas deal was immediately highly controversial and attracted condemnation from Tymoshenko and a parliamentary vote to overturn it entirely.<sup>67</sup> Crisis was again narrowly averted in 2007 in a controversial deal arranged just before Tymoshenko's return to the premiership, preserving RUE's middleman status over her objections and significantly raising the price paid by Ukraine for gas.<sup>68</sup> The story of the 2006 crisis then is how the enduring structural and informal dependencies in post-Soviet Ukraine's energy sector were used by Russia for the achievement of political and economic goals.

*The 2008-09 Crisis:*

The 2006 crisis and its resolution, in retrospect, simply set the stage for the more severe 2008-09 crisis. The return of Yuliya Tymoshenko to the premiership, her determination to remove RUE as an intermediary purchaser and domestic political conflict with the presidential administration were all key elements in exacerbating and provoking the crisis. Efforts by Naftohaz Ukrainy and Gazprom to negotiate a solution to the crisis prior to the January 1<sup>st</sup> deadline after which supplies would be cut off were by all accounts hampered due to political infighting.<sup>69</sup> However both sides also seem to have prepared for another 'gas war' and calculated that they would come out the better for it – Ukraine had experienced a relatively mild winter and had significant stockpiles of gas stored, while Russia assumed that the damage to

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<sup>65</sup> Velychenko, Op. cit.

<sup>66</sup> "Ukraine Reaches Preliminary Gas Deal With Russia," in *RFE/RL Newslines*. 2006: Prague.

<sup>67</sup> "Ukrainian Parliamentarians Want Gas Deal With Russia Overturned," in *RFE/RL Newslines*. 2006: Prague

<sup>68</sup> *Ukraine Set to Pay Much More for Gas in 2008*, in *RFE/RL Newslines*. 2007: Prague

<sup>69</sup> S. Pirani Op. Cit.

Ukraine's reputation as a transit state would be significant enough to force European intervention, and even the eventual takeover of Ukrainian GTS of a Euro-Russian consortium.

The crisis itself lasted almost three weeks, starting on January 1<sup>st</sup> when Gazprom cut the supply of gas transiting through Ukraine of all levels earmarked for Ukrainian consumption, leaving European shipments only. The crisis escalated on the 5<sup>th</sup> when Gazprom claimed Ukraine had 'stolen' 65.3 mmcm of gas from shipments for Europe. Ukraine claimed it was entitled to take this as 'technical gas' necessary for the operation of transit stations. Gazprom then responded by cutting off all supplies on the 7<sup>th</sup> of January leading to a protracted standoff that lasted until the 19<sup>th</sup>. During this period Gazprom claims to have attempted to resume European supplies in conjunction with Ukraine, but ultimately being unable to do so as Ukraine had reversed the flow to move its reserves from west to east. Finally a new ten year agreement was signed on 19<sup>th</sup> January with full services resuming the following day.

When the 2008 crisis ended it did so with a seemingly conclusive agreement, dismantling the RUE architecture, moving Ukrainian tariffs to European market rates in a ten year contract after a one year 20% discount. The removal of RUE as an intermediary in particular became a significant issue in the emerging power struggle between Yushchenko and Tymoshenko. Tymoshenko effectively blamed the triggering of the crisis on Yushchenko's vetoing of initial proposals that would have excluded RUE, Firtash and his patronage networks. Yushchenko ally Yuriy Boiko countered that Tymoshenko was the one delaying a resolution for the benefit of Ihor Bakai and Viktor Medvedchuk. While the full story is not and may never fully be

known, it is clear that while not directly responsible for the triggering of the crisis patronage networks were a significant ‘complicating factor.’<sup>70</sup>

It should also be noted that on the Russian side at this point relations between Moscow and the Yushchenko administration had reached an all time low in the aftermath of the August 2008 Georgian War. State to state negotiations this time around were carried out between Tymoshenko and Putin, effectively cutting Yushchenko (and by extension his networks and RUE) out of the loop. In addition to securing badly needed revenues by ending the subsidy to Ukrainian markets and securing access to the best Ukrainian markets for its subsidiary Gazprom Sbyt,<sup>71</sup> Russia succeeded in weakening Yushchenko further by giving one of his main opponents a victory and removing a source of his political strength.

Nevertheless Russia’s main reasons for taking the highly controversial and potentially damaging decision to cut supplies completely were not based on seeking to meddle in Ukrainian domestic politics. Pirani et al. of the Oxford Institute for Energy Studies argue that the two most likely explanations for Russian actions are a) a desire on behalf of Moscow to embroil Europe in the conflict, thus re-opening the issue of subjecting the Ukrainian GTS to a consortium of European states and Russia and b) anger on behalf of Putin and Gazprom’s management with the transit status quo and Ukrainian ability to ‘blackmail’ them over transit to Europe, even in the absence of a specific set of goals they hoped to achieve. Almost certainly the cause lies in a combination of these two factors, and while Putin generally acted in a rational manner in Russia’s external relations his personal hostility to Saakashvili and Yushchenko has been noted. However, Russian actions in Belarus (see Belarus economics chapter)

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<sup>70</sup> Pirani Op. cit.

<sup>71</sup> Gas prices, pegged to oil-fuel products at a six-month delay in Europe were set to fall significantly later in the year reducing Gazprom’s bottom line)

suggest that the first part of Pirani's hypothesis – that Russia above all worked to re-establish direct ownership and control over GTS and other energy transit infrastructure – is the correct one. This also supports post-Imperialism's hypothesis that Russia tried to use its infrastructural, hard power levers of influence to reconstruct Soviet-era value chains and strengthen its economic and political influence through aggressive economic penetration.

The European aspect to the gas crises was also highly important. Each crisis intensified European fears about the reliability of gas supplies from Russia, on which several of the EU states were highly dependent, and the reliability of Ukraine as a transit country. The PR war and assignation of blame for each re-emergence of the crisis was correspondingly highly important. In the afterglow of the Orange Revolution, 'democratic' Ukraine tended to gain a more sympathetic degree of coverage than 'authoritarian' Russia. However Gazprom prepared a much more in depth media strategy and managed to make a convincing case to European capitals and public opinion in the subsequent crises. While hardly emerging from the crisis as a 'good guy' it did at least ensure a relatively equal assignment of blame and the European Commission took the extraordinary step of stepping in to mediate negotiations, rather than implicitly backing Ukraine as before.<sup>72</sup>

The energy relationship between Russia and Ukraine has been at the heart of the political relationship overall, and has been both fractious and highly complex. The initial 'hard-power' constraints and parameters within which the relationship operated were defined by the Soviet past, the difficulty of establishing effective co-operative use of a GTS intended for one large state now split between two, and the critical dependencies on natural gas in the Ukrainian economy resulting from Soviet

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<sup>72</sup> Reuters, "EU, Russia To Hold Talks Over Gas Flow," in *Reuters*. 2009: Moscow/Kyiv

economic planning. More importantly however is that Russia's primary means of using gas as a lever of geo-strategic influence was exercised through the cultivation and playing-off of elites within Ukraine. The evolution of Ukraine's energy market and domestic politics was similar to Russia's, and its understanding of how to cultivate and manipulate elites was its path to sustained bilateral influence.

The post-imperial framework here offers a strong lens for analysis, but also shows us how the post-Imperial links that have helped create a functional relationship (with Kazakhstan) and locked-in a dysfunctional one (with Belarus) gradually lost their relevance as energy relations 'normalised.' Rent distribution, non-transparency and bi-lateral use of gas as a political tool were common during the Kuchma administration, but became less so under Yushchenko. RUE, UkrGazEnergo and the other intermediary companies that existed to distribute rents and manage elite coalitions have been removed from the equation, and Russia increasingly began to treat Ukraine as a 'European' customer. Ukraine managed to begin to decrease its gas dependency both through increased efficiency and due to the global financial crisis. Russia began to pursue more vigorously plans to reduce its reliance on Ukraine as a transit country. Whether the 2009 agreement will endure into future administrations is an open question and beyond the scope of this thesis, but the trajectory is away from the post-Imperial status quo.

#### *Conclusions:*

The Russo-Ukrainian economic relationship was defined by deep economic interdependencies resulting from a legacy of central planning that created a heavily industrialised Ukraine operating as a key component of the 'all-Union' economy. The interdependencies ranged from the micro-scale of components and electronics produced in Ukrainian factories being used to create finished products in Russia, to

the macro scale development of highly gas-intensive industries, power generation and heating systems tolerating gross inefficiencies based on assumptions of limitless supplies of cheap future supplies.

As the political relationship deteriorated there was a growing trend towards economic disengagement. Especially in the gas sector, what was a politically motivated arrangement of trade for gas and oil products had to undergo a process of ‘commercialisation’ which was difficult for both sides. Equally it was complicated by the geo-politics of gas transit infrastructure, and the domestic politics of patronage in Ukraine. Trade policy was also often politicised, with Ukraine privileging a ‘go-it-alone’ WTO bid even at the expense of closing off near-term prospects for developing a freer trade regime with its largest and most important trade partner.

Above all the economic relationship has been the area in which both sides were able to inflict the most damage on the other as political relations broke down. Russia was accused, not without reason, of using gas as a means of ‘punishing’ Ukraine for its political heresy, while Ukraine was perfectly aware of the power its transit monopoly gave it to inflict losses on Gazprom and was not afraid to use it during the 2008-09 crisis. Even outside the post-Imperial analysis then, the moves by both sides to lessen the dependence on the other seem quite rational.



CHAPTER SEVEN: SECURITY ISSUES IN THE RUSSIA-UKRAINE BI-  
LATERAL RELATIONSHIP

*Introduction:*

Before examining the specifics of the Russo-Ukrainian security relationship it is worth briefly recapping the main aspects of the post-Imperial framework as it applies to security policy. First, and arguably most importantly, post-imperialism predicts that the experience of imperialism influences the normative and cognitive frameworks elites use in assessing the national security interests of the state, and both the former periphery and former metropole tend to regard one another as the most important ‘reference points’ in doing so. Secondly the basic attributes of implementing security policy – military equipment, bases, defence industry capacity, personnel etc. – are carried over into the post-Imperial present and similarly influence security policy goals. The metropole in particular will seek to maintain control over assets in the periphery in order to retain as much of its imperial-era security capabilities as possible. Finally given that, as mentioned above, security interests are to a great extent driven by normative factors and state identity, ‘soft power’ factors have a significant role in determining policy outcomes – particularly in a semi-democratic state such as Ukraine.

While Belarus and Kazakhstan had well developed security relationships with Russia in the 1990s that did not undergo major change in the 2000s, the Russo-Ukrainian security relationship saw significant shifts during the Putin presidency. This was mainly due to the fact that the debate among Ukraine's elites over the basic components of the state's national security interests and the underlying foundations of national security policy had yet to be settled. Nationalist constituencies and elites largely focused on threats to Ukrainian territorial integrity and sovereignty, and given that they saw these threats as emanating primarily from Russia, on securing allies for Ukraine in Europe, North America and to a lesser extent among the other post-Soviet states. 'Eastern' elites tended not to maintain any overt, strong preferences, and attempted to use security policy as a transactional 'bargaining chip' in external relations with Russia and NATO. However 'eastern' constituencies remained highly suspicious of NATO and hostile to membership for Ukraine, and favoured greater security integration with Russia, which the Party of Regions electoral platform increasingly emphasised.

Russia maintained high intensity and influence in the conduct of this debate, simply due to the fact that security policy, like so many other policy areas in Ukraine was articulated mainly in relation to Russia. The nationalist desire to join NATO was driven largely by an analytical mindset that regarded Russia as the primary threat to Ukraine's sovereignty and territorial integrity. This was part of the general tendency of nationalist constituencies in post-imperial polities to define themselves 'against' the former metropole and emphasise it as a threat. Opposition to NATO accession, on the other hand, was strongest in the eastern, Russophone regions where it was still popularly viewed as an 'anti-Russian' bloc. This was a result of the countervailing

tendency for ‘loyalist’ constituencies to gravitate towards narratives emphasising continuity with the imperial past.

A truly ‘national’ security policy needed to encompass a set of principles and goals that were broadly acceptable to most of the population. Nationalist and eastern conceptions of Ukrainian security had fundamental differences, and since the consent of both was required for an effective security policy, both wielded an effective veto. The result was a prolonged period of strategic ambiguity – either due to an inability to resolve diametrically opposing viewpoints or, at times, a disinterest on behalf of the Ukrainian elite in formulating a coherent alternative. Like so much of Ukraine’s policy, the ‘cleft’ in the Ukrainian state directly resulting from its experience of empire had a profound influence on policy long after the disappearance of the USSR.

The formulation of a genuine national security policy was also hampered by the general aversion of Leonid Kuchma and much of the senior elite during his presidency to formulating one. Kuchma’s security policy was largely transactional and aimed at regime maintenance rather than Ukrainian security per se. This involved, in essence, using security policy as a political bargaining chip. Russia abetted this by refraining from overtly challenging the ‘western vector’ of Kuchma’s security policy, and attempted to secure its broader security aims by adding them to the package of concessions made as part of ‘Operation Successor.’ (see the Ukraine politics chapter) This also helps explain why his decision to make NATO membership a goal of Ukrainian foreign policy in 2002 did not provoke the same reaction as Yushchenko’s in 2005.

This brings us to the next major issue this chapter will address – the struggle over NATO membership after the ‘Orange Revolution.’ Yushchenko came to power largely as the candidate of western nationalists ideologically committed to NATO

integration, and the warm attitude of both the EU and US towards the new political regime made this a realistic possibility.

Russia regarded the potential NATO accession of Ukraine as a fundamentally unacceptable outcome for a number of reasons rooted in post-Imperial factors. Firstly Russia still regarded Ukraine as being *nashi* and ‘losing’ it to a military-political bloc it regarded as hostile would have been a direct threat to its own post-Imperial identity. The perception of NATO as hostile was in itself something of a holdover from the imperial past and its expansion into terrain that was an historical primary axis of invasion into the Russian heartland was regarded as a vital threat to Russian security. Finally, for reasons explored in more detail below, Ukrainian NATO accession would have undermined infrastructural Russian security assets in Ukraine stemming from the imperial past.

After the revolution Russia mobilised its resources – primarily ‘soft power’ based – in order to enact a successful policy of spoiling Yushchenko’s attempt to shift Ukrainian security policy towards NATO. It may not have succeeded in a positive ‘pro-Russia’ outcome, but it *did* succeed in preventing an ‘anti-Russian’ one. Most importantly from the standpoint of this study the means it used in conducting this policy were post-Imperial in nature. While Russia had little ability to bring Ukraine into its ‘own’ organisations (such as CSTO or even the joint CIS air defence) it was able to deny Ukrainian entrance into alternatives, and thus preserve Ukraine’s ‘strategic’ ambiguity.

The final major issue of contention in Russo-Ukrainian security relations was the status of the Black Sea Fleet (BSF.) Considered simply as a strategic asset, control over the BSF and its support facilities was a post-imperial issue in a similar fashion to the Ukrainian GTS. However Crimea and Sevastopol were historically Russian

regions that only became part of modern Ukraine when Khrushchev ‘gifted’ them to the Ukrainian SSR in the 1950’s. The potential for Crimean separatism plagued Ukraine since its independence in 1992, and BSF allowed Russia to play a cultural and political role in the region keeping the threat (at least implicitly) alive.

Additionally the use of BSF as an active military unit arguably threatened Ukraine’s sovereignty, and became an issue of serious concern during the 2008 Georgian war.

This chapter will now explore these key issues in more detail. First it will look at the underlying normative frameworks and ‘threat perceptions’ that formed the cognitive basis of Ukrainian and Russian security policy. It will then examine the issues of Ukrainian NATO membership and the status of BSF in greater detail. Finally it will examine the relations between Russia and Ukraine during the Georgian War, with specific reference to its effect on NATO and BSF policy.

*Strategic Ambiguity, Kuchma and the Orange Revolution – searching for a policy:*

The most striking feature of post-Soviet Ukraine’s security policy was the failure of a generally accepted and ‘objective’ conception of the state’s security interests to emerge. This is largely due to the division between nationalists and Russophone ‘eastern’ Ukrainians which led to the creation of what has been termed a ‘cleft country.’ Nationalist elites embraced a standard post-colonial concept of security that emphasised the threat posed by Russia as the former Imperial power. While there is evidence of public support in the eastern regions for a ‘pro-Russian’ security policy, it was only intermittently articulated at the elite level during 2000-10.

Kuchma used security policy largely as an instrumental ‘bargaining chip.’ This was not so much the direct result of post-Imperial factors as it was the result of the ‘strategic ambiguity’ of Ukrainian foreign policy that post-Imperial factors encouraged. In the absence of a basic consensus on national security policy, Kuchma

was free to employ its security policy instrumentally in pursuit of regime maintenance – as was the case with many other policy areas. Party of Regions – in many ways the successor organisation for the Kuchma regime’s descendants – took on a somewhat more distinctively ‘pro-Russian’ tone but it was neither a major PoR policy plank nor particularly emphatically promoted outside periods of crisis (such as the Georgian War) or during election campaigns as a means of voter mobilisation. In the latter case PoR’s and Yanukovich’s electoral propaganda focused more on attacking the nationalist policy of NATO accession than providing a coherent alternative.

As a result the ‘nationalist’ tendency to regard Russia as Ukraine’s most likely and most powerful potential adversary was undoubtedly the strongest single tendency in the Ukrainian policy debate. This was partially due to the greater coherence of the nationalist political program and discourse. There was not a strong and explicitly ‘pro-Russian’ tendency in Ukrainian security thought – it is more that there was an opposition to the ‘pro-Western’ tendency that declined to articulate in detail an alternative security policy program. This lies in stark contrast to Belarus where a pro-Russian security policy was a key legitimising plank of the regime.

The non-emergence of a robust, coherent pro-Russian security policy can in large part be better explained by the tactical opportunism of the Kuchma administration than the direct influence of post-Imperial factors. Under Kuchma Ukraine’s foreign and security policy was officially anchored around the concept of ‘multi-vectorism.’ Ostensibly multi-vectorism aimed to build relationships with Ukraine’s neighbours in both the East and West in order to maximise its friends and minimise its foes. In practice this often amounted to an opportunistic and almost purely transactional policy of playing Russia and the West off against one another to extract concessions, primarily geared towards preserving and extending his rule.

Kuchma argued that this amounted essentially to a foreign policy that was not pro-Western or pro-Russian, but pro-Ukrainian though it was more accurately described ‘pro-Kuchma’ policy,<sup>1</sup> resulting from the short-term interests of the ‘oligarchic’ system of power. Again this was not a *direct* result of post-Imperial factors, but was made possible by the stark divisions in Ukraine that led to the ‘strategic ambiguity’ that made the ‘pro-Kuchma’ security policy possible.

Kuchma’s NATO policy is a prime example of this trend. Ukraine under his leadership sought to develop an independent, bilateral relationship with the alliance and avoid being subsumed under the rubric of some form of NATO-CIS relationship which would be dominated by Russia and its interests. This would enhance Ukraine’s, and by extension Kuchma’s room for tactical manoeuvring. Beyond this, the actual strategic purpose of the Ukraine-NATO relationship, how it would affect Russo-Ukrainian relations or how to embed it into Ukraine’s overall foreign policy and network of relations with the other CIS states remained poorly defined. Kuchma’s first priority in developing a relationship with NATO seems to have been using it as a source of leverage in dealing with Russia and domestic political opponents and partners.

Kuchma unexpectedly decided to move from seeking a ‘relationship’ with NATO to making full NATO membership a formal foreign policy goal in 2002.<sup>2</sup> Relations between Kuchma’s Ukraine and the Alliance deteriorated following the ‘Kuchma-gate’ scandals and the revelation that he personally approved the illegal sale of Kolchuga radar systems to Iraq.<sup>3</sup> Additionally following the September 11<sup>th</sup>

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<sup>1</sup> Taras Kuzio, “Neither East, nor West: Ukraine’s security policy under Kuchma” *Problems of Post-Communism* 2005, 52(5), pp.59-68

<sup>2</sup> “Kuchma podpisal ukaz o vstuplenii Ukrainy v Nato” *Kommersant* 9 July, 2002  
<<http://kommersant.ru/news/944616>>

<sup>3</sup> M. Pietras, “Ukraine and NATO in the post-Cold War security environment” *The Polish Quarterly of International Affairs*, 2006, Issue 4.

terrorist attacks, Putin took advantage of the opportunity to repair the rift in relations with the alliance that had opened in the aftermath of the 1999 Kosovo campaign. As Russia-NATO relations became more important to the West, Ukraine-NATO relations correspondingly ceased to be as pressing a priority.

The decision to seek full NATO membership rather than simply a ‘relationship’ was basically an instrumental response as part of a more general push to avoid further diplomatic and political isolation, with the added side benefit of aiding domestic coalition management (by placating the remaining few national-democrat members of his government.) That Kuchma actually hoped to *achieve* membership is unlikely – none of the military reforms required for NATO membership were pursued or even planned during his term,<sup>4</sup> not to mention the incompatibility of Kuchma’s regime with NATO’s political standards. Kuchma may have also been attempting to blur the distinctions between Ukraine’s existing partnership with NATO and hypothetical membership, in order to obtain security guarantees for Ukraine without having to undergo painful reforms.<sup>5</sup> But overall it illustrates how ‘strategic ambiguity’ and the *absence* of a security policy was exploited by Kuchma, who was able to at least semi-credibly promise to adapt the state’s security policy to the wishes of either Russia or NATO in return for political concessions. This stands in contrast to Belarus and to a lesser extent Kazakhstan, where post-Imperial factors directly ensured pro-Russian security policies. ‘Strategic ambiguity’ was a post-imperial legacy, but it was still an anomalous one in the context of the post-Imperial framework.

Russia’s reaction to Kuchma’s announcement that Ukraine would seek full NATO membership was muted, which is somewhat intriguing given the hostility with

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<sup>4</sup> Irina Pidulka, “Ukraine-NATO: homework first” Working paper, 2002, Ukrainian Center for International Development < <http://pdc.ceu.hu/archive/00001176/>>

<sup>5</sup> Stephen White, Julia Korosteleva, and Roy Allison, “NATO: the view from the East.” *European Security*, 2006, 15 (2). pp. 165-190

which it greeted subsequent bids by Yushchenko and Saakashvili's Georgia. However Moscow was most likely fully aware that NATO's general aversion to dealing with Kuchma and the latter's lack of interest in seriously pursuing internal reform made the prospect of Ukrainian membership remote at best under his watch. Additionally, Ukraine's decision to formally seek NATO membership occurred at a point when Russia-NATO relations were generally becoming stronger. Jeopardising the relationship in order to protest the then purely hypothetical prospect of Ukrainian membership would have been counterproductive.<sup>6</sup> In the end Russia was prepared to 'purchase' Ukraine's security policy from Kuchma whereas NATO was not. In June 2004 following a summit with Putin, and just prior to the 2004 NATO Istanbul summit, Kuchma suddenly removed references to NATO membership from the state Military Doctrine.<sup>7</sup> This was along with the CES, almost certainly part of the foreign policy 'price' paid by Kuchma to secure Russian support for the election of Yanukovich. Yanukovich then ran on a platform opposing NATO membership, as well as implicitly arguing for a pro-Russian Ukrainian security policy.<sup>8</sup> Party of Regions maintained its opposition to NATO membership in the post-Revolutionary era.

The success of the Orange Revolution broadened Ukraine's strategic options and re-opened the question of Ukrainian NATO membership. The apparent triumph of the democratic reform movement was seen by the Bush administration as a validation of its own 'freedom agenda,' earned broad support from the EU and was taken as indicating that Ukraine was now willing and able to undertake the reforms necessary for integration with Euro-Atlantic security architecture. Yushchenko's security team was also composed of ideologically committed pro-Westerners such as Boris

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<sup>6</sup> Pidulska, *Op. Cit.*

<sup>7</sup> M. Pietras, *op. cit.*

<sup>8</sup> T. Kuzio, "Neither East Nor West"

Tarasiuk, and made an early and unequivocal commitment to NATO membership when they took power.<sup>9</sup> Additionally, in early 2005 ‘pro-Russian’ political forces in Kyiv were at their weakest, and Moscow cautious about how to deal with the new administration.

While Russia was extremely worried about the prospect of Ukraine joining NATO it could not initially mobilise its domestic Ukrainian political allies to seriously contest the policy. However, as shall be demonstrated further on this was ultimately a temporary setback, and Moscow was eventually able to employ transnational networks to regain influence over the post-revolutionary Ukrainian elite and prevent the consolidation of Yushchenko’s pro-Western security policy, a major indicator of its continued high level of influence in Ukraine. The initial, short-term failure to do so in the face a major shock does not necessarily demonstrate a weakness in the post-imperial framework, while the long-term success argues that transnational networks and ‘soft power’ influence deriving from post-Imperialism are very robust.

The move towards aggressively pursuing NATO membership resulted directly from the resurgence Ukrainian nationalist narrative that portrayed Russia as the primary threat to the state’s continued sovereignty and independence and saw the main goal of security policy as providing security *from* Moscow. The Orange coalition naturally felt even more convinced of the wisdom of this position after the initial ‘victory’ for Yanukoyvch in the 2004 election. This conception of Russia as fundamentally threatening seems to have been politically and ideologically embedded in the mindset of Yushchenko and his administration, which pursued a pro-NATO policy in the face of Russian hostility, popular ambivalence, and even political

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<sup>9</sup> V. Vodo, A. Chernikov, and S. Strokan’, “Ukraina sdalas’ soyuznikam” *Kommersant*’ No.72(3156) 22 April, 2005

isolation as Tymoshenko moved away from previous pro-Western security positions during the run-up to her own 2010 Presidential campaign.

The ultimate failure of Yushchenko's NATO policy was partially due to fissures in the alliance itself, between Washington and the 'new European' NATO states eager to expand the alliance into the CIS, and the 'old European' states (notably France and Germany) wary of antagonising Russia unnecessarily.<sup>10</sup> However the failure of Yushchenko to 'sell' NATO as a positive goal centred on a broadly accepted concept of Ukraine's national security goals and requirements is what ultimately undermined it as a realistic policy goal. This was at base due to the continued presence of the Russophone 'eastern' constituency that regarded NATO accession as unacceptable, and the continued ability of Russia to both maintain a high degree of intensity in its relationship with east Ukrainian political actors and to influence the 'swing centre' (described in the Politics chapter.) This will be explained in somewhat more detail below.

Throughout 2000-10 then Ukraine lacked an effective and broadly accepted concept of the state's national security interests and needs. Under Kuchma security policy became correspondingly opportunistic, reactionary and instrumental. Under Yushchenko it consisted of an attempt to reorient the state's policy without sufficient popular support and failed to achieve its basic objectives, leaving Ukraine in a continued state of strategic ambiguity.

*Russian Security Policy as it related to Ukraine:*

As mentioned above there were a number of post-Imperial factors shaping Russian security policy towards Ukraine, the most important being a strong cognitive framework that regarded the prevention of Ukrainian alignment towards another

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<sup>10</sup> Agence France Press, "French Minister opposes Georgia, Ukraine in NATO" 22 October 2008 <<http://www.defensenews.com/story.php?i=3783727>>

security bloc as vital to Russia's own security interests.<sup>11</sup> Additionally there were considerable infrastructural legacies of the Soviet period – namely BSF and Ukraine's defence industry – that also influenced Russia's fear of Ukrainian re-alignment.

Coupled with the aforementioned normative bias towards regarding Ukraine as *nashi*, Russian attitudes towards Ukraine and its place in Russian security policy were basically zero-sum. The same mentality described in the politics chapter, that Ukraine could only be a close ally or a 'second Poland'<sup>12</sup> prevailed in the security sphere. Russian fears were rooted in both traditional geo-strategy and more modern concepts of information warfare and something akin to Huntington's 'Clash of Civilisations' thesis – the implication being that if Ukraine allied itself militarily with 'the West' it would inevitably become culturally allied as well, and thus alienated from Russia.<sup>13</sup> During the Kuchma era security policy did not feature highly on the agenda as Russian political influence was sufficiently deep that realignment was not considered a serious threat. Defence industry co-operation did not suffer any serious disruptions and as illustrated above Kuchma and Yanukovych effectively pledged to enter a closer security relationship with Russia as part of a larger political bargain. Security relations only really became a serious point of contention in the aftermath of the Orange Revolution.

In particular Russia reacted strongly to Ukrainian membership of NATO suddenly becoming a serious prospect. Russia's continued opposition to the expansion of, or even existence of, NATO stemmed first and foremost to its opposition to the continuation of the perceived 'unipolar' US dominated international system. NATO

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<sup>11</sup> G. Hendrickson, "The future of NATO-Russian relations: or, how to dance with a bear and not get mauled" 2005, Atlantic Council of the United States, Occasional Paper  
<<http://www.acus.org/publication/future-nato-russian-relations-or-how-dance-bear-and-not-get-mauled>>

<sup>12</sup> Andrew Wilson, *Ukraine's Orange Revolution*

<sup>13</sup> S. Blank, "Threats to and from Russia: an assessment" *The Journal of Slavic Military studies* 2008, 21(3) pp.491-526

was perceived by Russia to be an instrument of continued US dominance, and thus an obstacle to the emergence of a more stable ‘multipolar’ world order. That Russia still continued to regard NATO to be a direct, and possibly existential threat is supported by the 2007 ‘re-assessment’ of the Russian Defence Doctrine which re-emphasised the threat posed to Russia by NATO,<sup>14</sup> and the appointment of the ultra-nationalist politician Dmitri Rogozin as Russia’s ambassador to the alliance in 2008.<sup>15</sup>

Ukraine’s geo-strategic position and military potential made NATO membership a particularly worrying prospect for Russia. Most immediately Ukrainian NATO membership would have compromised Russia’s claim on the BSF’s basing facilities at Sevastopol, and probably made its continued stationing there untenable. NATO membership would also have led to significant technological changes in Ukrainian defence industry and in the equipment used by its armed forces, threatening the continuation of collaboration in the defence industry and removing a significant consumer of Russian military goods. Needless to say the restructuring of Ukraine’s armed forces to NATO requirements and specifications would have also undermined potential future military-to-military collaboration even in a changed political environment. This in turn would have threatened the viability of Russian military projects intended to cover the bulk of the post-Soviet space – such as GLONASS and the CIS joint air defence.<sup>16</sup>

The Russian MOD’s assessment of the threat posed by NATO was based on a mixture of ingrained Cold War era attitudes and priorities, and more modern concerns about the threat posed by what the Russian defence establishment began refer to to as ‘information’ or ‘network’ warfare. Integral to this view, promoted largely by

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<sup>14</sup> *Voennaya Doktrina Rossiiskoi Federatsii* Ministry of Defence, Russian Federation <<http://www.mil.ru/849/11873/1062/1347/1818/index.shtml>>

<sup>15</sup> “Rogozin naznachен postpredom Rossii pri NATO” *Kommersant*’ January 10, 2008 <<http://kommersant.ru/news/1003611>>

<sup>16</sup> F.S. Larrabee, “Ukraine at the cross-roads” *The Washington quarterly*, 2007, 30(4)

Makhmut Gareyev president of the Russian Academy of Military Science, is the idea that Russia was, or will be, increasingly subject to direct and indirect political, economic, and informational pressure designed to undermine the constitutional and political order of the state as well as its military capabilities, with the eventual aim of neutralising and dismantling the Russian Federation.<sup>17</sup> The Colour Revolutions were interpreted as integral part of this strategy, aimed at both undermining Russian influence in the CIS and providing a ‘launching pad’ for further information attacks against Russia. Thus, Russia pursued a policy of attempting to isolate and undermine the revolutionary regimes.<sup>18</sup> The 2003 ‘Ivanov Doctrine’ argued for a more assertive posture in defence of Russian economic interests in the ‘near abroad’ as well as the rights of Russian citizens, and in combating threats emanating from ‘weakening’ CIS regimes.<sup>19</sup> In 2006 Ivanov expanded on this doctrine arguing that Russia ‘regarded the main threat to its security, as an attempt to change the constitutional order of any CIS state, not just Russia.’<sup>20</sup>

NATO membership for Ukraine would therefore have lead to an array of negative outcomes for Russia: the movement of a (perceived) hostile military bloc up to its borders and along a traditional axis of invasion into European Russia; the loss of expensive and difficult to replace existing and potential military assets in Ukraine; the consolidation of a revolutionary regime that Moscow regarded as threatening by definition. The last of these was particularly important for the domestic near-term political calculations of Russia’s leadership. ‘Losing’ Ukraine to NATO would have dealt a powerful political and psychological blow to Russia given its long shared

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<sup>17</sup> Stephen Blank, “Threats to and from Russia: an assessment”

<sup>18</sup> Tomas Ambrosio, ‘Insulating Russia from a Colour Revolution: How the Kremlin Resists Regional Democratic Trends’, *Democratization*, 14 (2007), 232

<sup>19</sup> Dmitri Trifonov, “‘Ivanov Doctrine’ reflects Moscow’s growing confidence in the CIS and beyond” *CACI Analyst*, November 2003 <<http://www.cacianalyst.org/?q=node/1657>>

<sup>20</sup> Blank, op. cit.

history with Ukraine and the importance placed on it for Russia's identity among elites and non-elites alike. NATO accession would almost certainly have undermined and destabilise the Putin/Medvedev political regime by damaging public confidence in its ability to protect Russia's interests.

Additionally, more traditional geo-political and geo-strategic consequences for Russia's influence in the CIS could have resulted from Ukrainian and Georgian NATO accession. Belarus and Moldova would almost certainly feel a much greater 'pull' into the Euro-Atlantic orbit, and Russia's traditional dominance of the Black Sea region would almost certainly have been challenged.<sup>21</sup>.

In summation, Russia's opposition to Ukrainian NATO accession stemmed largely from post-Imperial concerns. In the 'traditional' security sphere, Russia feared losing access to the remnants of the Soviet-era security assets still operational in Ukraine, the most important being the BSF and its associated Sevastopol basing facilities. In the more 'innovative' security concepts promoted by Gareyev, the transformation of Ukraine's political and civil society to a more 'Western' model, and the corresponding loss of Russian influence in and control of the Ukrainian 'information space,' the transition of Ukraine from the historic partner of 'little Russia' into a more alien society was seen as highly threatening. To put it into somewhat more 'western' terms, Russia above all feared the diminution of its remaining 'soft power' influence over Ukraine, and the development of a Ukrainian-Western 'soft power' influence over Russia which would have threatened the existing political authorities continuation in office.

#### *The Failure of Ukraine's NATO Bid:*

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<sup>21</sup> S. White, J. Korosteleva, and R. Allison, "NATO: the view from the East."

Russia succeeded in disrupting and confounding Ukraine's NATO accession largely through its own form of 'information' warfare, using thoroughly post-Imperial political resources – primarily its significant ability to influence Ukrainian public opinion in the eastern *oblasti*, in order to reinforce Soviet-era perceptions and stereotypes regarding NATO. In addition to its 'traditional' allies in the Party of Regions, this campaign undercut political support for NATO accession at a grassroots level, removing the incentive for the major political parties to support it.<sup>22</sup> However this was largely a policy of 'denial' – undermining Yushchenko's security policy without necessarily building support for a pro-Russian alternative.

In order to successfully bring Ukraine into NATO, Yushchenko's administration was faced with five key tasks: effectively co-ordinating the state's national security and foreign policy decision making apparatus; effective reform of the military from a Soviet standard 'mass army' into a NATO compatible 'professionalised' military force; consolidating the political elite around a common conception of national security and the national interest aligned with NATO membership; consolidation of public opinion around support for NATO membership; reconciling the maintenance of a constructive strategic relationship with Russia with the goal of Euro-Atlantic integration. The first two tasks were almost entirely within the scope of domestic Ukrainian policy. The following three were heavily subject to Russian influence.

On the first point, creating an effective foreign and security policy decision making apparatus, Yushchenko failed. This was partially due to the basic split in the Ukrainian state over national security policy described above. However it also resulted from the dysfunctional nature of Ukrainian political institutions that, also

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<sup>22</sup> Razumkov Centre polling data on question "How would you vote if the referendum on Ukraine's NATO accession was held the following Sunday?" 2002-2009 <  
[http://www.uceps.org/eng/poll.php?poll\\_id=46](http://www.uceps.org/eng/poll.php?poll_id=46)>

something of a post-imperial holdover, that Yushchenko was unable or unwilling to reform.

The National Security and Defence Council (NSDC) of Ukraine theoretically functioned as an arm of the executive with a membership that was somewhat removed from domestic politicking. In practice during the Kuchma era it was used as a distinct political power base for certain politicians and used to balance competing factions against one another. After the revolution the NSDC was not effectively 'de-politicised' and its use in domestic political power plays continued - Yushchenko's first NSDC secretary Petro Poroshenko used his position to undermine Tymoshenko and to manoeuvre himself into a position to succeed her as prime minister.<sup>23</sup> The resulting political crisis in September 2005 ended with both Poroshenko and Tymoshenko resigning their positions, and the destabilisation and partial collapse of the Orange Coalition.

From September 2005 to November 2007 Yushchenko had four successive NSDC secretaries (Anatoliy Kinakh, Volodymyr Horbulin, Vitaliy Haiduk, and Ivan Pliusch) and the council continued to be engaged as an instrument of domestic political power struggles, particularly after Yanukovich's return to the premiership. While Yushchenko partially succeeded in 'de-politicising' the NSDC by appointing Raisa Bohatyrova as secretary (at the time leader of the PoR faction in the Verkhovna Rada) at the end of 2007,<sup>24</sup> his own political authority had diminished at this point and severely limited the ability of his administration to shape and promote a common view of 'national security.'

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<sup>23</sup> M.M. Balmaceda, *Energy dependency, politics and corruption in the former Soviet Union : Russia's power, oligarchs' profits and Ukraine's missing energy policy, 1995-2006*

<sup>24</sup> A. Sviridenko, and L. Dolgoplova, "Vikto Yushchenko sygral vtorym nomerom" *Kommersant' Ukraina* No.231 December 25, 2007 < <http://www.kommersant.ua/doc.html?docid=839835>>

Additionally, while the President of Ukraine has the de jure power to appoint the Ministers of Defence and Foreign Affairs (both of whom also sit ex officio on the NSDC) the Rada demonstrated that it had the de facto power to veto or dismiss the President's appointees. Yanukovych's opposition to Yushchenko's EU and NATO policy led him to organise a vote to dismiss Yushchenko's first foreign minister Boris Tarasiuk in 2006.<sup>25</sup> While the vote was deemed unlawful and Tarasiuk remained in his post, Yanukovych's command of the rest of the cabinet allowed him to prevent Tarasiuk from being able to carry out his official duties, forcing the latter to resign.<sup>26</sup> With the precedent set, Prime Minister Tymoshenko was able to similarly force the resignations of Foreign Minister Ohryzko and Defence Minister Yuriy Yekhanurov in 2009.<sup>27</sup> The powers of appointment granted to the president to assure both executive primacy in security policy and to insulate security policy from domestic politicking effectively disappeared, and security policy became subject to the chronic political infighting that followed the revolution. On the first task facing his NATO accession policy the establishment of a stable and effective foreign and security policy making apparatus under presidential control, Yushchenko clearly failed.

Yushchenko also failed on the second and third tasks, consolidating elite and public opinion around support for Ukrainian membership in NATO. This failure was in no small part a result of Russia's continued 'soft power' influence among large segments of the Ukrainian population and pervasive influence on the Ukrainian media – both post-Imperial factors. Polling undertaken by the Razumkov centre in 2002 indicated that the battle for public opinion on NATO was still largely to be decided. Asked whether NATO was a defensive alliance, or aggressive military block, roughly

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<sup>25</sup> D. Polovich, "Boris Tarasyuk ne bkhozh v pravitel's'tvo" *Kommersant* No.229(3560) 7 December, 2006 < <http://kommersant.ru/doc/728135?isSearch=True>>

<sup>26</sup> V. Solov'ev, "Boris Tarasyuk doshel do ostavki" *Kommersant* No.13(3589) 31 January, 2007

<sup>27</sup> "Ukrainian parliament dismisses Yekhanurov as Defence Minister" *Interfax Ukraine* 5 June, 2009 < <http://www.interfax.com.ua/eng/main/15165/>>

a third of Ukrainians picked each option, with the remaining third being unsure. Unsurprisingly, when asked how they would vote in a referendum on NATO membership, Ukrainians again remained divided between Yes, No, and Don't Know or Would Abstain roughly equally.<sup>28</sup> However, by 2009, Public Opposition to NATO accession had solidified at around 55-60% of the population, with support at around 20-24%.<sup>29</sup> Unsurprisingly opposition to NATO was concentrated in the Southern and Eastern regions of Ukraine, but crucially did not reach 50% even in the Western regions and was opposed by a plurality in the Central and Kyiv region. Additionally opposition to NATO membership was strongly correlated with the view that NATO is an 'aggressive' military bloc – a perception that grew considerably across the state.<sup>30</sup> Again this is in line with post-Imperialism's predictions regarding the persistence and influence of imperial-era norms. Additionally Russia's soft power resources in Ukraine played a role in both preserving and extending anti-NATO attitudes among the Ukrainian populace.

Where public opinion led, Ukrainian elite opinion followed. PoR, which drew the bulk of its support from the Eastern and Southern regions remained institutionally hostile to the prospect of NATO membership. While Yanukovich paid lip-service to the idea of eventual NATO membership during his brief premiership, the 2008 decision by Yushchenko to formally request a NATO MAP provoked PoR demonstrations that briefly shut down the operations of the Rada,<sup>31</sup>

More critical was the decline in popularity of NATO accession in the electoral heartlands of the Orange coalition. While Tymoshenko was initially relatively

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<sup>28</sup> O. Sushko, "Perceptions of NATO in Ukraine," *International Issues & Slovak Foreign Policy Affairs*, 2004, Issue. 3

<sup>29</sup> Razumkov centre polling, op.cit.

<sup>30</sup> Razumkov centre polling "What is NATO, first of all?" 2002-08 recurrent poll < [http://www.uceps.org/eng/poll.php?poll\\_id=136](http://www.uceps.org/eng/poll.php?poll_id=136)>

<sup>31</sup> L. Dolgoplova, "Partiya regionov vedet sebya kak stoyashchaya oppositsiya" *Kommersant' Ukraina* No. 11, 28 January 2008 < <http://www.kommersant.ua/doc.html?docid=846436>>

unafraid to argue that the strategic threat posed by Russia was the primary security concern for Ukraine (her 2007 Foreign Affairs article on ‘Containing Russia’<sup>32</sup> is a case in point) her commitment to NATO was generally lukewarm at best.

Additionally after Russia shifted to a strategy of negotiating primarily with Tymoshenko her political rhetoric toward Russia softened considerably.

Tymoshenko’s response to Medvedev’s 2008 open letter was to announce her intention to deepen ties with Moscow, and BYuT helped engineer the dismissal of Foreign Minister Ohryzko in 2009, justified partially due to his handling of Russo-Ukrainian relations.

Russia’s open and vocal hostility towards a potential Ukrainian NATO bid played a significant role in shaping Ukrainian public opinion against it. This was not indicative of any great love for Russia among the Ukrainian populace in general but rather a preference for staying out of any Russia-NATO conflict and preserving Kyiv’s neutrality, if the polls are to be believed. Russian media penetration and its dominance of Ukraine’s ‘information space’ were also critical in shaping, or preserving, Ukrainians’ perceptions of NATO *itself*. Particularly in the Russophone east, Soviet-era stereotypes about NATO and deep popular mistrust of the alliance remained prevalent.<sup>33</sup>

Russia’s threats regarding the consequences of NATO membership, ranging from promises to target nuclear missiles on Ukrainian territory<sup>34</sup> to arguments that NATO accession would violate the 1997 Friendship Treaty and thus end Russian recognition of Ukraine’s territorial integrity, appear to have carried greater weight

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<sup>32</sup> Y. Tymoshenko, “Containing Russia” *Foreign Affairs* May/June 2007 < <http://www.foreignaffairs.com/articles/62613/yuliya-tymoshenko/containing-russia>>

<sup>33</sup> “Ukraine says ‘no’ to NATO” Pew Research Centre - < <http://pewresearch.org/pubs/1542/ukrainie-president-blocks-nato-membership-russia-influence>>

<sup>34</sup> D. Solovyov, and G. Faulconbridge, “Putin: Russia may target Ukraine if it joins NATO” *Reuters* February 12, 2008 < <http://www.reuters.com/article/2008/02/12/us-russia-ukraine-nato-idUSL1285270620080212>>

among the Ukrainian populace than Western assurances. While easy to dismiss as crude bullying and sabre-rattling, these statements were more easily and directly accessible to Ukrainian media consumers than ‘positive’ stories about NATO-Ukraine relations from the West. This is perhaps the essence of Russia’s post-Imperial ‘soft power’ in the FSU - the tendency of post-Soviet populations to ‘hear’ Russia somewhat more keenly and loudly than other states.

Perhaps more importantly, Russia’s rhetoric made extremely clear that the reconciliation of NATO membership and a positive ‘strategic partnership’ with Russia was impossible. Ukrainian public opinion remained overwhelmingly in favour of maintaining a positive relationship with Russia<sup>35</sup> and seems to have decided that the unclear benefits of NATO (a majority of Ukrainians did not think NATO would defend Ukraine from an external threat<sup>36</sup>) membership were outweighed by the costs to relations with Russia. By failing to effectively rally public or elite support around a coherent national security policy Yushchenko removed any incentive for Russia to reconcile itself to Ukrainian NATO membership, precluding success in the last key pillar of his NATO policy.

While being ultimately an issue of Ukraine’s security policy, the struggle over NATO membership for Ukraine was lost primarily in the political sphere. The prevalence of Soviet-era perceptions of NATO amongst contemporary Ukrainians, combined with the continued influence of Russian media sources over the Ukrainian ‘information space’ strengthened and solidified popular Ukrainian opposition to NATO accession. Coupled with Russia’s political triangulation between BYuT, PoR and Yushchenko (detailed more in the politics chapter) it more or less completely

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<sup>35</sup> Fond ‘Obshchestvennoe Mneniya’ “Mneniya I vzglyady naseleniya Ukrainy v Avguste 2008 goda” <[http://bd.fom.ru/report/cat/inter\\_pol/count\\_/Ukraine/du080901#Abs10](http://bd.fom.ru/report/cat/inter_pol/count_/Ukraine/du080901#Abs10)>

<sup>36</sup> Razumkov Centre “Would NATO defend Ukraine in case of aggression or its threat from abroad?” April, 2009<[http://www.uceps.org/eng/poll.php?poll\\_id=231](http://www.uceps.org/eng/poll.php?poll_id=231)>

eroded elite incentives to pursue NATO integration as a policy. Not only were the sources of Russia's opposition to NATO enlargement post-Imperial in nature, the means by which it undermined the policy were post-Imperial as well.

*Crimea, Sevastopol and the Black Sea Fleet:*

The BSF remained a contentious issue since the foundation of Ukraine as an independent state and a major complicating factor in the formulation of an independent Ukrainian security policy. This was not only due to the presence of a major Russian military unit on Ukrainian territory, but due to the weak loyalty of Crimea and Sevastopol to the modern Ukrainian state. The BSF's very presence undermined Ukrainian sovereignty over the region and there is evidence that it was used to encourage separatist and pro-Russian political activity in the area.<sup>37</sup> The status of the BSF was a key 'post-Imperial' issue given the multiple areas of the framework it touches upon. The fleet itself and its associated support and basing facilities in Sevastopol were a significant infrastructural legacy of the Soviet Union and maintaining control of them both augmented Russian capabilities and heightened its influence in Crimea. Sevastopol is also a city of great historical significance to Russia, and the desire to maintain a military and political presence there can in part be put down to normative factors.

The BSF was a 'strategic' issue for Ukraine for two basic reasons. Firstly by hosting the basing facilities for a major military asset on its territory Ukraine became *de facto* (if somewhat ambiguously) linked to its actions, raising the possibility of Ukraine becoming involved in a conflict between Russia and a third party. Secondly

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<sup>37</sup> Dmitri Trenin, *Post-Imperium: A Eurasian Story* Washington DC, Carnegie Endowment for International Peace, 2011, p.199

the BSF had a potentially destabilising political effect on Crimea, a historically ‘Russian’ territory with tenuous loyalty to Kyiv and the post-Soviet Ukrainian state.

Russia had basic strategic interests in securing the BSF and its bases that *were* not necessarily post-Imperial as well. Sevastopol’s geo-strategic location makes it the ‘key’ to the Black Sea and Russian access to the Mediterranean. Maintaining the BSF was not only a matter of hanging onto a still relatively technologically advanced and militarily formidable naval asset, but also hanging onto its basing facilities themselves which would be expensive to replace and rebuild. Finally BSF remained a significant source of leverage for Russia in dealing with Ukraine, especially since its basing rights and overall status were linked to the 1997 ‘Big Treaty’<sup>38</sup> between Ukraine and Russia which recognises the former’s territorial integrity and sovereignty.

Crimea and Sevastopol are “intrinsicly connected to the Russian nation’s foundational myths, some of them propagated by the Soviet Union and then taken up by the Russian Federation.”<sup>39</sup> Both were sites of significant historical events during the Imperial era and major battles during WW2. That they are ethnically, culturally and historically ‘Russian’ rather than ‘Ukrainian’<sup>40</sup> was not seriously contested even by Kyiv. The transfer of Crimea to Ukraine was also something of an historical accident – the peninsula was gifted to Ukraine by Khrushchev in 1954 in a largely symbolic gesture, which had little effect on the day to day lives of its inhabitants due to the practically unitary nature of the Soviet regime. After the collapse of the Soviet Union, Crimea legally became a part of independent Ukraine despite its

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<sup>38</sup> “Dogovor o druzhbe, sotrudnichestve i partnerstve mezhdru Rossisskoi Federatsiei i Ukrainoi” available at < <http://sevkrimrus.narod.ru/ZAKON/1997god.htm>>

<sup>39</sup> D. Sanders, ‘US Naval Diplomacy in the Black Sea’ *US Naval War College Review* Summer, 2007

<sup>40</sup> Quotation marks are used here due to the fact that Crimea’s ‘original’ Tatar population have been effectively denied a claim to the land

overwhelmingly ethnic Russian population and highly Sovietised economy and culture.<sup>41</sup>

As part of the ‘price’ for continued control over the BSF and more importantly its basing facilities at Sevastopol, Russia officially recognised Ukraine’s territorial integrity and sovereignty over Crimea in the ‘Big Treaty’ of 1997. Yet the very presence of the BSF served to de facto undermine that sovereignty. The fleet represented a continued, symbolic, official Russian presence in Crimea, providing a focal point for local separatists and placating them without ultimately forcing them to give up their ambitions. The fleet provided a platform for Russian political actors “to challenge the leadership in Kyiv”<sup>42</sup> and numerous ‘national-patriotic’ Russian politicians used Crimean irredentism as a means of boosting their domestic political profiles, most notoriously Yuriy Luzhkov.<sup>43</sup> BSF’s importance was therefore enhanced by normative frameworks employed by Russian political actors due to post-imperial factors, and due to its enhancement of Russia’s regional ‘soft power.’

From a purely practical standpoint, the BSF allowed Russia to breach Ukrainian sovereignty through a number of unsanctioned actions including: effectively commandeering Ukrainian allocated naval infrastructure; conducting exercises outside its bounds of operations; and the illegal distribution of Russian passports to Crimean citizens.<sup>44</sup> The use of the BSF to deploy naval infantry to Chechnya in the early 90’s, and its use against Georgia during the 2008 South Ossetia war raised concerns that the BSF could drag Ukraine into a conflict with a third country. In the latter case, Yushchenko’s unsuccessful efforts to prevent BSF assets

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<sup>41</sup> Gwendolyn Sasse, “Conflict-prevention in a transition state: the Crimean issue in post-Soviet Ukraine” *Nationalism & ethnic politics*, 2002, 8 (2), pp. 1-26

<sup>42</sup> S.G. Simonsen, “You take your Oath only once: Crimea, the Black Sea Fleet, and national identity among Russian officers.” *Nationalities Papers* 2000, 28 (2) pp. 289–316

<sup>43</sup> “Chto ranee govovil mer Moskvyy Yuriy Luzhkov o statuse Kryma I Sevastopolya” *Kommersant’ Ukraina* No. 75 12 May, 2008 < <http://www.kommersant.ua/doc.html?docid=890758>>

<sup>44</sup> D. Trenin, op. cit.

being used against Georgia demonstrated the inability of Ukraine to effectively regulate the fleet's use.

*The Orange Revolution and the BSF:*

The status of the BSF did not manifest itself as a high profile issue in Russo-Ukrainian relations during the second Kuchma term, but became contentious after the Orange Revolution in part due to the overall deterioration of relations between Moscow and Kyiv.

The post-revolutionary regime was particularly exercised by Russia's failure to keep fleet operations strictly within the terms of the 1997 agreement. In April 2005 Yushchenko announced the need for the status of the BSF at Sevastopol to be reconsidered, after an unauthorised Russian landing exercise at Feodosiya, and an incident where Ukrainian inspectors were denied access to Russian bases to inspect allegations of illegal sub-letting of facilities.<sup>45</sup> Tensions continued through 2005 – in November Foreign Minister Tarasiuk accused Russia of taking more land around Sevastopol than provided for in the 1997 Treaty.<sup>46</sup>

The BSF also became a potential source of leverage linked to other areas of bilateral relations. As the 2006 gas crisis began to unfold the Ukrainian authorities considered raising the leasing rates for the BSF's facilities in retaliation for and to offset proposed Russian price increases for national gas. Sergi Ivanov, the Russian Defence Minister responded by claiming that such a revision would invalidate the 1997 treaty<sup>47</sup> - that is that Russia would effectively withdraw its recognition of Ukraine's current borders and territorial sovereignty.

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<sup>45</sup> D. Sanders, *Ukraine after the Orange Revolution: can it complete military transformation and join the US-led war on terrorism?*, Strategic Studies Institute, 2006 Washington D.C.

<sup>46</sup> "Ukraine FM: Moscow violating deal on Black Sea Fleet" *RFE/RL Newslines* November 15, 2005 <<http://www.rferl.org/content/article/1062968.html>>

<sup>47</sup> "Russia warns Ukraine on changing terms for naval base" *RFE/RL Newslines* December 27, 2005 <<http://www.rferl.org/content/article/1064196.html>>

BSF's presence also proved to be a major complicating factor for Ukraine's NATO ambitions and has hindered Ukraine's relationship with the alliance. The abortive 2006 NATO-Ukraine 'SEA-BREEZE' military exercise is a case in point. Due to a combination of continuing parliamentary deadlock, and vigorous protests by pro-Russian political parties in Crimea, SEA-BREEZE 2006 was abandoned. The political influence granted to Russia by the fleet was again crucial to this policy victory. In October of that year, Putin offered Ukraine its own separate security guarantees (to decouple it from NATO) in exchange for permanent basing rights for the BSF - as well as warning that Russia could 'not be indifferent' to events taking place in Crimea.<sup>48</sup> Ukraine's sovereignty over a key strategic point of its territory had been effectively eroded and its ability to conduct an independent security policy in the area significantly undermined.

*Russo-Ukrainian Security Relations and the War in Georgia:*

The 2008 war between Russia and Georgia impacted significantly on the Russo-Ukrainian security relationship. The division among the Ukrainian elite and population over the best political response to the war prevented an effective one from emerging; the employment of the BSF by Russia in support of combat operations in Georgia heightened the controversy surrounding it and illustrated how limited Ukraine's ability to restrict its actions in practice is; finally the conflict also appears to have undermined Ukraine's NATO bid to the point where it was no longer a realistic policy proposal, even in the medium to long-term. All of these outcomes had their roots in post-imperial factors. The political divisions over the war had similar roots to the divisions that led to Ukrainian 'strategic ambiguity,' and as shall be explored

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<sup>48</sup> Stephen Blank, "What comes after the Russia-Georgian War? What's at stake in the CIS" *American Foreign Policy Interests* 2008, 30(6)

further below, the end of Ukraine's NATO bid was in no small part due to the success of Russian propaganda during the war (that is, its exercise of 'soft power.')

The three major power centres in Ukrainian politics were completely divided as to how to respond to the outbreak of the conflict and the post-War political environment. Yushchenko immediately and virtually unconditionally backed Tbilisi and Georgian President Saakashvili, appearing at a rally in opposition to Russia during the conflict alongside Saakashvili and the President's of the Baltic states and Poland. Yanukovich and PoR conversely came out strongly in favour of Russia's position on Georgian responsibility for the war and urging recognition of Abkhazia and South Ossetia. Tymoshenko and BYuT took a conspicuously neutral view – especially given the fact that she had been calling for Russian 'containment' just over a year earlier. While superficially surprising, Tymoshenko's adoption of a 'neutral' stance is easier to understand when one considers her greater attention to public opinion, and cognisance of the power that Russia retained to shape public opinion in Ukraine.

Opinion polls taken in September 2008<sup>49</sup> showed almost no support for military or political support of Georgia outside of the Western regions (where support for Georgia reached an unimpressive 44%.) A large plurality of the Ukrainian population favoured the maintenance of a neutral stance and, more surprisingly, recognition of Abkhazian and South Ossetian independence. The role of post-Imperialism here was mainly a 'soft power' one. The Georgian War was also a battle between competing media narratives, with both belligerents laying out competing versions of the underlying causes and conduct of the war in international media campaigns. While Georgia was widely regarded as having 'won' the battle for

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<sup>49</sup> Fond 'Obshchestvennoe Mneniya' op. cit.

international public opinion (particularly in the USA) in Ukraine Moscow fought Tbilisi to a draw. The above cited poll indicated roughly equal support for the competing Russian and Georgian narratives of the war, with around a third of respondents remaining confused.

An analysis of the coverage of the Russia-Georgian war in the Ukrainian media helps explain why.<sup>50</sup> Stories supporting the Russian contention that Georgia was engaged in genocide in South Ossetia (the ‘strongest’ pro-Russia narrative) were almost as prevalent as those claiming Russia was behaving as an ‘aggressive Empire’ (the ‘strongest’ pro-Georgia narrative.) Overall, roughly 45% of the stories appearing in the Ukrainian media broadly supported Russia’s narrative of the war, with 34.7% offering a ‘balanced’ approach, and only 20.9% supporting the Georgian narrative. This is most likely related to the linguistic legacy of Russian imperialism. Ukrainian reporters were far more likely to be proficient in Russian than in English (or for that matter, Georgian) and thus far more likely rely on Russian television and electronic media for their information.

Given the dominance of the Russian state’s preferred ‘narrative’ in its own domestic media due to greater government control, it is unsurprising that the Russian ‘spin’ also gained dominance in the Ukrainian media. This is a key example of how the preservation of Russian as a post-Soviet *lingua franca* granted Russia significant ‘soft power’ based influence over Ukraine and the ability to shape Ukrainian perceptions of global events. This in turn effected the actions of Ukraine’s elite – most notably softening the usual hard-line taken by Prime Minister Tymoshenko, politically isolating President Yushchenko and preventing the Ukrainian government from formulating and implementing a coherent and effective response in support of

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<sup>50</sup> V. Bryndza, and A. Bezverkha, “Analytics: Russia won informational war in Ukraine” <<http://georgia2008.net/2008/08/13/>>

Georgia. Additionally the NSDC and Yushchenko both appear to have considered Russian influence in the Ukrainian media to be a threat to Ukraine. Yushchenko signed an NSDC decree on the ‘Information Security Doctrine’ of Ukraine in 2009 which aims at the establishment of ‘national information sovereignty’ and to formulate standards, principles and limits for the activity of foreign and international agents in the national information space[.]” However like many of Yushchenko’s later proposals it did not gain support from BYuT or the Rada and thus remained an operational dead letter.<sup>51</sup>

The war also reopened the issue of the BSF with wider consequences for Ukraine’s NATO bid (explored in more detail below.) With the opening of a ‘second front’ in Abkhazia along Georgia’s Black Sea littoral, the BSF was deployed in support of Russian combat operations on 9 August. Ukraine now faced its ‘nightmare’ scenario – its territory was being used as a launching point for an attack on a third party, friendly to Kyiv as a GUAM ally and fellow NATO aspirant, threatening to drag Ukraine into a conflict for which it was not prepared and had no wish to be a part of. Yushchenko attempted to prevent the BSF from being employed in the war by ordering that BSF units participating in military actions against Georgia be denied the right to return to port in Sevastopol. However without the resources (or political authority) to *enforce* this edict it was effectively a rhetorical demand and the BSF returned to port unmolested after having played a major role in the war. Yushchenko’s order succeeded only in provoking angry denunciations from Russia and his domestic political opponents. After the fleet had returned to port Yushchenko proposed new regulations on the fleets terms of lease that would require Russia to seek permission to deploy the fleet to combat zones rather than ‘notifying’ Kyiv as previously.

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<sup>51</sup>T. Izhvenko, “Yushchenko will protect Ukraine from Russian media” translated in *Current Digest of the Russian Press* No. 27, Vol. 061, July 2009 <<http://dlib.eastview.com/browse/doc/20714858>>

Tymoshenko however refused to support the initiative and it remained a purely symbolic gesture.<sup>52</sup>

Beyond the immediate consequences for Ukrainian domestic politics, and the further decline in the bilateral relationship between Yushchenko and Moscow, the war also ended Ukraine's membership in NATO as a serious long-term possibility. At the time of the conflict support for Ukrainian NATO accession domestically had already been trending steadily downward. If public opinion had the potential to rally behind support for NATO, the war and its immediate aftermath should have revealed it. However polls taken in 2008 show that support for NATO *decreased* in the aftermath of the war and opposition intensified. Yanukovich took a more solidly anti-NATO line in the run-up to the 2010 presidential election while Tymoshenko remained effectively neutral, leaving effectively no support for NATO accession among Ukrainian elites (by the end of 2008 Yushchenko's approval ratings and prospects for re-election had collapsed, leaving him with virtually no political authority.)

The hard fought for and politically controversial NATO MAP also proved to be of little practical value for security purposes given that it neither dissuaded Russia from acting nor obliged the alliance to intervene on Tbilisi's behalf when it did. The outcome of the war also entrenched the territorial partition of Georgia and the effective independence of the breakaway republics. Tbilisi cannot accede to NATO until this conflict is resolved, either by reunification or by surrendering its claims to the territories, neither of which is likely in the foreseeable future. This is relevant because Georgia's NATO membership bid is *de facto* linked to Ukraine's. Admitting one while leaving the other out would leave the latter in an untenable state of strategic isolation and subject to considerable Russian pressure.

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<sup>52</sup> T. Izhvenko, "The third siege of Sevastopol" translated in *Current Digest of the Russian Press* No.32, Vol. 60 September 2008 <<http://dlib.eastview.com/browse/doc/20437956>>

Finally the employment of the BSF in the war also demonstrated that, despite NATO's official policy, its continued presence in Crimea and Sevastopol was incompatible with NATO membership. If, hypothetically, Ukraine as a NATO member attempted to prevent Russia from using BSF in a conflict scenario against a third party it is highly likely that any attempt to *enforce* the decision would bring NATO and Russia into direct conflict. At this point it would be difficult to avoid a wider war without undermining the credibility of the Ukrainian state or the Alliance itself. The fleet remains scheduled to be based in Sevastopol until 2017. Therefore NATO membership, notwithstanding the above factors, cannot be considered a serious possibility for almost a decade at least – assuming that future Ukrainian heads of state do not opt to extend the lease further.<sup>53</sup>

The Georgian war underlined the numerous resources that Russia had at its disposal to frustrate and disrupt Ukrainian security policy making and implementation, and helps demonstrate the success it has had in preventing the emergence of a successful and pro-Western Ukrainian foreign and security policy after the Orange revolution. Not only did it use hard power resources (most significantly the BSF) to directly influence and limit Ukrainian policy options it has been able to indirectly exercise major influence over Ukrainian popular opinion and interpretation of the events of the war. Thus far however this has been useful strictly as a policy of *denial* and has not resulted in the emergence a definite 'pro-Russian' Ukrainian security policy.

*Conclusions:*

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<sup>53</sup> Note – while it is formally outside the scope of this study it should be noted that President Yanukovich assented to an extension of the lease into 2025 in 2010.

The Russo-Ukrainian security relationship was one in which Moscow was able to use post-Imperial resources – most significantly its ‘hard power’ resources in the form of the BSF, but also its access to Ukrainian political actors and dominance of the Ukrainian media ‘space’ – to prevent Ukraine from aligning itself with NATO and away from Russia. In particular its continuing ability to influence and shape Ukrainian public opinion, not only in loyalist enclaves such as Crimea, but across the country as a whole has been vital to derailing Ukrainian NATO accession and managing the political fall-out from the 2008 Russia-Georgian war within the post-Soviet space.

The effort to decisively change Ukraine’s geo-strategic orientation steadily lost political support since the Orange Revolution and is increasingly confined to the isolated presidential administration. Public opinion decisively rallied in opposition to NATO membership, in no small part due to the continued domination of Russian media in the Ukrainian ‘information space’ and the perpetuation of Soviet-era stereotypes and attitudes towards the alliance. Russia was also able to continue to play a divide et impera strategy in its relations with Ukrainian elites and managed to at least partially co-opt Yuliya Tymoshenko, who moved away from her previous positions regarding Russia as a security threat.

Crimea and the BSF, while arguably not central to the overall Russo-Ukrainian security relationship, nevertheless constitute the most consistent source of tension and a potential flash-point – also helping to prevent Ukraine from developing a more effective, western-aligned security policy. The maintenance of a high degree of influence, even if it was strictly ‘negative’ influence aimed at preventing, rather than supporting certain Ukrainian actions, was largely due to legacies of the Soviet empire. The 1997 ‘Big Treaty’ in particular allowed Russia to link its recognition of

Ukrainian territorial sovereignty to both the BSF and Ukraine's NATO aspirations. More importantly, its stated policy of 'defending citizens abroad' (in conjunction with the illegal distribution of passports in Crimea, as in South Ossetia) and the generally pro-Russian sentiment of the Crimean population meant such threats had credibility. While NATO officially did not consider the presence of the BSF to be a serious impediment to Ukrainian NATO membership, the strategic importance of Crimea, as well as local popular hostility to NATO encouraged by Russia make it difficult to imagine how the circle could be squared.

Ultimately Russia was confined to a policy of 'strategic denial' and was not able to use its resources to compel Ukraine to undertake an actively 'pro-Russian' security policy. There remained a large, nationalist and mobilised segment of Ukrainian society that continued to regard Russia as threatening and retained a potential veto over the direction of Ukrainian security policy – just as its analogue in the Russophone east did. Ukraine therefore spent most of the decade locked into a policy of 'strategic ambiguity' unable to concentrate on either the western or eastern 'vectors' of its security policy, or develop a genuinely multi-vector alternative.

For Russia keeping Ukraine neutral and out of NATO, while not the 'best case' scenario appears to be considered an acceptable outcome. For Ukraine this meant not so much the failure of any particular security policy but the continuation of a *lack* of policy. It is difficult to speak therefore of a security 'relationship' – rather there have been areas where Russia maintains relational power over Ukraine in order to frustrate and impede the development of a security policy hostile to its interests. The sources of this power are rooted in the Soviet and imperial past, consist of both physical military assets and normative values, and therefore conform strongly to the post-Imperial framework and its hypotheses.

CHAPTER EIGHT: POLITICAL ISSUES IN THE RUSSIA-BELARUS BI-  
LATERAL RELATIONSHIP

*Introduction:*

Of the case studies selected the relationship between Belarus and Russia was the most unexpectedly divergent from some of the predictions of the post-Imperial framework. In particular the early decision of the Belarusian political leadership to pursue a strategy of legitimisation based on continuity with the imperial past is one of the key planks in the framework's prediction of a relationship marked by both high intensity and high influence. But the political relationship between Russia and Belarus during the Putin and Medvedev presidencies was remarkably volatile. The tone of public pronouncements alone was at times almost schizophrenic, with Lukashenko railing against Russian 'terrorism from the very highest level'<sup>1</sup> one month while re-affirming the two states' 'eternal friendship' in the next. The speed with which relations deteriorated and then reverted to an alliance closer than any of other relationships in the post-Soviet space presents a puzzle. Intensity in Russo-Belarusian relations remained very high throughout the period, but Russia's ability to influence Belarusian domestic politics varied considerably.

The answer to this puzzle can be found in two areas - the desire of the Putin administration to alter the basic terms of the relationship forged by Yeltsin, and the nature of the Belarusian domestic political regime. In the 1990s Russia provided what amounted to massive economic subsidies to Belarus in return for its political loyalty. Putin took office with a foreign policy agenda that prioritised maximising the

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<sup>1</sup> Gennadii Sysoev, 'Tak possorilis' Aleksander Grigorievich s Vladimirom Vladmirovichem' *Kommersant* No. 31(2870) February 20, 2004

economic benefits of post-Soviet relations over the military-strategic and ‘normative’ benefits of maintaining positive relations.<sup>2</sup> In Kazakhstan, and pre-revolutionary Ukraine, this process was relatively uncontroversial as economic gains were shared among interested stakeholders on both sides of the border. In Belarus, the hyper-authoritarian nature of the presidency and the near absence of independent centres of economic or political power made Putin’s agenda potentially existentially threatening to Lukashenko’s regime. The maintenance of preferable terms of trade, amounting to effective subsidisation by Russia, was a key element of his political survival.<sup>3</sup> The liberalisation of the economy also threatened the creation of independent centres of economic and political power capable of undermining Lukashenko’s political order.

However, Lukashenko’s authority and the legitimacy of the Belarusian state under his leadership remained dependent upon the relationship with Russia. He also succeeded in isolating Belarus from almost all other potential external partners making Russia virtually the ‘only game in town.’ Belarus therefore remained bound to Russia, even as the latter pursued, for Minsk, and increasingly unacceptable foreign policy course.

A major caveat to the above has to be made in the analysis of the security relationship. Bilateral security co-operation between Russia and Belarus remained extremely robust from 2000-10, and Alexander Lukashenko frequently volunteered comments suggesting a strong normative commitment on behalf of the Belarusian leadership to the continuation of an alliance like security relationship. As the Russia-Belarusian security relationship was relatively ‘static’ during this period it provided insufficient material for an individual chapter. The security relationship will therefore

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<sup>2</sup> A.P. Tsyankov, “Vladimir Putin’s Vision of Russia as a Normal Great Power” *Post-Soviet Affairs*, Volume 21, Number 2, August 2007 pp.132-158

<sup>3</sup> Siarhej Karol, “Belarus inc.: cooking the books?” *Transitions Online* 22 January 2007  
<<http://www.tol.org/client/article/18153-cooking-the-books.html>>

be broken down into its economic and political aspects dealt with in each respective chapter.

*Russia, Belarus and Post-Imperialism:*

The Russo-Belarusian relationship should be an ideal case study for testing the post-Imperial framework. Minsk was economically highly dependent on Russia for energy imports and as an export market for Belarus' manufacturing industry. Belarus had only a very weakly mobilised nationalist minority, and post-Soviet Belarus' national and state identity was shaped by Lukashenko in explicitly Soviet terms. Linguistically and culturally Belarusians and Russians are very similar and under Lukashenko the Belarusian state remained overtly hostile to manifestations of Belarusian nationalism and nationalist mobilisation. Belarus is significantly smaller in size, geographically, economically and in terms of population than Russia. Finally, Belarus remains deeply economically and politically alienated from potential alternative partners in Europe leaving it without alternative foreign contacts when in dispute with Russia.

Post-Imperialism also places a strong emphasis on ideological and normative factors in forming both state identity and policy, again making Belarus an ideal case study on paper. Lukashenko fostered a national identity that is best described as 'neo-Soviet'<sup>4</sup> or possibly 'pan-Slavic.' The regime sought to identify Belarus with an Orthodox, Slavic civilisational ethos that was distinct from, and often antithetical to 'The West'<sup>5</sup> (that is Europe and America.) Western institutions such as NATO, OSCE, the USA and on occasion the EU, were often used as external enemies by the

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<sup>4</sup> Tomas Ambrosio, "The Political Success of Russia-Belarus Relations: Insulating Minsk from a Colour Revolution" *Demokratizatsiya* Summer 2006, 14(3) pp.407-434

<sup>5</sup> *Ibid.*

regime to enhance its legitimacy by portraying itself as ‘defending’ Belarus from an external ‘threat,’<sup>6</sup> and as a means of discrediting the opposition through claims that they were effectively western agents.<sup>7</sup> This deepened the state’s economic and political dependency on Russia by imposing a normative framework that precluded significant co-operation with other state actors. When the lack of a significant, mobilised, domestic nationalist opposition is factored in, it is difficult to see how Belarus maintained sufficient autonomy to avoid becoming a satellite state of Russia entirely.

The highly personalised and centralised authoritarian dictatorship of Alexander Lukashenko was the main contributing factor to Belarusian political isolation. This is largely due to it preventing the formation of autonomous domestic centres of political and economic strength that form the nodes of transnational economic and political networks. These networks are a vital component of the ‘post-Imperial’ framework of relations proposed by this thesis and observed in the Russo-Kazakh relationship and in the Russo-Ukrainian relationship. Outside of the armed forces there appears to have been no significant domestic Belarusian political lobby group with an independent power base capable of significantly influencing Belarusian foreign or domestic policy. The ‘relationship’ with Russia therefore existed largely between high-level political elites on opposite sides of the border. As will be explored below, this absence of complex networks of stakeholders invested in particular policy outcomes contributed to the Russian tendency to employ coercive suasion in promoting policy change in Belarus, due to a lack of effective alternative options.

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<sup>6</sup> Alexander Lukashuk, “Yesterday as Tomorrow: Why It Works in Belarus. Explaining Lukashenko's hold on power.” *East European Constitutional Review*, Summer 1998, 7(3)

<sup>7</sup> A.G. Lukashenko, “Vystuplenie Prezidenta Respubliki na respublikanskom soveshchanie o zadachakh ispolitel'noi i rasporyaditel'noi vlasti i sovremennykh usloviyakh” 31 July 2001, website of the President of the Republic of Belarus - <<http://www.president.gov.by/press18818.html#doc>>

Finally, much of Russo-Belarusian diplomacy in the Putin era was focused on the creation of the proposed Union State, but the asymmetry between Russia and Belarus, geographically, economically and in terms of population made the achievement of a mutually acceptable 'Union' almost impossible in practice. Belarus insisted on a principle of 'equality' between the two states that Moscow treated as absurd given the scale of their asymmetry.

The motivations of each side in the ongoing disagreement over the Union State were often somewhat more transactional than the rhetoric would imply – Belarus desired 'equality' with Russian oblasts in gas tariff rates above all,<sup>8</sup> while Russia's desire to maintain a political and economic hierarchy over Belarus made the concession of significant veto points to Minsk in any Union impossible.<sup>9</sup> Nevertheless, the very real demands of on the Belarusian authorities of maintaining sovereignty did place limitations on how far 'integration' with Russia could proceed. Having 'enjoyed the taste of their own nationhood and the opportunities it gave them' neither the Belarusian elite nor populace at large was willing to simply surrender it to Russia.<sup>10</sup>

The strategic and security relationship, which for Russia seemed to constitute a minimum 'bottom line' in its Belarus policy<sup>11</sup> was an exception to the pattern of Russo-Belarusian relationship in the economic and political spheres. The strategic concerns and pre-conceptions of Russia and Belarus remained largely co-incidental since the Soviet collapse, concentrating on the importance of Belarus as a potential

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<sup>8</sup> David R. Marples, "The Energy Dilemma of Belarus: The Nuclear Power Option" *Eurasian Geography and Economics* Volume 49, Number 2 / March-April 2008 pp.215-227

<sup>9</sup> Kathleen Hancock, "The Semi-Sovereign State: Belarus and the Russian Neo-Empire." *Foreign Policy Analysis*. (2006) 2(2): 117-136.

<sup>10</sup> Dmitri Trenin, *Post-Imperium: A Eurasian Story* Washington DC, Carnegie Endowment for International Peace, 2011 p.46

<sup>11</sup> Steven J. Main, "Belarus' & Russia Military Co-Operation 1991-2002" Conflict Studies Research Centre, Sandhurst D63, April 2002

invasion corridor, the continuing threat of NATO expansion<sup>12</sup> and encirclement and the desire to keep a strong Russian strategic presence in the European continent. Aside from geo-strategic conceptions the Russian and Belarusian defence establishments maintained a strong professional relationship. Russia also made use of ex-Soviet military assets in Belarus rather than reconstructing them within Russia<sup>13</sup>. In short, the security-strategic aspect of the political relationship showed the full range of post-Imperial factors that were critically absent in other areas of the relationship.

External factors also had an effect on the course of the relationship in ways relevant to post-Imperialism. Lukashenko's authoritarianism was the primary cause of Belarus' isolation from Europe, but the 'Soviet nostalgia' that formed the ideological basis for his regime was a contributing factor. Anti-Westernism both in rhetoric, security policy, and analytical precepts were a considerable roadblock in attaining a genuinely 'multi-vector' foreign policy<sup>14</sup>, and exacerbated the dependence on Russia. When major tensions or conflict erupted between Russia and Belarus and spurred Minsk towards strengthening its foreign contacts, the results were usually disappointing. In these situations Russia was content to sit back and watch Belarus fail and then allow it to return to Moscow's embrace, having gained a stronger hand in dealing with a chastened ally.<sup>15</sup>

Conversely, the outbreak of the so-called 'Colour Revolutions' and NATO's Westward expansion forced an extended period of Russian indulgence between 2004-

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<sup>12</sup>Ian Klinke, "Geopolitical Narratives on Belarus in Putin's Russia" *Perspectives: Review of International Affairs* Vol. 16, No. 1 pp.109-131

<sup>13</sup> Steven J. Main, "Belarus' and Russia Military Co-Operation"

<sup>14</sup> Adam Eberhardt, "Belarus after the 2006 Presidential Elections – The Prospects for Democracy" *The Polish Quarterly of International Affairs* Spring 2006, p. 35-46

<sup>15</sup> Alex Danilovich, *Russian-Belarusian Integration: Playing Games Behind the Kremlin Walls* Aldershot, Ashgate, 2006 p.129

06,<sup>16</sup> during which Moscow tabled several contentious bilateral issues in order not to destabilise Lukashenko's regime and invite a potentially unwelcome political change while he was in the process of securing a third term as president. The Russian invasion of Georgia was another significant event, in that it gave the EU the leeway to begin serious negotiations with Belarus through the European Neighbourhood group and led Belarus to begin questioning some aspects of the security relationship with Russia. However, by 2010 ENP had failed to achieve significant gains and Belarus was no closer to foreign policy reorientation.

*Research Questions and the Russo-Belarusian case:*

Despite the policy differences and volatility of the relationship the post-Imperial framework still provides considerable explanatory and descriptive value in the Russo-Belarusian case. The Belarusian leadership and population remained in thrall to what could be termed a Soviet nostalgic mindset,<sup>17</sup> due to the scale of the economic, political and cultural transformation of the state during the Soviet period – ‘from a nameless province of the Russian Empire... into an advanced industrial state with universal education.’<sup>18</sup> Russia retained the same sense of ‘ownership’ over Belarus as it did with Ukraine. Obviously Minsk was far more open towards ‘reintegration’ but the fear of ‘losing’ Belarus to the West still informed Russian policy to a considerable degree.<sup>19</sup> But more importantly it can offer potential explanations for why the relationship has been so prone to volatility by identifying key variables.

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<sup>16</sup> T. Ambrosio ‘The Political Success of Russia-Belarus Relations’

<sup>17</sup> T. Kuzio, and S. Eke, “Sultanism in Eastern Europe: The Socio-Political Roots of Authoritarian Populism in Belarus” *Europe-Asia Studies*, May 2000, 52(3) pp. 523-547

<sup>18</sup> Natalia Leshchenko, “A Fine Instrument: Two Nation-Building Strategies in post-Soviet Belarus” *Nations and Nationalism* July 2004 10(3) pp.333-352

<sup>19</sup> Kathleen Hancock, “The Semi-Sovereign State: Belarus and the Russian Neo-Empire.” *Foreign Policy Analysis*. (2006) 2(2): 117-136.

The first research question asks about the effects of the imperial past on shaping identity and policy formulation. It is beyond doubt that the Belarusian state identity promoted by Lukashenko was heavily influenced by the Soviet past and led to, at the least, Belarus' generally anti-Western and pro-Russian profile and rhetoric, even if it did not contain disputes arising from fundamental contradictions in Putin and Lukashenko's conceptions of the relationship.

Similarly with regards to our second research question, 'soft' power or normative factors had a great effect on Belarus' political identity, geopolitical orientation and attitudes towards Russia and the West – particularly in the security sphere, where almost instinctive and reflexive anti-Westernism remained a hallmark of Belarusian defence policy. The same cannot be said of Russia, though the influence of an ideologically motivated 'national-patriot' base represented by the LDPR and KPRF cannot be completely discounted. On the whole, 'soft' power factors can account for much of Belarus' prioritisation of the Russian relationship as a 'privileged' one. Normative commitments to 'slavic fraternity' on the Russian side notwithstanding, the Putin era stance towards Belarus was focused primarily on maximising the economic benefits of Russia's relations with the post-Soviet states rather than the geopolitical.

On the third question which addresses the preservation and extension of 'Hard Power' sources of influence, Russia was highly successful in gaining control over the Belarusian energy transit infrastructure while maintaining Minsk's dependence on Russian energy supplies, though it took considerable time and effort. Greater economic penetration and investment only really began after roughly seven years of coercive economic pressure aimed at opening up the Belarusian economy. It remains to be seen what long term effects Russian investment will have on the relationship,

but the process of coercive liberalisation produced considerable protest from Lukashenko, unsurprisingly.

Finally, the fourth question is concerned with the actions of elite and sub-elite level networks of influence and patronage, which in the Belarusian case are largely absent outside of the security sphere, due to the closed economic system and the highly personalised dictatorship of Lukashenko himself. As will be seen in later chapters it is the presence and reinforcement of personal contacts and relations in the security sphere that have been a vital part of the relative success of that aspect of the relationship.

*Brief chronology and Structure of the Chapter:*

The following sections seek to examine the Russo-Belarusian relationship on a thematic rather than chronological basis. For reference purposes however, the Russo-Belarusian relationship can be roughly divided into three phases. From 2000-04, the relationship underwent significant strains as the divergent policy aims of the Lukashenko and Putin administrations became apparent. Additionally, Russia's rapprochement with the USA and relationship with Kuchma's Ukraine arguably made Lukashenko more of a liability than an asset for Russian foreign policy.<sup>20</sup> It is in this period that Russia began to apply direct economic pressure on Belarus as a means of achieving its desired re-structuring of the economic basis of the relationship, and as a means of promoting internal liberalisation in Belarus.

After the 'Orange Revolution' in Ukraine, the maintenance of the Lukashenko regime in the face of what Russian and Belarusian authorities perceived as a hostile Western plot to remove them from power became a paramount policy priority,<sup>21</sup>

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<sup>20</sup> Bertel Nygren, 'Russia's Relations with Ukraine and Belarus'

<sup>21</sup> Vitalii Silitski, "Preempting Democracy: The Case of Belarus" *Journal of Democracy* - Volume 16, Number 4, October 2005, pp. 83-97

temporarily superseding other concerns.<sup>22</sup> The second phase of 2004-06 began, in effect, a two year truce in the ongoing conflict over energy tariffs and economic relations to allow Lukashenko to run for a third term with a maximally favourable external environment and consolidate his regime.

Once this was accomplished the third phase of 2006-10 almost immediately began. Russia's strategy of coercive suasion ultimately proved successful and it was able to accomplish nearly all of its policy goals concerning the re-ordering of economic relations. Domestically Lukashenko undertook a significant re-organisation of the Belarusian structure of power. This new elite was tasked with preserving the regime by whatever means necessary<sup>23</sup> – essentially abandoning the cognitive and analytical frameworks that had proscribed the freedom of manoeuvre of the previous generation of the elite. Coupled with the outbreak of war between Russia and Georgia in 2008, this led to the first significant development of Belarusian foreign policy away from Russia since independence.

Given their importance to the post-Imperial framework and each of the three phases in the relationship, this chapter will focus first on the normative and cognitive analytical frameworks within which the Belarusian and Russian authorities operated in their interactions with one another. It will then examine the effects of the absence of transnational networks in the Russo-Belarusian relationship, hypothesising that this been one of the primary causes of the more antagonistic course of relations the two states have experienced. Finally it will examine how the domestic transformation of the Belarusian regime beginning in 2007 has affected the development of the

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<sup>22</sup> Tomas Ambrosio, "The Political Success of Russia-Belarus Relations: Insulating Minsk from a 'Color' Revolution," *Demokratizatsiya*, v.14, no.3 (Summer 2006): 407-434.

<sup>23</sup> K. Kłysiński, and A. Wierzbowska-Miazga, "Changes in the Political Elite, Economy and Society of Belarus: Appearances and Reality" *OSW Studies* No. 30 2009, Warsaw

relationship by both disrupting analytical frameworks, and opening up new opportunities for the development of economic links and networks with the West.

*Cognitive Aspects of Post-Imperialism:*

One of the claims made in the introduction in promoting a post-Imperial framework is that the cognitive and normative frameworks imposed on post-Imperial elites by their imperial predecessors, a variation of what Nye terms ‘soft power.’ In the Russo-Belarusian case the influence of these frameworks was remarkably explicit, particularly on the Belarusian side. The shared historical memory of the Soviet Union (the awesome struggle of World War Two especially) ethnic and cultural similarity, and the policy of the Belarusian state of suppressing and preventing Belarusian nationalist mobilisation<sup>24</sup> preserved a political world-view that was exceedingly Russo-centric, neo-Soviet<sup>25</sup> and placed significant normative restrictions on acceptable policy outcomes.<sup>26</sup> Normative commitments to Belarus were somewhat harder to detect in the Russian discourse and Russian policy preferences, but there was a strong trend towards the belief that Belarus is *nashi* – part of the ‘natural’ Russian sphere of political, economic and cultural influence. Danilovich even proposes that the ‘Belarus question’ remained a powerful enough issue during Putin’s first term that it allowed Lukashenko to force concessions by threatening to split Putin’s domestic political coalition.<sup>27</sup>

*Belarusian Normative Frameworks:*

On the Belarusian side of the equation it is hard to dispute that historical links with both the Russian state and people formed the bedrock of the legitimising

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<sup>24</sup> Elena Korostoleva, “Was there a quiet revolution? Belarus after the 2006 Presidential election” *Journal of Communist Studies and Transition Politics* Vol 25, No. 2&3, June 2009 pp.324-346

<sup>25</sup> Tomas Ambrosio, “The political success of Russia-Belarus Relations: insulating Minsk from a colour revolution” *Demokratizatsiya* Vol. 14, No. 3 Summer 2006, pp.407-434

<sup>26</sup> Natalia Leshchenko, “A Fine Instrument: Two Nation-Building Strategies in post-Soviet Belarus” *Nations and Nationalism* Vol. 10 No. 3, July 2004 pp.333-352

<sup>27</sup> Alex Danilovich, *op.cit.* p.149

narrative and normative foundations of independent Belarus. One of President Lukashenko's first acts in office was to initiate a referendum replacing the entire set of symbols of independent statehood (flag, anthem and even national holiday) with new ones modelled on the Soviet past.<sup>28</sup> The legitimacy of the state and its foundation was linked not to its emergence from the Soviet collapse, or earlier Belarusian political formations (such as the Grand Duchy of Lithuania)<sup>29</sup> but rather the liberation of Soviet Belarus by the Red Army in the 1940s.<sup>30</sup> Belarusian sovereignty and independence was conceptualised not as stemming from the Belarusian people or their history, but rather as being a legacy of Soviet power. Much like Kazakhstan, Belarus 'entered modernity' and was transformed culturally and economically by the Soviet Union, dampening the appeal of the nationalist narrative that condemned the Soviet era as a 'tragic mistake.'<sup>31</sup> Lukashenko even went so far as to link the country's independence directly to the October Revolution.<sup>32</sup> The independence and legitimacy of the state are thus directly linked to the actions of Russia and the Soviet Union, rather than Belarusians themselves.

Nationalism proved to be unfertile ground for the mobilisation of the Belarusian population and suffered from official success in linking Belarusian nationalism with fascism and extremism in the popular consciousness.<sup>33</sup> This is unsurprising – the only significant political threat to Lukashenko's early consolidation of power came from the nationalist Belarusian popular front, and it cannot have escaped his attention that Ukrainian nationalism was the traditional binding force

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<sup>28</sup> Natalia Leshchenko, "A Fine Instrument: Two Nation-Building Strategies in post-Soviet Belarus"

<sup>29</sup> Per Anders Rudling, "For a Heroic Belarus!": The Great Patriotic War as Identity Marker in the Lukashenko and Soviet Belarusian Discourses" *Nationalities Affairs (Sprawy Narodowościowe)*, issue: 32 (2008): 43-62

<sup>30</sup> Alexander Pershai, "Questioning the Hegemony of the Nation State In Belarus: Production of Intellectual Discourses As Production of Resources" *Nationalities Papers* 34.5 (2006): 623-635

<sup>31</sup> Natalia Leshchenko, op.cit.

<sup>32</sup> "Belarusian president wants 'internationalist' textbooks" in *RFE/RL Newslines* April 25, 2002

<sup>33</sup> Grigory Ioffe, "Unfinished Nation-building in Belarus and the 2006 Presidential election" *Eurasian Geography and Economics* 2007, No. 1 pp.37-58

behind the political opposition there. Additionally, the Belarusian state was heavily Russified and Russophone during the Soviet and Imperial periods<sup>34</sup> and nationalism was often equated with fascism and right wing political extremism. National revival was correspondingly a decidedly minority pursuit in Belarus – again in contrast to Ukraine where the Soviet authorities took a somewhat softer line towards nationalist self-expression. Lukashenko’s continued repression of the Belarusian language and promotion of a culturally Russian identity for Belarus resonated with the populace who retained a national ideal based upon continuity with the Soviet past,<sup>35</sup> and were generally supportive of the concept of Slavic fraternity.

Lukashenko had to undertake a delicate balancing act on his rhetoric concerning the Belarusian state, especially since 2002. On the one hand he positioned himself as a tireless defender of Belarusian ‘sovereignty’ and ‘independence.’<sup>36</sup> On the other, Belarusian state media was equally tireless in equating nationalism with extremism and fascism.<sup>37</sup> Lukashenko himself publicly demanded ‘internationalist’ textbooks for Belarusian schoolchildren and declared unequivocally ‘there should be no nationalism.’ Lukashenko’s rhetoric on state ideology and the reconciliation of the promotion of sovereignty with an anti-nationalist political stance closely mirrored the rhetorical cliches of the Soviet period. Indeed Lukashenko publicly praised the Soviet model of state ideology and promoted it as a basis for the formation of a distinctive Belarusian analogue.<sup>38</sup>

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<sup>34</sup> P.K. Laustsen, “Belarus – a unique case in the European context?” *Baltic Defence Review* Vol. 1, No. 9 2003 pp. 65-84

<sup>35</sup> Per Anders Rudling, “For a Heroic Belarus!”

<sup>36</sup> David Marples, “Outpost of tyranny? the failure of democratisation in Belarus” *Democratization*, Volume 16, Issue 4 August 2009, pages 756 - 776

<sup>37</sup> Andrei Polevoi, “Den’ Voli privel k arestam” *Nezavisimaya Gazeta* No. 53 (2363) 27 March 2001

<sup>38</sup> “The importance of keeping Belarusians ‘internationalist’” *RFE/RL Poland, Belarus, and Ukraine Report* Vol. 4, No. 21, 28 May 2002

Interestingly, Lukashenko was not slow in criticising what he saw as the worst aspects of Russian society while attempting to claim the mantle of continuity with the Soviet past for himself and Belarus. Russia's wars in Chechnya<sup>39</sup> in particular were a rhetorical target,<sup>40</sup> as were the ubiquitous Russian 'oligarchs.'<sup>41</sup> Indeed on the latter point, Lukashenko made a motif of blaming shadowy forces within the Russian ruling elite for the degradation in relations. 'Those seeking to land nice pieces of property in Belarus won't abandon their attempts to break us economically and politically' he claimed in his 2007 New Year's address.<sup>42</sup> This tied in with a second plank of Lukashenko's strategy for reinforcing the legitimacy of his rule and the Belarusian state - direct and unfavourable comparison of the Belarusian social and economic model to its Ukrainian and Russian analogues. It also allowed Lukashenko to criticise Russian policy and the relationship without being seen to criticise Putin or Russia directly, a variant of the historical Russian analytical framework 'the Good Tsar and his Evil Boyars.'

This is all in accord with post-Imperialism's prediction that post-Imperial states with weakly mobilised nationalist movements and identities will tend towards national and state identities that are 'with' identifying towards the former colonial power. This was reflected in Lukashenko's political rhetoric and – as will be explored below – political stance towards Russia. While relations with the Putin and Medvedev administrations deteriorated and led to very public displays of acrimony and hostility, Lukashenko frequently emphasised he and his country's commitment to Russia and

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<sup>39</sup> David Marples, "Is the Russia-Belarus Union obsolete?"

<sup>40</sup> Andrei Sannikov, "The Accidental Dictatorship of Alexander Lukashenko" *SAIS Review* - Volume 25, Number 1, Winter-Spring 2005, pp. 75-88

<sup>41</sup> Vitalii Silitski, "Will Lukashenko ever start reforms?" *RFE/RL Newslines* May 6, 2003

<sup>42</sup> "Belarusian President alerts compatriots to 'Difficult and Exceptional Decisions'" in *RFE/RL Newslines* January 3, 2007 Prague < <http://www.rferl.org/content/article/1143784.html> >

its people and was at pains to ‘decouple’ that linkage from disputes with the Russian political leadership.

Lukashenko was reluctant to criticise Putin directly unless forced to. However, when Putin personally and publicly proposed the ‘Ultimate Integration’ option, Lukashenko was quick to criticise him in the harshest terms, comparing him unfavourably with Lenin and Stalin.<sup>43</sup> After his defeat during the Union State conflict in 2002, Lukashenko returned to a strategy of vague references to ‘government circles’<sup>44</sup> in Russia as opposed to engaging in direct verbal clashes with Putin himself. It can reasonably be assumed that Lukashenko was aware that attempting to position himself as a champion of Slavic fraternity and the values that represent the ‘true’ desires of Russians, Ukrainians and Belarusians, while simultaneously publicly criticising a Russian president who enjoyed near stratospheric approval ratings would quickly have become logically incoherent.

It is fair to say then that for most purposes Lukashenko promoted and the Belarusian people accepted, a normative and cognitive conception of Belarusian national identity as intimately linked with that of Russia, to the extent that the Belarusian nation as conceived by Lukashenko is little more than a subset of the Russian nation. It may be going too far to describe this as conceiving of Belarus as the ‘little brother’ of Russia – Lukashenko always demanded ‘equality’ in relations with Russia – but it definitely influenced the way Belarus conceives of its place and role in the world: as a Slavic, Orthodox Eastern nation allied with Russia in contrast, and often in opposition, to Western capitalist society.

#### *Russian Cognitive Frameworks:*

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<sup>43</sup> “Nikto ne poidet na to, chtoby porezat’ Belorussiyu” *Kommersant*’ No.149 (2518) 22 August, 2002

<sup>44</sup> Aleksandr Lukashenko, “Novogodnee pozdravleniya” 31 December, 2006 <<http://www.president.gov.by/press36026.html#doc?>>

Russian normative and cognitive frameworks towards Belarus have not been as explicitly formulated in public rhetoric, aside from the usual pledges of eternal friendship and brotherhood applied to most of the allied former Soviet states and all of the east Slavic states. However it can be inferred that Russia generally regarded the creation of an independent Belarusian state as ‘unnatural.’<sup>45</sup> However, given that independent Belarus was now a fact of life, the relationship with Minsk was vital to Russian strategic and security interests.<sup>46</sup> While the emotional attachment to Belarus and discomfort with its status as an independent state does not appear to have been as strong as was the case with Ukraine, this can probably be ascribed to the fact that Lukashenko was generally more careful to not overtly contradict Russia’s geopolitical dominance of the region, and his maintenance of a hard-line against NATO.

To a certain extent Russia took Belarus’ basic political alignment with Russia in a ‘macro’ sense, and for strategic and security purposes, for granted. For example, when Belarus made an abortive attempt to re-orient its foreign policy towards the West at the end of 2002, the Putin administration took an uncharacteristically nonchalant line and simply waited for Lukashenko to return to the fold.<sup>47</sup> It appears that Russia had sufficient confidence in its various economic and political levers of control, as well as in the hostility of NATO and Western states towards the Lukashenko administration, that it was content to wait for Lukashenko’s overtures to fail. This does contrast however, with the negative Russian response to the European Neighbourhood Programme and opposition to Belarus (or other post-Soviet states) participating in it.<sup>48</sup> Russia seems to have been confident that Belarus

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<sup>45</sup> Yu. F. Godin, “Rossiya i Belorusssiya na puti ediniyu”

<sup>46</sup> Ian Klinke, “Geopolitical Narratives on Belarus in Contemporary Russia”

<sup>47</sup> Alex Danilovich, *Playing games behind Kremlin Walls*

<sup>48</sup> Katarzyna Pelczarska - Nalecz "The ENP in practice – the European Union’s policy towards Russia, Ukraine, Belarus and Moldova one year after the publication of the Strategy Paper" *Centre for Eastern Studies* Warsaw, June 2005

could not escape its orbit on its own, but might have been able to do so with assistance.

Ultimately Russia did not seem to be as concerned with or bound by *normative* frameworks in its relations with Belarus, but it did have a strong *cognitive* bias towards the belief that Belarusian geo-strategic loyalty was essential for Russia's vital strategic and security interests.<sup>49</sup> Ultimately Putin and his subordinates showed more concern for the potential financial losses of pre-existing arrangements with Belarus (initially offering gentle warnings that Russia would not allow the Union to proceed 'at its expense'<sup>50</sup>) before graduating to open accusations of parasitism. 'It is necessary to separate the flies from the cutlet'<sup>51</sup> is one of the more descriptive phrases employed by Putin in envisaging the future of the relationship. Just as Lukashenko did not shy away from criticising Russia's socio-economic model, Russia has been relatively open about its desire to end Belarusian dependency on Moscow through a process of Belarusian economic liberalisation.<sup>52</sup>

An understanding of these basic frameworks employed on both the Russian and Belarusian sides is of use in discerning the reasoning behind the policy references and decisions of Russia and Belarus during the Putin and Medvedev administrations. However competing economic claims were ultimately the main determining factor. What cognitive and normative frameworks *are* helpful in explaining is how the relationship was able to 'contain' repeated major disputes without fracturing entirely.

*Analytical Frameworks and Policy Preferences:*

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<sup>49</sup>Ian Klinke, "Geopolitical narratives on Belarus in contemporary Russia."

<sup>50</sup> B. Volkhonskii and G. Sysoev, "Vladimir Putin otvernulsya ot Aleksandra Lukashenko" *Kommersant* No. 100 (2469) Moscow, June 14, 2002

<sup>51</sup> Andrei Piontkovskii, "Lukashenko ne khochet byt' Sub'yektom" *Novaya Gazeta*, No. 44 June 24 2002, Moscow

<sup>52</sup> "Belarus to obtain \$70 Million from Russia but on conditions" *RFE/RL Newslines* December 23, 2001

Cognitive and normative frameworks informed and influenced two main policy areas in the Russia-Belarus relationship. The first is the security relationship, the second the process of post-Soviet ‘reintegration’ particularly concerning the Union State. On the latter issue however, this stayed primarily at the level of rhetoric as fundamental disagreements over ‘how’ to integrate prevented serious movement forward on the issue. However the actions of both sides during various stages of the integration debate demonstrated that both Belarus and Russia were positive about integration in the abstract, if not the specific proposals that emerged out of bilateral negotiations.

*Security and Strategic Issues:*

In the security sphere the normative commitment of both states towards joint defence remained strong, and was reinforced by an elite-level strategic mindset that viewed their respective security as indistinguishable.<sup>53</sup> One of the most important contributing factors to this was the normative preferences of Lukashenko himself, as well as the ideological foundations of the Belarusian state. Lukashenko has concentrated heavily on World War Two and Belarus’ (considerable) contribution to the Soviet war effort and endurance during the Nazi occupation in legitimising post-Soviet Belarus and forming its identity.<sup>54</sup> He retained and promoted<sup>55</sup> the Soviet conception of NATO as an existentially threatening aggressive bloc.<sup>56</sup> Finally he seems to have had a somewhat romantic conception of Belarus as the first line of defence for Russia against the West, boasting that Belarus would fight with ‘bare

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<sup>53</sup> See the Introductory chapter and section on Transnational Networks for relevant theory.

<sup>54</sup> David Marples, “Colour Revolutions: The Belarus Case” *Communist and Post-Communist Studies* Vol 39, No. 3 September 2006 pp.351-364

<sup>55</sup> Steven Main, “Belarus’ and Russia’s Military Co-operation 1992-2002”

<sup>56</sup> Jan Maksymiuk, “Lukashenko conducts ‘ethnic cleansing’ among security officials” Vol. 5 No. 235 *RFE/RL Newslines* December 6, 2000

chests' against 'NATO tanks.'<sup>57</sup> Interestingly, even in speeches highly critical of Putin and the political relationship, he went out of his way to promise continued military support in the event of a conflict,<sup>58</sup> elevating Belarus' guardianship of Russia to a 'sacred level.'<sup>59</sup>

Official Belarusian and Russian pronouncements on the military and strategic thought of both countries – in particular the Military Doctrines of both states<sup>60 61</sup> – consistently highlighted the security of the other as being a vital national interest. So while the political and economic strategies of Russia and Belarus were often in conflict, the security strategies were complementary. Indeed, it may be more apt to speak of a security *strategy* – that is both sides saw the defence of Belarus and Russia as essentially the same thing.

For its part, Russia had ample reason to consider Belarus as vital to its strategic defence, given its history as a corridor for land invasion. Additionally Russian nuclear attack early warning systems, and nuclear submarine command and control are facilitated through the use of facilities leased (very cheaply) from Belarus and it provided crucial strategic access to Kaliningrad.<sup>62</sup> This is a mix of 'hard' power factors and cognitive frameworks, but it is precisely due to Russian thinking on what constitute its 'vital' strategic interests that the maintenance of facilities in Belarus remained such a top priority

These normative and cognitive preferences led to real policy outcomes:

Belarus was the only former Soviet Republic to respond favourably to early Russian

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<sup>57</sup> Steven Main, "Belarus' and Russia's Military Co-operation 1992-2002" p.7

<sup>58</sup> Press service of the President of the Republic of Belarus "Belarus' zashchishaet zapadnye granitsy soyuznogo gosudarstva" 3 April, 2008 < <http://www.president.gov.by/press56024.html#doc>>

<sup>59</sup> Press service of the President of the Republic of Belarus "Prezident Belarusi otvetil na voprosy Rossiiskikh zhurnalistov" 12 October, 2007 <http://www.president.gov.by/press49945.html#doc>>

<sup>60</sup> *Voennaya Doktrina Respublika Belarus'* Ministry of Defence, Republic of Belarus < <http://www.mod.mil.by/doktrina.html>>

<sup>61</sup> *Voennaya Doktrina Rossiiskoi Federatsii* Ministry of Defence, Russian Federation < <http://www.mil.ru/849/11873/1062/1347/1818/index.shtml>>

<sup>62</sup> Danilovich *Playing Games Behind Kremlin Walls*

initiatives for combined CIS joint border defence and air defence.<sup>63</sup> The latter in particular was subject to continuous negotiation within the CIS for almost fifteen years. By contrast joint Russo-Belarusian air defence began in 1996<sup>64</sup> and by all accounts qualitatively improved the air defence capabilities of both states,<sup>65</sup> without significant additional expenditure.<sup>66</sup>

*Integration and the Union State:*

The Russia-Belarusian Union is theoretically, and on paper, the most developed of the various post-Soviet projects for ‘re-integration.’ In reality since the initial signing of the Union State treaty during President Yeltsin’s term very little substance was added to it. The currency union and constitutional founding act that were to provide the foundations for its operation were delayed indefinitely. The final form and purpose of the Union State, or more bluntly, what the Union State is basically *for* remained, vague, and after a period of intense debate about its future in 2002 ended without any agreement being reached, it remained essentially a paper organisation.<sup>67</sup> What is interesting from the perspective of the post-Imperial framework is the way the rhetorical commitment to integration remained unchallenged, and in fact something of a competitive enterprise. Both Putin and Lukashenko worked to portray themselves as the chief proponents of integration and their alternate as unreasonably intransigent.

Lukashenko in particular promoted Russo-Belarusian integration with something akin to a religious fervour. Most analysts of Belarus have concluded that

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<sup>63</sup> Main, Steven “Belarus’ and Russia Military co-operation 1991-2002”

<sup>64</sup> Ibid.

<sup>65</sup> Grazvydas Jasutis, “The Dynamics of Military integration between Russia and Belarus” *Lithuanian Political Science Yearbook*, No.1, pp.211-232 2006

<sup>66</sup> John R.Pilloni, “The Russia-Belarus joint defence agreement” *Slavic Military Studies* 2009, 22(4) pp.543-548 2009

<sup>67</sup> D.R. Marples, “Is the Russia-Belarus Union obsolete?” *Problems of Post-Communism* Vol. 55, No. 1 2008, pp. 17-26

Lukashenko promoted the Union State primarily for instrumental purposes, either by using a ‘new’ Union state constitution as a legal justification for extending his rule (the ‘Yugoslav’ scenario<sup>68</sup>) or, during Yeltsin’s presidency, as a potential vehicle for political advancement even into the Moscow Kremlin itself, as President of a unified state.<sup>69</sup> However, Lukashenko’s successful 2004 referendum removed any legal obstacle to his staying in power indefinitely, while Putin’s successful consolidation of power quashed any prospects of upgrading his office.<sup>70</sup> Yet Lukashenko maintained a strong rhetorical commitment to integration in general and the Union State specifically.

Lukashenko’s chief rhetorical ploy when explaining the continued failure of negotiations over the Union state was to promote a narrative that a cabal of self-interested Russian elites was blocking re-unification efforts – efforts that represented the ‘true’ desire of both the Belarusian and Russian people. During the 2002 breakdown in relations over the Union State Lukashenko went so far as to claim the impossibility of mere politicians preventing Russo-Belarusian integration, which he described as a ‘wave rolling in from both nations.’<sup>71</sup> This also goes some way to explaining his boundless enthusiasm for each round of new talks and negotiations on the Union State long after they had fallen into a steady pattern of fruitlessness, and the Union State had lost instrumental value for Lukashenko himself. For example in September 2005<sup>72</sup> Lukashenko hailed ‘momentous talks’ on the future of the Union

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<sup>68</sup> A. Danilovich, “Russia Belarusian Integration”

<sup>69</sup> Roger Potocki, “Dark days in Belarus” *Journal of Democracy* Vol. 13, No.4 October 2002 pp.142-156

<sup>70</sup> A. Danilovich op cit. p.111

<sup>71</sup> “Belarusian President says integration with Russia cannot be blocked” *RFE/RL Newswire* June 20, 2002

<sup>72</sup> Konstantin Smirnov, “Integratsiya s Belorussei podeshevela” *Kommersant*’ No.167(3251) 7 September 2005

State, only for his December 15 Sochi summit with Putin to virtually avoid the topic entirely.<sup>73</sup>

While Putin used some of the same rhetorical devices as Lukashenko, in a narrative framework that might be termed ‘Slavic Fraternity,’ he strived to define the Union State in much more pragmatic and transactional terms than his counterpart. Putin’s earliest public statements on the Union State emphasised the economic aspects of reunification, stating that the Union state should be geared towards ‘raising the living standards’<sup>74 75</sup> of Russians and Belarusians, and cautioning that there were ‘different forms’ of reunification.’<sup>76</sup>

As relations between the two states deteriorated rapidly after the rift in the summer of 2002, Putin’s rhetoric on the subject became markedly less diplomatic. At the end of June 2002, Putin used the striking metaphor of it being necessary to ‘separate the flies from the cutlet’<sup>77</sup> when dealing with Belarus. Putin also made several public statements publicly reminding Lukashenko of the fact that Belarus’ economy amounted to 3% of that of Russia’s, and dismissing the possibility of an ‘equal’ union with Belarus due to this massive disparity.<sup>78</sup> This fit in with Russia’s general preference for re-ordering its relations with the post-Soviet states on hierarchical grounds.

Nevertheless Putin tried, when possible to seize the mantle of ‘chief integrator’ from Lukashenko and counter the Belarusian narrative that his

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<sup>73</sup> Press Service of the President of the Russian Federation “Nachalo vstrechi s prezidentom Respubliki Belorossiya Aleksandrom Lukashenko” December 15, 2005

<[http://archive.kremlin.ru/appears/2005/12/15/2320\\_type63377\\_98988.shtml](http://archive.kremlin.ru/appears/2005/12/15/2320_type63377_98988.shtml)<

<sup>74</sup> Vladimir Putin, “Vstupitel’noe slovo na zasedanii Vysego Gosudarstvennogo Soveta Soyuznogo Gosudarstva Rossii i Belarus” Kremlin Archive – viewed 12 March 2011

<[http://archive.kremlin.ru/appears/2000/01/26/1322\\_type63377\\_121178.shtml](http://archive.kremlin.ru/appears/2000/01/26/1322_type63377_121178.shtml)>

<sup>75</sup> Ibid.

<sup>76</sup> “Belarusian president bemoans ‘slackening’ in Union with Russia” *RFE/RL Newswire* August 31, 2000

<sup>77</sup> Andrei Piontkovskii, ‘Lukashenko ne khochet byt’ Sub’’yektom” *Novaya Gazeta*, No. 44 June 24 2002, Moscow

<sup>78</sup> Boris Volkhonskii, and Gennadii Sysoev, “Vladimir Putin otvernulsya ot Aleksandra Lukashenko”

administration and the Russian elite in general did not ‘want’ to further integrate with Belarus.<sup>79</sup> The 2002 ultimatum on the future of the Union state in particular, is probably best read as a calculated response to Lukashenko’s gambit of claiming to be ready to go as far as Russia on integration. It is unlikely that Putin believed seriously that Lukashenko would respond positively to the offer of ‘ultimate integration’ – rather the goal was to push Lukashenko towards Russia’s preferred ‘EU-style’ model, and, if he rejected both options, to be able to credibly claim that it was Belarusian, rather than Russian inflexibility, that was preventing further integration.<sup>80</sup>

What is most interesting is the striking degree of longevity enjoyed by the Union State concept, long after it became apparent that the Belarusian and Russian political leaderships had fundamentally irreconcilable positions on its continued development. Like the CIS before it the Union State remained a ‘paper organisation’ but a relatively inexpensive one with a degree of propaganda value. Simply put, the political costs that would be accrued by either side in being seen to have ‘killed’ the Union outweighed even the meagre benefits that its continued existence delivered.

*Transnational Networks and the Russia-Belarus Relationship:*

The Russia-Belarus relationship demonstrates the centrality of transnational governance and economic networks to the post-Imperial framework and Russia’s relations with the other post-Soviet states. The role of networks in setting the tone of the relationship and encouraging coincidence of policy interests and goals can be clearly demonstrated by the contrast between Russo-Belarusian relations in the Security sphere and in other aspects of the political and economic relationship, especially when compared with other post-Soviet states.

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<sup>79</sup> “MID Rossii vyrazil nedovol’stvo neduzhstvennymi vyskazyvaniyami glavy Belorussii” Newsru.com, 26 October 2003 <<http://newsru.com/arch/russia/26oct2003/krit.html>>

<sup>80</sup> “Putin invites Belarus to form federal state as analysts explain Putin’s tactics” *RFE/RL Newline* August 15, 2002 Prague

As explained in the introductory chapter, transnational networks played an important role in creating informal means of inter-elite communication, policy coordination, resource distribution and conflict resolution and the creation of governance ‘rules.’ The Russo-Belarusian relationship was unique among our case studies in that the hyper-centralised nature of the Lukashenko regime made, for all intents and purposes, the presidency the only significant agency in Belarus’ relations with other states. The nomenklatura personnel held over from the Soviet-period were also more used to working as regional administrators, not decision-makers, and fell into line behind Lukashenko due to their comfort with authoritarian leadership as well as dependence upon him for their positions in the state hierarchy.<sup>81</sup> In a sense it is one of the purest examples of the neo-realist conception of the state as a unitary actor.

There is one significant exception – robust, highly developed and regenerative transnational networks *were* present in the Russo-Belarusian security relationship.<sup>82</sup> The security relationship also proved to be the most robust of all the areas of Russo-Belarusian co-operation. By contrast political and economic disputes, particularly in the oil and gas sector proved to be far more acrimonious, often to an even greater extent than with post-revolutionary Ukraine.

This section will begin by examining the security relationship, and the importance of networks to maintaining its collaborative nature, before highlighting how the lack of networks in other policy areas closed off avenues of compromise and dialogue between Russia and Belarus, increasing tensions in the relationship. Before we begin however a key point about transnational networks needs to be reiterated – that they do not ‘resolve’ conflicts, but rather mediate them. The participants in an economic or political governance network are involved in multi-round games where

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<sup>81</sup> Alexander Lukashuk, “Yesterday as Tomorrow”

<sup>82</sup> Ruth Deyermond, “The State of the Union: Military success, economic and political failure in the Russia-Belarus Union’ *Europe-Asia Studies* December 2005, 56(8) December 2005 pp.1191-1205

they accept the possibility of ‘losing’ one round because they may ‘win’ in subsequent negotiations. Lukashenko appears to have not been willing to engage with Russia on these terms, and viewed each new conflict as a discrete single-round ‘game’ in itself. This made conflict mediation and resource allocation a far more difficult prospect.

*Relations Between the Security Elite – a case of networks working:*

The transnational elite networks, which were noticeably absent among Belarusian political and economic elites were quite highly developed and entrenched within the security establishment. The Belarusian general staff at the time of the Soviet collapse was composed largely of ethnic Russians who retained their commissions within the new Belarusian army.<sup>83</sup> The Union State also provided generous funding for Belarusian officer cadets to study at Russian military academies re-generating transnational networks within the officer class as the old guard were cashiered. This also contributed towards the formation of a coherent shared set of analytical, normative and strategic concepts in the Belarusian and Russian officer corps.

The clearest expression of this phenomenon was evident in the adoption of a common military doctrine for the Union State (in the Soviet tradition military doctrine covers virtually all functions of the state in the field of national defence and waging war.) Additionally the national military doctrines of both Russia and Belarus explicitly referred to the defence of the other state as forming a critical element of national security. The Belarusian document goes somewhat further than Russia’s containing several references to the ‘join defence area’ of Belarus and the Russian Federation. This was also reflected in the establishment of joint Russo-Belarusian air

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<sup>83</sup> Charles H. Fairbanks, “II. The Postcommunist Wars” *Journal of Democracy* - 1995 6(4) October 1995, pp. 18-34

defence patrols (PVO) effectively unifying the airspace of the two states for strategic purposes, and the proposed 300,000 strong joint group of forces.<sup>84</sup> For strategic and military purposes then, Belarus and Russia conceived of their territory as a unified defence space, and the national security of the two states as unitary and indivisible.

Given the centrality of security and military concerns in the foundations of the Russo-Belarusian relationship the significance of the 2008 invasion Georgia should not be underestimated. Politically Russia began to move beyond a policy of preventing NATO expansion into the former Soviet Union and towards institutionalising its own security umbrella in the region since the NATO ‘threat’ had largely been seen off. Belarusian security concerns were not strictly compatible with this vision. The Russo-Georgian war aimed at reasserting Russia’s political and military hegemony in the Caucasus and seriously unnerved other post-Soviet leaders, especially after Russia unilaterally recognised South Ossetia and Abkhazia. Belarusian state media refrained from almost any reportage of the war until it was over, and though Lukashenko eventually endorsed the Russian war effort he did not recognise the breakaway republics.<sup>85</sup> In short, the Georgian war was a Russian strategic action that departed quite radically from the strategic mindset developed by the Russo-Belarusian transnational security networks, leaving Belarus unsure how to respond.

The longer term damage to the strategic relationship is extremely difficult to ascertain at this point, but Belarus was increasingly sceptical about the possibility of engaging in qualitatively *new* defence projects with Russia. In 2009, after expressing considerable scepticism over the creation of a CSTO Rapid Reaction Force (CORF)

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<sup>84</sup> It should be noted that this is an administrative creation rather than a physical standing army. In the event of mobilisation the joint group of forces would be formed up from Russian units and the Belarusian army under a unified command.

<sup>85</sup> David Marples, “Outpost of Tyranny? The Failure of Democratisation in Belarus”

Lukashenko refused to attend a June CSTO summit in Moscow (when Belarus held the organisations rotating presidency.) Belarus eventually participated in the inaugural CORF exercises, but CORF has thus far failed to gain significant traction as a policy tool.<sup>86</sup>

The security relationship between Russia and Belarus remains a good example of how robust transnational networks can provide a strong foundation of stability. Despite the major external shock dealt to the relationship by Russia's unexpected invasion of Georgia, the fundamental tenets of Russo-Belarusian security co-operation remained in place. While the expansion of the relationship into new areas remained contentious, this should be expected given President Lukashenko's ultimate authority over such initiatives and the recent souring of relations. The fact that current and existing security arrangements remained virtually outside of political interference is testament to the ability of networks to 'lock in' policies by turning the various agents charged with fulfilling them into stakeholders, rather than functionaries.

*Transnational Networks and the Problem of Russo-Belarusian Relations:*

The task set for the rest of this section is a difficult one – namely to prove that it is the absence of transnational elite networks in governance and economics that best explains the divergence of the Russo-Belarusian relationship from the pattern and 'tone' predicted by the Post-Imperial framework. Indeed, proving a negative is impossible. But when compared with the conduct of Russo-Ukrainian relations in similar issue areas (and in the aftermath of the Orange Revolution, a much more politically tense atmosphere) a pattern soon emerges. In the Ukrainian case Russia demonstrated an ability to use networks to cultivate domestic Ukrainian

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<sup>86</sup> Roger McDermott, "CSTO Rapid Reaction Forces get off to a discouraging start" in *Radio Free Europe* August 27, 2009  
<[http://www.rferl.org/content/CSTO\\_Rapid\\_Reaction\\_Exercises\\_Get\\_Off\\_To\\_Discouraging\\_Start/1808735.html](http://www.rferl.org/content/CSTO_Rapid_Reaction_Exercises_Get_Off_To_Discouraging_Start/1808735.html)>

constituencies in support of preferred Russian domestic and foreign policies. Near the end of the Yushchenko presidency Russia was able to bypass bilateral relations with the Ukrainian presidential administration entirely in favour of dealing with more agreeable Ukrainian domestic political constituencies. By contrast the hyper-centralised and hierarchical nature of the Belarusian political system foreclosed this option in Russo-Belarusian relations, leading to a far more adversarial relationship.

The elite political class in Belarus (as explored elsewhere in this chapter) formed in a fundamentally different fashion under different sets of circumstances than the other post-Soviet states under study in this thesis. The ‘normal’ pattern is for actors and groups with powerful economic and/or political constituencies to gain entry into the ranks of the elite, or ‘nomenklatura’, by virtue of their relative political strength and the need for the governing authorities to take this into account when distributing power and economic resources.<sup>87</sup> By contrast the Belarusian system under Lukashenko was marked by its rigidly hierarchical nature and hyper-centralisation. The prevention of the nomenklatura from obtaining significant private property rights prevented political elites from emerging as autonomous actors with their own power bases.<sup>88</sup> Rather political power and status was almost exclusively patrimonial and derived from the favour and support of President Lukashenko. It could be revoked at any time. There were therefore no incentives, or opportunities, for forming extensive transnational networks. This meant that Russia could not as a general rule circumvent Lukashenko, or even build support for policy preferences by co-opting Belarusian nomenklatura constituencies, as any ‘stakeholder’ cannot assure the security of his or her tenure.

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<sup>87</sup> Kimitaka Matsuzato, "Semipresidentialism in Ukraine: Institutional Centristism in Rampant Clan Politics" *Demokratizatsiya: The Journal of Post-Soviet Democratization* Winter 2005, 13(1)

<sup>88</sup> A. Lukashuk, "Yesterday as tomorrow"

There were a number of policy areas where the failure of Belarus and Russia to achieve a policy consensus can be attributed to the lack of transnational networks. The conflict on the direction of the Union State in 2002 and 2003; the conflict over hydrocarbon exports and subsidies that was a feature of more or less the entirety of the Belarusian relationship between 2000-2010; and the further development of the CIS customs union. All of these issues (except perhaps the Union State) had analogous counterparts in the Russo-Ukrainian relationship. Additionally in the Ukrainian case Russia was able to cultivate domestic Ukrainian constituencies and offer economic benefits in return for policy support – in the energy sector in particular. While the frequent Russo-Ukrainian gas disputes garnered more attention due to their effects on European energy supplies, Belarus' energy conflicts with Moscow became open 'gas wars' earlier in the Putin presidency, took longer to resolve and arguably had a far more deleterious effect on the diplomatic relationship than Ukraine's. In the Ukrainian case Russia was able to use agencies such as Itera and RUE to distribute energy 'rents' to Ukrainian policy actors, presumably in return for support of, or at least acquiescence to, Russian policy. No such mechanism existed in Belarus.

The first case mentioned above, the debate on whether to move forward with monetary union or a constitutional 'founding act' for the Union State was ostensibly one over 'sequencing.' For such a seemingly minor dispute the rhetoric and diplomatic damage that surrounded the issue was extreme, leading to; President Putin delivering an ultimatum to Belarus that the Union State either be reconceived as an EU style economic union or simple absorption of Belarus into the Russian

Federation;<sup>89</sup> President Lukashenko's angry rejection of this ultimatum and infamous comparison of Putin to Stalin; an abortive Belarusian attempt to re-orient its foreign policy towards the west; and the effective cessation of any further attempts to introduce substantive content into the 'Union State' and its consignment to the large number of post-Soviet groupings that continue to exist on paper, but not as effective political organisations..

The ultimate policy goals of each side at this time were readily apparent – Russia's push for a currency union and economic integration indicates the priority of promoting and enabling economic penetration and Russian investment in the Belarusian economy. Lukashenko's interference in the planned privatisation of Baltika brewing cost Russian business interests considerably and strengthened the case for gaining further economic control over Belarus. Lukashenko on the other hand desired a constitutional founding act to entrench Belarusian equality in dealings with Russia, and to consolidate his position either through a powerful role in a supranational body, or by securing a third term in Belarus under the so-called 'Yugoslav scenario.'<sup>90</sup>

Russia should have been able to make a convincing case to the Belarusian public and sections of the elite as to the benefits of currency union. Supplanting the relatively weak Belarusian rouble with the Russian rouble would have effectively amounted to a massive subsidy to the Belarusian public, at the expense of Russian fiscal stability. Indeed currency union was initially proposed as a means of encouraging Belarusian voters to support Vyachelsav Kebich in 1994.<sup>91</sup> Additionally Belarus' economy is extremely dependent on exports to Russia, and would stand to

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<sup>89</sup> Roger Potocki "Darks Days in Belarus" *Journal of Democracy* - Volume 13, Number 4, October 2002, pp. 142-156

<sup>90</sup> The argument being that the Union State Constitution would in effect replace the prior Belarusian constitution and its term limits as a technically 'new' state had been formed.

<sup>91</sup> A. Danilovich, *Russian-Belarusian Integration* p.44

benefit from currency union. However the issue became focused on both Belarusian sovereignty and Lukashenko's freedom to set fiscal policy – Belarus demanded as part of any currency unification deal that the Belarusian central bank retain the right to emit currency, a proposal clearly unacceptable to Russia as it would have allowed Belarus to emit unlimited roubles and stick Russia with the resultant inevitable costs of inflation. With a well developed network of transnational economic interests the Russian case would probably have won the day – the economic benefits to Belarusian private business interests would have exerted upward pressure on the President to find an accommodation with Russia and to forge ahead with the economically beneficial currency union. In reality each side became more intransigent.

Lukashenko made a tactical gamble at the beginning of August 2002, declaring Belarus was willing to go 'as far as Russia' in integration.<sup>92</sup> The gamble backfired and Putin responded by publicly presenting Minsk with two options – a much looser EU style economic union, or the full incorporation of Belarus as the 90<sup>th</sup> subject of the Russian Federation (the 'ultimate unification' option.)<sup>93</sup> In all likelihood Moscow did not expect Minsk to accept 'ultimate unification' and the ultimatum seems to have been delivered with the aim of pushing Belarus towards the EU model, one based primarily on economic integration and unification. This is supported by Russian Foreign Minister Igor Ivanov's public endorsement of this model a few weeks earlier.<sup>94</sup> Russian and Belarusian analysts interpreted the move as one to seize

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<sup>92</sup> "Belarusian President prepared to match Moscow in union with Russia" *RFE/RL Newline* August 13 2002

<sup>93</sup> Andrei Kolesnikov, "Aleksander Grigorievich menyaet professiyu" *Kommersant* No. 144(2513) 15 August, 2002

<sup>94</sup> Svetlana Babaeva, "Igor' Ivanov, ministr inostrannykh del: 'Glvanoe – chtoby vneshnyaya politika ne privodila k rackolu vnutri strany'" *Izvestiya* 9 June, 2002 < <http://www.izvestia.ru/news/264146>> Accessed July 15, 2011

the policy agenda, to drive Belarus down a preferred course or at least to promote a narrative that Minsk, not Moscow, was the main obstacle to unification.<sup>95</sup>

Lukashenko's response came several days later – in Minsk he publicly compared Putin to Lenin and Stalin and declared that the detailed timetable for 'ultimate unification' Putin presented in August was given to him by his aides at the last moment<sup>96</sup> - a direct insult to the Russian President. The rhetorical posturing of both sides notwithstanding, the implications were clear – Russia, in effect, publicly demanded that any integration with Belarus would be conducted on a hierarchical basis, with Minsk as the junior partner. The situation escalated throughout the rest of 2002 ending when Belarus' attempt to re-orient its foreign policy towards the West ended in public failure when the US and EU instituted Visa bans against several top Belarusian officials, and Lukashenko was forced to return to the Kremlin in supplication.<sup>97</sup>

By contrast, while there was considerable disagreement within sections of the Ukrainian elite over the Common Economic Space (see the Ukrainian Politics chapter) Russian ability to gain support for the project among certain crucial Ukrainian constituencies, as well as its well developed links with the Ukrainian nomenklatura elite as a whole convinced the Kuchma administration to move forward with the project.

The political fallout of Russia's attempts to reduce hydrocarbon subsidies for Belarus also stands in stark contrast to that in Ukraine. While the basic goals of Russia's energy policy in both states has been the same – namely maximising the profitability of exports and regaining direct control over transmission facilities and

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<sup>95</sup> "Putin invites Belarus to form federal state as analyst explains Putin's tactics" *RFE/RL Newslines* August 15, 2002

<sup>96</sup> Tat'yana Rubleva, "Lukashenko publichno oskorbil Putina" *Izvestiya* 22 August, 2002 <[http://www.ng.ru/cis/2002-08-22/5\\_lukachenko.html](http://www.ng.ru/cis/2002-08-22/5_lukachenko.html)>

<sup>97</sup> "Lukashenko subdued" *RFE/RL Newslines* December 17, 2002

associated industrial assets – the means have been subtly different. Russia was particularly successful in making itself a key player in the provision (if not direct allocations) of energy ‘rents’ to different Ukrainian interest groups that were a crucial part of Ukrainian politics, even following the Orange Revolution, and thus cultivating stakeholders with an interest in preserving these revenue streams. While disruption to supplies and high level political disputes over gas prices have been common, in retrospect these disagreements have not been as deep as those with Belarus.

The answer to this puzzle once again lies in the question of networks, and the paucity of independent actors in the Belarusian hydrocarbon industry. Belarus’ oil transit and refining infrastructure are all state owned and the cash earned from re-export of duty-free and discount oil and gas is all redirected towards state coffers. This money was vital for maintaining the Belarusian neo-socialist economic model, and thus the social stability upon which President Lukashenko legitimised his authoritarian rule. Instead of a multi-player game where Russia could divide and rule, Russia had to negotiate, effectively, directly with Lukashenko who has no incentive to acquiesce to steep rises in energy tariffs.

The process of raising energy tariffs was therefore extraordinarily acrimonious. The first open dispute over gas tariff rates after Belarus and Gazprom failed to agree a new contract at the end of 2003 was not fully resolved until June of 2004.<sup>98</sup> Belarus was forced to procure gas from third party energy suppliers such as Itera, at roughly the tariff rate being demanded by Gazprom in the first place. At the end of 2004 it appeared as if this process would repeat itself, but the need to prevent any potential destabilisation of Belarus in the aftermath of Ukraine’s ‘Orange Revolution’ convinced Russia to switch to a strategy of bolstering Lukashenko’s

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<sup>98</sup> Chloe Bruce, “Fraternal friction or fraternal fiction? The gas factor in Russia-Belarusian relations” Oxford Institute for Energy Studies, NG8 March 2005

regime as a bulwark against the ‘Orange virus’ and to table the issue of increasing gas tariffs until after the 2006 Presidential elections in Belarus.<sup>99</sup> However, after Lukashenko had secured re-election, Russia was swift to settle the energy issue decisively.

The 2007 Russo-Belarusian agreement on tariff increases was remarkably similar to the 2009 Russo-Ukrainian agreement in that it established a schedule for a staggered increase in gas tariffs (albeit on a slightly longer time scale given that Ukrainian gas tariffs were already closer to European market rates.) Under the agreement Russia also finally managed to acquire a majority stake in BTG after years of disputes over the proper valuation of the company.<sup>100</sup>

There are two key lessons to be drawn from the differences in the conduct of the ‘energy war’ between Russia-Belarus and Russia-Ukraine. The post-Imperial networks of stakeholders in Ukraine allowed Russia to negotiate increases in the tariff rate by manoeuvring among stakeholders, including and excluding actors as the situation demanded. While high-profile conflicts did break out the entire process was generally less contentious – by the end of 2008 negotiations over tariff rates were being conducted quite cordially between Putin and Tymoshenko, one time political mortal foes. By contrast in Belarus, the political fallout of the gas crisis was quite extreme with Lukashenko accusing the Kremlin of attempting to ‘crush and choke’<sup>101</sup> Belarus, contributing to an already fraught working relationship. Ultimately, Ukraine was also far more successful in delaying the process of price increases and asset privatisation than Belarus. The former was more adept at adapting to the changing

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<sup>99</sup> Thomas Ambrosio, “Insulating Russia from a Colour Revolution: How the Kremlin resists regional democratic trends” *Demokratizatsiya* Vol 14, No. 2 April 2007, pp.232-252

<sup>100</sup> “Gazprom kupil 50% aktsii Beltransgaza” *Kommersant*’ 18 May 2007  
<<http://kommersant.ru/News/999495>>

<sup>101</sup> Press Service of the President of the Republic of Belarus “Aleksandr Lukashenko vstretilsya liderom KPRF Gennadiem Zyuganovym” 30 January, 2007 <<http://www.president.gov.by/press38510.html#doc>>

circumstances each year, while the roadblocks thrown up by the latter were largely overcome by Russia through sheer persistence.

Ultimately the absence of networks made Russia's energy policy towards Belarus far more coercive and 'brute force' based, than the process of negotiations with Ukraine, contributing to a deteriorating elite level political relationship and arguably the opinion of Belarusian citizens towards Russia in general.

*The shift in Belarus' Internal Politics – 2007 onwards:*

Prior to 2007 the Belarusian elite was largely composed of three 'clans' ruled over by the President. The *Shklov-Mogilev* clan is named after the Belarusian oblasts of the same name, Lukashenko's home and regional power base. It is made up of functionaries and personal friends of the President's from Shklov-Mogilev who could be trusted to fill offices with a minimum of competence and to remain loyal to the President. The *nomenklatura* or 'technocratic' clan was made up of professional bureaucrats and administrators who provided the institutional knowledge and technical expertise necessary for the functioning of the regime. Finally the *siloviki* clan, like its analogues in the other post-Soviet states, was made up of members of the police and state security apparatus. It was primarily responsible for policing the other clans – in particular preventing the *nomenklatura* from gaining economic autonomy by 'privatising' state assets. Lukashenko maintained power not by 'balancing' the clans (as Putin and Kuchma did) but through skilful elite management, constant rotation of personnel into different jobs and regions, and of course the periodic 'anti-corruption' campaigns of the *siloviki*.<sup>102</sup>

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<sup>102</sup> K. Kłysiński, and A. Wierzbowska-Miazga, "Changes in the Political Elite, Economy and Society of Belarus: Appearances and Reality" *OSW Studies* No. 30 2009, Warsaw

After Lukashenko's re-election and consolidation of power in 2006, Russia moved quickly to eliminate the regime of economic subsidies to Belarus. This was achieved swiftly, and Belarus acceded to a transition to market rates in gas tariffs by 2010 as well as the elimination of several subsidies through favourable tax-collection regimes on oil exports in 2007. Russia's move towards cutting off economic subsidies necessitated fundamental changes in the Lukashenko regime and allowed the more 'liberal' *nomenklatura* section of the Belarusian elite to assert itself by sidelining the 'conservative' *siloviki* clan. Viktor Lukashenko, the president's son, proved sympathetic to the concerns of the *nomenklatura* and provided them cover in their struggles with the *siloviki* and aided them in lobbying for a new 'social contract' with the President.<sup>103</sup>

At the root, the change in the *nomenklatura* power structure is a change in the economic power structure and hierarchy of the regime. Indeed, the trigger for the elite reshuffle that created 'the Family' was an economic dispute between Viktor Lukashenko and *siloviki* leader Viktor Sheiman.<sup>104</sup> Sheiman's fall from grace and power was both swift and stunning – he is widely believed to have been primarily responsible for the 'disappearances' of the late 1990's and thus privy to information could seriously threaten Lukashenko's position – and removed one of the key internal checks in the Belarusian regime. They prevented the *nomenklatura* from converting their access to revenue streams to *ownership* over revenue producing enterprises themselves, and thus gaining a degree of independence from the presidency.<sup>105</sup> But the conservative mind-set of the *siloviki* also acted as a check on the regime implementing internal economic liberalisation and political reform – preconditions for

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<sup>103</sup> Ibid.

<sup>104</sup> K. Kłysiński, and A. Wierzbowska-Miazga, "Changes in the Political Elite, Economy and Society of Belarus: Appearances and Reality"

<sup>105</sup> Ibid.

any serious move towards Europe and away from political and economic dependency on Russia.

The catalyst for this major shift in the regime centred on an episode involving the KGB, a real estate development company involved with Viktor Lukashenko, the State Control Committee (which dealt with property) and the Ministry of Internal Affairs. KGB attempts to gain a share in the real estate development irritated Lukashenko, and the SCC and MIA initiated an investigation into *siloviki* economic interests in the hydrocarbon sector, revealing serious violations. SCC Chairman Zyamon Lomats (a member of the Shklov-Mogilev clan and, apparently, a personal friend of the President) had recently replaced Anatoly Tozik (a member of the *siloviki* loyal to Viktor Sheiman.) In retaliation several KGB and Security Council officials assaulted Lomats on July 12 2007. Once the affair became public, Lukashenko purged the senior ranks of the KGB, weakening Sheiman's position. After an unusual bomb attack in Minsk in 2008, Sheiman was removed from his post on the Security Council and Viktor Lukashenko installed in his place, effectively disbanding the *siloviki* nomenklatura clan.

President Lukashenko's own involvement in this series of events is difficult to tell for certain. Viktor Lukashenko was a crucial player at key points during the affair, and was the chief political and economic beneficiary. Sheiman lost his position as the effective 'second man' of the state, and the *siloviki* ceased to play a front line role in setting the political and economic agenda of the state. That role was henceforth filled by 'The Family' clan (under Viktor Lukashenko) which promoted and protected the *nomenklatura* clan (under Prime Minister Syarhei Sidorskii) with other roles being

filled by the President's own 'Shklov-Mogilev' clan (made up of loyal associates and cronies from Lukashenko's home region.)<sup>106</sup>

Changes in the domestic and foreign policy of Belarus proceeded quite quickly after this re-organisation. In late 2007 Prime Minister Sidorski began promoting an agenda of attracting FDI through privatisation and Lukashenko gave his assent and in March 2008 Lukashenko abolished the 'golden share' rule. Combined, these new laws effectively legalised foreign ownership of significant Belarusian economic assets for the first time in the history of independent Belarus. Also in March 2008, the Belarusian national bank, railways and several other industries announced plans to sell off shares to company officials. In practice this allowed the *nomenklatura* to acquire property legally and with a minimum expectation that their rights of ownership would be respected. Additionally, while the issue has not been resolved at the time of writing, the State Property Committee proposed to raise the cap on property transactions subject to presidential control from the current cap of roughly US\$16,500, to US\$16.5 Million. In sum, to save his political career in the face of the curtailment of Russian subsidies, Lukashenko had to cede significant economic rights and autonomy to his subordinates. Previously, the proscription of said rights formed part of the bedrock of his authoritarian structure of power.

The programme of economic liberalisation in Belarus also, predictably, led to an influx of Russian capital, despite attempts by the Belarusian *nomenklatura* to prevent it. The banking sector in particular saw major acquisitions by Russia's VTB Bank, Gazprombank and Vneshecombank, as well as Ukrainian and Kazakh investors. Major investment by Russia in other sectors was somewhat curtailed as the global financial crisis of 2008 significantly reduced the availability of capital for

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<sup>106</sup> Ibid.

investment. But in principle, Russia's primary strategic goal towards Belarus, forcing liberalisation and gaining the ability to purchase industrial and economic assets, was achieved. But the price has been the empowerment of a new class of elites in Belarus less wedded to prior normative conceptions of the Russo-Belarusian relationship. For Viktor Lukashenko and his clan castigating the West as an enemy of Belarus is an instrumental tactic at best. In fact after the ascension of 'the Family' and the war in Georgia, Belarus engaged constructively with the EU through the Eastern Partnership to a degree that would likely have been regarded as impossible prior to 2008 and which apparently unnerved the Kremlin.<sup>107</sup>

In 2009 for example Lukashenko struck a far more cautious and conciliatory tone with Europe than is normally his style. Belarus also undertook significant steps to attract western investment by loosening up its tight business regulations and earning praise from the World Bank as one of the 'top reformers' of 2008.<sup>108</sup> Lukashenko went even further in 2009 by easing up on domestic repression, mooting the possibility of bringing elements of the opposition into the government,<sup>109</sup> and even freeing presidential candidate Alexander Kazulin in response to EU demands.<sup>110</sup> When informed that his presence at a May 2009 ENP summit would be disruptive, Lukashenko tactfully stayed away and was rewarded with a visit from Italy's Silvio Berlusconi later that year<sup>111</sup>. Most importantly, Lukashenko resisted major Russian pressure to recognise Abkhazia and South Ossetia in the face of clear warnings from Europe that doing so would irrevocably alienate Belarus from the ENP.

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<sup>107</sup> Ahto Lobjakas, "Eastern Partnership – the EU's accidental Sphere of influence" *Radio Free Europe News Analysis* 7 May, 2009

<sup>108</sup> *Doing Business 2009* The International Bank for Reconstruction and Development/The World Bank, Washington 2008

<sup>109</sup> Michael Stott and Ron Popeski, "Lukasheka ready to consider more Belarus reforms" *Reuters* May 5, 2009 <<http://uk.reuters.com/article/2009/05/05/us-belarus-lukashenko-idUKTRE5441WJ20090505>>

<sup>110</sup> "Jailed Belarusian Opposition leader granted prison leave" RFE/RL Newline, August 16 2008, Prague <<http://www.rferl.org/content/Article/1191573.html>>

<sup>111</sup> *RIA-Novosti* 'Berlusconi pribyl v Minsk' 30 November 2009, <<http://rian.ru/world/20091130/196271391.html>>

It is unclear at this point whether Russian economic power and investment will be sufficient to ‘capture’ a liberalised Belarus and secure its place in the Russian ‘orbit.’ But what is clear is that Russia’s ability to exert direct economic pressure on Belarus through its ‘hard power’ links has allowed it to significantly, if indirectly, influence the domestic political power structure of Belarus and reshape it in a direction more amenable to Russian interests. How Belarus will respond to increased Russian economic penetration in the next decade is beyond the scope of this study – but the fact that Russia has been able to *open* Belarus to economic penetration in the first place must count as a victory for Russian foreign policy objectives.

*The 2010 Presidential Elections and the limits of liberalisation:*

Despite the signals for potential change displayed in 2008 and 2009, the 2010 presidential election in Belarus demonstrated the limited capacity for reform of the Lukashenko regime and its strategy of playing Russia and the West off one another. It also showed that despite Belarus’ engagement with the Eastern Partnership, Russian potential to influence or destabilise the Lukashenko regime remained far greater than that of any other outside actors.

Lukashenko’s rhetoric and actions in the run-up and aftermath of the elections most clearly displayed the limits of liberalisation in Belarus under his leadership. In particular Lukashenko’s reaction to the violent ouster of Kermanbek Bakiyev in Kyrgyzstan was telling. Despite Russia’s quiet support for the Kyrgyz opposition, Lukashenko granted Bakiyev asylum, defended his decision to shoot protesters, and publicly declared his willingness to use violent repression to preserve his position in power.<sup>112</sup> During the campaign itself the Belarusian authorities allowed an unprecedented number of opposition candidates to register for the race, and even

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<sup>112</sup> Yuri Drakahrust, “Why Lukashenka will not surrender Bakiev” *Radio Free Europe Transmission*, May 14 2010  
<[http://www.rferl.org/content/Why\\_Lukashenka\\_Will\\_Not\\_Surrender\\_Bakiev/2042659.html](http://www.rferl.org/content/Why_Lukashenka_Will_Not_Surrender_Bakiev/2042659.html)>

allowed them access to state media during the campaign.<sup>113</sup> However as soon as the elections ended, a crackdown on opposition protests and leaders was ordered that was remarkably brutal even by Belarusian standards. The more ‘open’ campaign appears to have been an attempt to further rapprochement with the EU and USA, but its aftermath demonstrated Lukashenko’s commitment to preventing the formation of any effective political opposition within Belarus. Given that some measure of political liberalisation remained a non-negotiable prerequisite for further engagement with the West, the 2010 election effectively negated the prior two years of effort towards greater engagement, leaving Russia again as the ‘ally of last resort.’

Russia’s position on the 2010 elections was (prior elections) decidedly ambiguous. Official rhetoric between the two states became more hostile. In the summer of 2010 Russian state television broadcasted a highly critical documentary on Lukashenko titled *Krestny Batka* – ‘The Godfather.’ As the title suggests, Lukashenko was portrayed in the film as more the leader of a criminal enterprise than a statesman. Lukashenko’s responsibility for the ‘disappearances’ of the early 2000’s was heavily implied. Embarrassing quotes (such as Lukashenko’s professed admiration for Adolf Hitler) were featured prominently.<sup>114</sup> In October, President Medvedev devoted a video blog to attacking ‘anti-Russian rhetoric’ from the Belarusian authorities.<sup>115</sup>

Lukashenko responded with his own verbal attacks, accusing Russian business interests of financing the Belarusian opposition,<sup>116</sup> and even made a brief foray into

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<sup>113</sup> Olga Allenova, “Oppozitsiya okazalas’ sovsem ne v tele”, *Kommersant*’ No. 225 (4525) 6 December 2010, < <http://kommersant.ru/doc/1552428?isSearch=True>>

<sup>114</sup> Pavel Sheremet, “Kino i bat’ka” *Ogonek*, No. 32 (5141) 16 August 2010 < <http://kommersant.ru/doc/1481179?isSearch=True>>

<sup>115</sup> Dmitri Medvedev, “Bessmyslennaya polosa napryazheniya v otnosheniyakh s Belorussiei obyazatel’no”, *Videoblog Prezidenta Rossii*, 30 October 2010 < <http://blog.kremlin.ru/post/111>>

<sup>116</sup> “Lukashenka accuses Russian businesses of financing opposition” *RFE/RL Newslines* October 1 2010, <[http://www.rferl.org/content/Lukashenka\\_Accuses\\_Russian\\_Business\\_Of\\_Financing\\_Belarus\\_Opposition/2174187.html](http://www.rferl.org/content/Lukashenka_Accuses_Russian_Business_Of_Financing_Belarus_Opposition/2174187.html)>

attempting to curry the ‘nationalist’ vote by speaking fluent Belarusian in a pre-election television appearance.<sup>117</sup>

However as with prior election cycles, Moscow’s heavy hints that it might back an alternative to Lukashenko ultimately came to nothing and a ‘better the devil you know’ policy was pursued. Accordingly, in December 2010 just a few weeks prior to the presidential polls Russia announced the lifting of oil tariffs on exports to Belarus, and both sides made public re-commitments to the cause of further political and economic integration. This does not negate the point made at the start of the section about the superiority of Russian influence in Belarus. Rather it simply shows that Russia’s potential means of influence were exceedingly ‘blunt’ and coercive. It had the ability to destabilise the Lukashenko regime but not the ability to pick its successor, or influence policy more precisely through transnational networks. Still, the failure of the Eastern Partnership shows that this imperfect and limited influence was still superior to the West’s virtual lack of influence.

In sum the 2010 elections demonstrated again the determinative nature of the Lukashenko regime over the possibilities of Belarusian foreign policy. As Lukashenko could not countenance the kind of genuine political competition required for rapprochement with the West, he had to align with Russia. And because Russia was unable to exercise influence through networks of transnational political and economic actors, it had limited options for influencing the behaviour of the regime (as it’s continued refusal to recognise South Ossetia and Abkhazia demonstrated) but continued to support it as the ‘least bad’ option.

*Conclusions:*

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<sup>117</sup> Lukashenko has made several public statements disparaging the Belarusian language, and up until 2010 all of his public speeches had been delivered in Russian.

As should be increasingly apparent at this point, the Russo-Belarusian relationship during 2000-10 was far more antagonistic than has been assumed. Numerous individual issues have sparked off confrontation between Minsk and Moscow, but structure of the relationship through which these confrontations have played out has been more important in setting its tone and accounting for the extraordinary volatility and acrimony in what is still arguably the closest of Russia's post-Soviet relationships.

The main divergence of the Belarusian case has been the absence of a complex series of networked relationships between both the Belarusian and Russian states and economies, which in Ukraine and Kazakhstan have provided the 'shock absorbers' of the overall bilateral relationship. As differences of policy preference arise, networks provide the means for distributing 'wins' and 'losses' arising throughout the system and influencing policy compromises. By contrast Lukashenko's Belarus is an almost pure autocracy. Coupled with the dependence of his regime upon economic subsidies which became the main article of contention with Putin, the 'losses' from policy disputes quickly accrued solely to his own position, making resistance the only possible course.

The exception to this trend in Russo-Belarusian relations has been the security sphere, in which relations are highly networked – and as a result were far more collaborative and have been largely insulated from political turbulence. The next section will look in more detail at the 'hard power' economic factors in the relationship, before attempting to sum up more thoroughly.

CHAPTER NINE: ECONOMIC ISSUES IN THE RUSSIA-BELARUS  
BILATERAL RELATIONSHIP

*Introduction:*

The economic component of the Russo-Belarusian relationship was practically the axis upon which virtually the entirety of the relationship revolved. The reason for this is simple enough – the legitimacy of Alexander Lukashenko’s presidency was based in large part upon his ability to minimise the economic disruption of the post-Soviet transition,<sup>1</sup> maintain an economy based along neo-Soviet lines<sup>2</sup> and ‘keep the system going.’<sup>3</sup> Russia was vital to this endeavour because a) the Soviet Belarusian economy was developed almost entirely as an adjunct and ‘assembly line’<sup>4</sup> to the Russian industrial heartland of the USSR and the Warsaw pact states<sup>5</sup> b) the enormous inefficiency of the Belarusian economy<sup>6</sup> required massive external subsidisation, mainly in the form of discounted energy resources,<sup>7</sup> which only Moscow was willing or able to supply.<sup>8</sup> Without Russia’s markets, or its largesse, the entire regime of Belarusian state authority constructed by Lukashenko would collapse. Hence we see the tensest periods of the Russo-Belarusian political relationship, particularly the end of 2003 and after Lukashenko’s 2006 re-election, map onto instances where Russia attempted to change the basic terms of the economic relationship.

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<sup>1</sup> D. Mario Nuti, *Russian and East European Finance and Trade* Vol. 36, No. 4 (Jul. - Aug., 2000), pp. 45-79

<sup>2</sup> Sergei Korol, “Belarus: Zombie Economy” *Transitions Online*, issue: 04/28 /2009

<sup>3</sup> Julia Korosteleva, “Continuity over change: Belarus, financial repression and reintegration with Russia” in Neil Robinson, ed. *Reforging the weakest link : global political economy and post-Soviet change in Russia, Ukraine and Belarus*, Aldershot, Ashgate, 2004

<sup>4</sup> Alex Danlivoch, *Russia-Belarus Integration: Playing games behind the Kremlin walls* Aldershot, Ashgate 2006 p.33

<sup>5</sup> Yu. F. Godin, *Rossiia i Belorussiya – na puti edineniyu Mezhdunarodnye Otnosheniya*, Moscow 2001

<sup>6</sup> Sergei Korol op. cit.

<sup>7</sup> Stephan Barisitz, “Banking in Belarus: on a trajectory of its own?” *Financial Stability Report 2007* issue 14, pp 85-103

<sup>8</sup> David R. Marples, “The Energy Dilemma of Belarus: The nuclear power option” in *Eurasian geography and economics* 2(49) March-April 2008 pp.215-227

This study has laid out several ‘markers’ in describing what constitutes a post-Imperial economic relationship. Firstly is the maintenance and exploitation of Imperial era ‘hard power’ economic assets – transit routes, oil and gas pipelines, oil refineries and storage facilities etc. Second, but of critical importance, is the maintenance of transnational ‘soft power’ networks of influence and exchange, and their occasional regeneration through the training and recruitment of new cadres within existing networks. Thirdly is post-imperial economic penetration by the former hegemon through investment and acquisition of economic assets, primarily aimed at reconstructing Imperial-era ‘value chains’ of production. The centrally administered nature of the Soviet economy served to reinforce these trends.

At this point it is worthwhile exploring the political-economy of the Lukashenko regime in slightly more detail in order to better explain its relation to foreign economic policy. One feature of particular importance is the fact that the Belarusian nomenklatura was prevented from achieving economic security and autonomy from the executive through legalising profit-flows and obtaining private property rights. This prevented the emergence of independent power bases from which the authority of the President might be challenged, as well as making the hierarchy of state power completely dependent on the executive and isolated from society beyond it.<sup>9</sup> More importantly for our purposes this elite was prevented from forming or maintaining transnational networks that could formulate and communicate mutually beneficial economic policy with foreign partners.

This was one of the key reasons for the considerable friction in the Russo-Belarusian economic relationship. The regime of energy subsidies was also crucial in the context of the unreformed and energy intensive Belarusian economy. By allowing

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<sup>9</sup> Alexander Lukashuk, “Yesterday as Tomorrow: Why It Works in Belarus” *East European Constitutional Review* Vol. 7 No. 3 Summer 1998

the executive to effectively dictate energy rates and quotas for Belarusian industry, Russia aided Lukashenko in liquidating the power of the so-called ‘Red Directors’ and furthering the dependence of economic actors on the President. Up until 2007 the Belarusian political elite were able to support themselves by gaining access to capital flows, but were unable to convert control over assets into ownership of property<sup>10</sup> – effectively allowing Lukashenko to withdraw their access to revenue streams practically at will.

Under Putin, both Russian priorities in the post-Soviet space and policy towards Belarus underwent significant shifts. Broadly speaking the geo-strategically focused agenda of the Yeltsin regime, which was content to extend economic subsidies virtually indefinitely in return for political loyalty from Minsk, was replaced by a geo-economic paradigm. Putin evaluated the ‘health’ of Russo-Belarusian relations according to different criteria – how beneficial the relationship was to Moscow’s coffers and domestic prosperity more broadly – and with different objectives – seeking to influence and control Belarusian political developments through economic penetration – which Belarus traditionally resisted.<sup>11</sup> Russia was increasingly drawn to a narrative<sup>12</sup> viewing the Yeltsin-era arrangements as a form of economic parasitism.<sup>13</sup>

Putin’s geo-economic model did not necessarily demand an unsympathetic stand from Moscow towards Minsk in the economic sphere, but the relative sizes of the two economies (Belarus’ is at best roughly 3-4% of Russia’s<sup>14</sup>) made the kind of

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<sup>10</sup>K. Kłysiński, and A. Wierzbowska-Miazga “Changes in the Political Elite, Economy and Society of Belarus: Appearances and Reality” *OSW Studies* No. 30 2009, Warsaw

<sup>11</sup> Kirril Koktsyh, “The Belarusian Policy of Russia: the Era of Pragmatism” *International Issues & Slovak Foreign Policy Affairs* Issue 2, 2006 pp.18-29

<sup>12</sup> I. Klinke, “Geopolitical Narratives on Belarus in Contemporary Russia”

<sup>13</sup> A. Piontkovskii, ‘Lukashenko ne khochet byt’ Sub’’yektom” *Novaya Gazeta*, No. 44 June 24 2002, Moscow

<sup>14</sup> World Bank, *World Development Indicators 2009* World Bank, Washington DC

‘deep’ economic integration promoted, at least rhetorically, by both sides impossible under the conditions of ‘equality’ demanded by Belarus. But, as mentioned briefly above, structural factors linking Belarus’s economy to that of Russia made economic re-orientation towards the West equally impossible, at least under the current political regime. The first major reason for this state of affairs was the continued energy-intensive and energy-dependent nature of the Belarusian economy, designed during the Soviet period when it was assumed supplies of cheap gas and oil would be maintained indefinitely. In the post-Soviet era, energy dependence yoked Minsk to Moscow due to the near total absence of alternative suppliers.

It is also of vital importance that the Belarusian economy was a product of Soviet central planning. Belarusian industry and economic assets did not emerge from the comparative economic advantages offered by the state, but rather to operate as a manufacturing and assembly centre supplying the needs of the USSR and the Warsaw Pact states.<sup>15</sup> In keeping with the status quo oriented mindset of the Lukashenko regime, Belarus did not significantly downsize its excess manufacturing capacity – indeed it had the lowest fall-off in GDP of the post-Soviet states.<sup>16</sup> Access to the vast export markets of Russia and to a lesser extent the CIS, effectively the only countries in which medium-quality but low-price Belarusian goods are competitive, was essential to maintaining this hypertrophied industrial base and Belarus’ position as an assembly-line adjunct of the Russian economy.<sup>17</sup> Production and value chains formed during the Soviet period were also important in maintaining economic ties, particularly with regards to military-industrial co-operation and defence products<sup>18</sup>.

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<sup>15</sup> S. Korol “Zombie Economy”

<sup>16</sup> Grigory Ioffe, “Understanding Belarus: Economy and Political Landscape” *Europe-Asia Studies* Vol. 56, No. 1 (Jan., 2004), pp. 85-118

<sup>17</sup> S. Korol, Op. Cit.

<sup>18</sup> Alexey Shevtsov, “Military-Technical Cooperation. Russia, Belarus: Continuing Traditions” in *Voennyi Diplomat* No.006 December 2005, pp.26-29

This overall state of affairs – a quasi-artificial Belarusian economy that was heavily dependent on Russia for subsidised inputs and as an export market, coupled with a lack of transnational contacts and relationships between business elites (who were virtually non-existent in Belarus) and the dependence of Lukashenko’s political regime on the maintenance of preferential terms of trade with Russia – began to unravel in the Putin years. Broad-based economic growth throughout Russia increased the purchasing power and expectations of Russian consumers and reduced the competitiveness of lower-quality Belarusian products.<sup>19</sup> Within Belarus, previously unthinkable policies, such as appealing to the IMF and the West for financial assistance, liberalisation of restrictions on non-state enterprises, and allowing the nomenklatura to acquire private property and legitimise their revenue streams began to be seriously considered near the end of the decade.<sup>20</sup> Yet it is too early to say whether transformation in Belarus with Lukashenko at its head can be accomplished.

This chapter will first explore in more detail the structural features left over from the Soviet Union influencing the Russo-Belarusian economic relationship, including co-operation in the defence industry. It will then move onto issues regarding economic ‘reintegration’ – customs and tariff policy, liberalisation of capital flows and the attempts at forging a monetary union under the auspices of the Union State. Finally it will explore in more detail the vital role played by the energy sector prior to summing up.

#### *Structural Features of Russo-Belarusian Economic Relations:*

While energy issues will be covered in more detail in a separate section below, it is difficult to discuss the structural dependencies of the Belarusian economy on

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<sup>19</sup> Maksim Hramadtsou, “Belarus – A Successful Alternative Path of Transition?” *CEU Political Science Journal* Issue 2, 2006 pp.16-21

<sup>20</sup> S. Korol “Zombie Economy”

Russia without briefly covering the energy intensive nature of the Belarusian economy. From 2004-09 mineral fuels went from encompassing 28% of total Belarusian imports to 40% (in monetary terms.)<sup>21</sup> Like Ukraine, and indeed most of the other post-Soviet states, Belarusian industry was highly inefficient and energy intensive and significant reforms were not implemented in the post-Soviet era. Russia accounted for effectively 100% of Belarus' supply of oil and natural gas, giving it enormous potential power over the Belarusian economy.<sup>22</sup> This was marginally offset by Russia's dependence on Belarusian pipelines, refineries and storage facilities for transport and marketing of its energy resources in Europe. However, energy dependency remained the Achilles heel of the Belarusian economy, and Russia's ability to set the price which Minsk paid, free of competition from alternative suppliers was a major source of its political influence and the high degree of intensity in the bilateral relationship.

In terms of Belarus' overall trade balance the numbers generally speak for themselves. Figures for the year 2009 are particularly telling – as the full impact of the international financial crisis was felt on the post-Soviet economies Belarus' import and export values collapsed by roughly 35% and 25% respectively.<sup>23</sup> While the overall trend in Belarus' trade balance in the last decade saw some movement away from dependence on Russia as an export and import partner, it was still overwhelmingly dominant in Belarusian trade. More worryingly from a Belarusian perspective, Minsk's overall trade deficit with Russia rose steadily (along with the price of oil and gas) to the point where Belarusian imports from Russia were more than three times as great as its exports.

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<sup>21</sup> See APPENDIX Fig 3.

<sup>22</sup> Ibid.

<sup>23</sup> See APPENDIX Figs. 1 and 3

Russia's role in seeking to preserve this comparatively advantageous situation should not be underestimated. Even as it sought to re-structure trade relations with Belarus along market lines, energy subsidies,<sup>24</sup> extension of credit along favourable lines, service as a market of last resort and willingness to engage in barter trade (itself a form of subsidisation as Russia generally accepted inflated values for Belarusian goods)<sup>25</sup> all served to preserve and entrench Belarusian economic dependency on Russia rather than alleviating it.<sup>26</sup> When Belarus attempted to mitigate this dependency, for example by engaging in import substitution, Russia was able to successfully thwart it through the application of economic pressure.<sup>27</sup> As a result even as the global credit crunch severely impacted the Russian economy in 2009, Belarus' trade deficit with Russia actually expanded significantly.

From these trends we can see that one of the key pillars of 'Lukashenkism' – the maintenance of full employment by maintaining Soviet-era levels of industrial production through the preservation of excess capacity – has left Belarus highly vulnerable to downturns in Russian and CIS markets which are the only places where Belarusian goods remain reasonably competitive. The near total lack of privatisation in Belarusian manufacturing also meant that Soviet levels of production capacity were maintained due to the lack of asset-stripping or simple efficiency savings.<sup>28</sup> Coupled with energy dependency, this provided Moscow with an enormous potential 'hard power' lever with which to force political or economic concessions from Belarus as the situation demanded.

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<sup>24</sup> Roger Potocki, "Dark Days in Belarus" *Journal of Democracy* - Volume 13, Number 4, October 2002, pp. 142-156

<sup>25</sup> J. Korosteleva, "Continuity over change: Belarus, Financial Repression and Reintegration with Russia"

<sup>26</sup> Elena Rakova, "Political Economy of the Eastern Neighbourhood: The Case of Belarus" IPM Research Centre Working Paper WP/08/04 Minsk, 2008

<sup>27</sup> K. Kłysiński, and A. Wierzbowska-Miazga, "Changes in the Political Elite"

<sup>28</sup> Stephan Barisitz, "Banking in Belarus – on a trajectory of its own?"

What is counterintuitive is the degree to which Belarus, while still overwhelmingly an industrial and manufacturing based economy saw the share of finished products and industrial goods in its overall exports steadily decline. Even as global oil prices decreased, the share of Belarusian national income provided by refining and re-exporting Russian crude increased considerably.<sup>29</sup> The indications are that Russian consumers were no longer willing or able (most likely the former) to mop up Belarus' huge excess manufacturing capacity, threatening to further erode the foundations of the regime.

Conversely during the Putin presidency Russia experienced broad based economic growth, increasing both the purchasing power of Russian consumers reducing demand for Belarusian goods, and presumably further insulating Russia from potential difficulties in obtaining Belarusian made components for domestic industry.<sup>30</sup> Generally the larger economy in any particular trade relationship will be able to more easily find substitutes for goods that it imports from the smaller partner. Additionally Russian manufacturing and industry surpassed their Belarusian counterparts in terms of efficiency and technological advancement. For example – at the time of the Soviet collapse Belarus supplied most of the 'hi-tech' components of the Soviet defence industry (optical equipment, avionics, electronics, communications etc.) Russia has since surpassed Belarus in this area, and co-operation in the defence industry between the two states was largely geared towards the export market in the 2000s.<sup>31</sup>

Here again we see the importance of transnational networks and business links in promoting truly post-Imperial economic relations. Belarusian resistance to true

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<sup>29</sup> See APPENDIX Fig. 4

<sup>30</sup> Maksim Hramadtsou, "Belarus – A Successful Alternative Path of Transition?" *CEU Political Science Journal* Issue 2, 2006 pp.16-21

<sup>31</sup> A. Shevtsov, "Military Technical Co-operation"

privatisation (until recently even in the few privatised large-scale concerns Lukashenko insisted on the state retaining a ‘golden share’<sup>32</sup>) and discouragement of FDI (Belarus generally imposed highly onerous conditions on industrial privatisation,<sup>33</sup> and in certain cases, such as the aborted Baltika privatisation, reneged on contracts) led to relative technological stagnation. In essence, Belarus’ dependency on Russia trended towards even greater asymmetry.

*Integration and investment:*

Political integration between Russia and Belarus had an underlying economic basis ever since the fall of the Soviet Union. Yeltsin attempted to ensure Kebich’s election in 1994 by holding out the promise of monetary union and economic aid. The securing of domestic tariff rates for gas purchases was a key component of the original union state treaty.<sup>34</sup> Indeed even simply on a surface level examination the economic logic behind political integration is obvious – Belarus stood to gain significant economic benefits as an export based economy by securing preferential terms of trade with Russia through integration, and Russia had a long standing strategy of using increased market access to enhance political leverage by acquiring industrial ‘gems.’<sup>35</sup> However, both due to the massive asymmetry of the Russian and Belarusian economies, and Lukashenko’s continued unwillingness to sacrifice virtually any degree of sovereignty, economic integration, and thus significant investment was surprisingly shallow.

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<sup>32</sup> J. Korosteleva, “Continuity Over Change: Belarus, Financial Repression and Reintegration with Russia”

<sup>33</sup> Massimo Meloni, “Belarus: a new policy approach to FDI” *World Finance Review* September 2009

<sup>34</sup> Union State of Russia and Belarus, *Dogovor o sozdanii Coyuznogo Gosudarstvo* III/23 1999 <<http://www.soyuz.by/ru/?guid=10447>>

<sup>35</sup> Natalia Leshchenko, “A Fine Instrument: Two Nation-Building Strategies in Post-Soviet Belarus” *Nations and Nationalism* Volume 10, Issue 3 pp. 333-352 July 2004

But just as political integration had an economic basis, economic integration was held hostage to political disputes and considerations. Most notably a currency union based on the Russian rouble was seriously pursued almost from the immediate aftermath of the Soviet collapse,<sup>36</sup> and still received some rhetorical support from both Minsk and Moscow in the Putin era.<sup>37</sup> While such a union had the potential to accrue major economic benefits to Belarus,<sup>38</sup> Russia's refusal to allow the Belarusian central bank to independently emit currency under such an arrangement was a consistent sticking point. Lukashenko was equally consistent in emphasising the potential threat to Belarusian sovereignty by currency union as justification for repeated abrogation of prior commitments to adopt the Russian rouble. However the asymmetry of the economies of Russia and Belarus is extreme enough to make it effectively impossible for Belarus to 'play an adequate role in the policy of the Central Bank of Russia,'<sup>39</sup> a key demand of Minsk's for pursuing a currency union.

Ultimately tensions and differences in the economic integration agenda have emerged due to basic differences in the goals and priorities of each side. Russia was focused primarily on liberalising and 'opening up' the Belarusian economy, albeit on Russian terms. This was to be expected given the makeup and nature of the Putin regime – a strategy of economic penetration was fuelled in part due to the presence of a business class with a strong interest in acquiring comparatively cheap economic assets in the post-Soviet space. This was incompatible with Lukashenko's conception of Belarusian industry as a tool for maintaining social harmony and his political

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<sup>36</sup> A.N. Luzgina, "Monetaryi Soyuz Rossii i Belarusi: Mechty i realnost'" *Sbornik Rabot 62-i nauchnoi konferentsii studentov is aspirantov BelGosUniversiteta*" Minsk, 17-20 May 2005, Belarus State University

<sup>37</sup> Alexander Batygin, "Rossiya i Belarus' budut vmeste borot'sya s finansovo-ekonomicheskim krisisom" in *Rossisskaya Gazeta*, No. 392, February 5 2009, Moscow

<sup>38</sup> John Odling-Smee, "Monetary Union between Belarus and Russia: an IMF perspective" International Monetary Fund, Minsk September 2003 available at <<http://www.imf.org/external/np/speeches/2003/090203.htm>>

<sup>39</sup> Vladimir Chaplygin, "Russia and Belarus Monetary Union: Phantom or Reality?" *Intereconomics* 2004, Vol 39; PART 1, pages 29-35

authority. The case of Russian brewery Baltika's attempted purchase of the Belarusian Krynitsa brewery is telling.<sup>40</sup>

Baltika's tender to purchase Krynitsa was accepted by Belarus in April 2001. Under the original terms of the deal, Baltika was to invest US\$50 Million in the brewery in return for a 50%+1 stake to be transferred in two tranches. After investing US\$10 Million the Belarusian government abruptly changed the terms of the deal, demanding a greater investment in return for transferring control as well as guarantees to develop barley and hops production in Belarus and to provide various social services to the surrounding area, with a special clause to return control over the company to the state if any of these conditions were not met.<sup>41</sup> Baltika balked at the new terms and pulled out, losing its initial \$US 10 Million in the process.

Additionally it has been suggested that the Krynitsa privatisation and similar deals were made contingent on the purchasers providing Lukashenko with political and financial support.<sup>42</sup> Certainly the emphasis Belarus placed on maintaining full employment and social services by foreign investors was at least partially in service to maintaining the regime's stability.

Naturally Russian business interests tended to be put off by such restrictive conditions, even on state-owned enterprises that could be acquired for relatively cheap and offered a high rate of return. Since the end of 2006 however the situation on the ground in Belarus began to change, and FDI in the country tripled from 2006-08.<sup>43</sup> Theoretically Russia accounts for only a relatively small amount of FDI into Belarus (14.4%), just ahead of Cyprus (8.5%) with Switzerland providing the overwhelming

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<sup>40</sup> Alex Kudrycki, "Brewed in Belarus" *Transitions Online* issue 09/03/2003 available at [www.ceeol.com](http://www.ceeol.com)

<sup>41</sup> Irina Yermeyeva, "Russian Investments in Belarus" PEI Electronic Publications, 13/2009 <[www.tse.fi/pei](http://www.tse.fi/pei)>

<sup>42</sup> Vitali Silitski, "The Pitfalls of Belarus' Economic Integration with Russia" in *RFE/RL Newslines* March 24, 2003 Prague

<sup>43</sup> I. Yermeyeva, "Russian Investments in Belarus"

majority (53.3%) In reality this is simply indicative of standard practices by Russian business interests of routing funds through complex off-shore structures for tax purposes and to obscure their true origin. This pattern has been observed before in other post-Soviet states.

At this point it appears that Belarus' post-Georgia rapprochement with Europe through ENP, and the 2007 liberalisation did not succeed in significantly diversifying Belarusian economic dependence away from Russia. Rather, Lukashenko was simply unable to maintain his opposition to Russia's strategy of economic penetration under conditions where he was desperate for new injections of cash in order to keep his regime going. Additionally, as was observed in Ukraine, 'Russian investors know the traditions of Belarusian market, law and tradition' better than their Western counterparts,<sup>44</sup> and were correspondingly better at competing within it.

*Defence Industry Co-Operation:*

Russia and Belarus continued to maintain significant co-operation in the defence industry sector, due to Belarus' maintenance of major production capacity in Soviet-era high-technology military equipment. Belarus' status as the 'assembly line' of the Soviet Union was particularly true with regards to the defence industry. While it manufactured very few finished military products, it did manufacture optics, electronics, communications, fire control systems (FCS), guidance systems and other hi-tech components. While Belarus cannot manufacture tanks, warplanes or heavy vehicles outside military purpose tractors, it can provide maintenance<sup>45</sup>, refurbishment

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<sup>44</sup> Ibid.

<sup>45</sup> Steven Main, "Belarus' and Russia - military cooperation 1991-2002" Conflict Studies Research Centre paper D63, 2002 < <http://www.da.mod.uk/colleges/arag/document-listings/russian/D63/view>>

and upgrades<sup>46</sup> to old equipment for a low price, both for Russian assets and those of former Soviet customers.

While Russia advanced beyond the technological capabilities of Belarusian defence industry, Belarusian military-industrial assets played an important role in the arms export market, a major source of revenue for both states. Russian manufactured combat aircraft and vehicles can be ‘kitted out’ with prior-generation Belarusian optics, avionics, communications and other components.<sup>47</sup> This allowed Russia to continue to sell latest generation military equipment to strategic partners such as India, with prior generation Belarusian electronics. This is important not only from the realist standpoint that it is generally unwise to sell one’s finest weapons to potential opponents, but also due to the risks of intellectual property theft and ‘cloning’ of more advanced Russian electronics systems.

Belarus also hosted, since 2005,<sup>48</sup> the annual MILEX arms expo in Minsk. This was generally one of the most significant venues for Rosoboronexport’s promotion of new products both within and without the CIS. The closeness of the Russian defence export industry and that of Belarus is such that the expo is almost a joint event. Belarus’ ability to offer ‘after-purchase’ servicing of heavy military equipment, upgrades, maintenance and so forth, either from Russia or the Soviet Union illustrates the symbiotic nature of the defence industries in both states. For example, Belarusian capacity for upgrades allowed it to participate in joint tenders with Russia to refurbish and upgrade Soviet era equipment purchased by the Indian

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<sup>46</sup> Alexey Shevtsov, “Military-Technical Cooperation. Russia, Belarus: Continuing Traditions” in *Voennyi Diplomat* No.006 December 2005, pp.26-29

<sup>47</sup> Ibid.

<sup>48</sup> Ministry of Foreign Affairs of the Republic of Belarus “On International Exhibition MILEX-2005” <[http://www.mfa.gov.by/en/press/news\\_mfa/b4eb1f26e9cb84d0.html](http://www.mfa.gov.by/en/press/news_mfa/b4eb1f26e9cb84d0.html)>

army,<sup>49</sup> as well as maintenance contracts for new sales.<sup>50</sup> Given the importance the Russian defence establishment placed on its relationship with India, this highlights further how complementary the two states defence industries were.

Perhaps the most important example of defence co-operation is the S-300 Surface to Air Missile (SAM) system. Belarus seems not only to have contributed to the development of the later S-300 PMU2 variant (which boasts important technical upgrades) but also provided a significant cadre of experienced personnel for maintenance, training and upgrades in other states that purchased the system.<sup>51</sup> The importance of personnel training in particular is difficult to overstate given the highly complex nature of advanced weapons systems such as SAMs. Of course, this expertise and institutional knowledge was not limited to the S-300 – Soviet era weapons systems are still widely used, particularly in the Middle East. While it is difficult to prove the allegations, Belarus consistently faced credible allegations that it worked with so-called ‘rogue’ regimes to maintain, train and upgrade Soviet era defence systems. The US expressed concern about alleged Belarusian training of Iraqi anti-aircraft gunners prior to the 2003 invasion.<sup>52</sup> Belarus’ recent outburst of diplomacy with Iran may have provided Tehran with the S-300 Missile system in 2010.<sup>53</sup>

Additionally, there were indications that Belarus functioned as a gateway for Russia to conduct illicit, or simply politically problematic arms sales. Much as Ukraine and the other Soviet republics (including Russia) Belarus generated income

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<sup>49</sup> Rosoboronexport Press Release “Military & technical cooperation of the Russian Federation with the Republic of Belarus has been performed on a mutually beneficial basis since July 1992.” 18 May, 2005 available at <[http://www.army-guide.com/eng/article/article\\_135.html](http://www.army-guide.com/eng/article/article_135.html)>

<sup>50</sup> “India, Belarus discuss bilateral defence cooperation” *Brahmand* October 27, 2009 <<http://www.brahmand.com/news/India-Belarus-discuss-bilateral-defence-cooperation/2356/1/12.html>>

<sup>51</sup> A. Shevtsov, “Military-Technical co-operation. Russia, Belarus, continuing traditions”

<sup>52</sup> “Belarus Reportedly trains Iraqi anti-aircraft gunners” in *RFE/RL Newslines* October 5 2001, Prague

<sup>53</sup> Ha’aretz Service “Iran Official: we have obtained the S-300 missile system” *Ha’aretz*, Tel Aviv 4<sup>th</sup> August 2010

in the 1990's by selling off the considerable excess of Soviet military equipment left to the country after the Soviet collapse – difficult and expensive to maintain it was still of the highest quality available to the Soviet Union due to Belarus' 'front-line' status.<sup>54</sup> However, unlike Ukraine, Belarus continued to sell suspiciously large numbers of finished military products, which it did not have the means to manufacture on its own, to third parties.<sup>55</sup> Given the explicit restrictions Russia placed on the resale of certain military assets (particularly the above mentioned S-300) it seems probable that Russia either turned a blind eye to Belarusian re-sales of Russian equipment in certain cases, or was actively involved in the sales.

More 'cutting edge' projects are of course somewhat difficult to obtain information on given the clandestine nature of much military R&D. It is known that Belarus is collaborating with Russia on designing new generation combat communications and other 'high-tech' equipment.<sup>56</sup> Additionally there is some indication that Belarus was involved with the joint Indian-Russian PAKFA fighter aircraft project, which aims to produce a 'fifth-generation' fighter aircraft.

#### *Oil, Gas and Energy Infrastructure:*

##### *Belarusian Energy Exports*

	2004	2005	2006	2007	2008	2009
Value mln US\$	3,698	5,557	7,563	7,857	8,513	12,337
YoY Growth	100.0%	150.3%	136.1%	103.9%	108.3%	144.9%
% of Belarusian Exports	26.9%	34.8%	38.3%	35.1%	37.5%	37.5%

<sup>54</sup> Steven Main, "The Belarusian Armed Forces: A military political-analysis, 1991-2003" Conflict Studies Research Centre, G126, October 2003 p.5

<sup>55</sup> BelaPAN "Gosdep SShA: Belorusskiye vlasti prodayut oruzhiye gosudarstvam, podderzhivayushchim terrorizm" 20 January, 2010 <[http://udf.by/news/main\\_news/6685-gosdep-ssha-belorusskie-vlasti-prodayut-oruzhie.html](http://udf.by/news/main_news/6685-gosdep-ssha-belorusskie-vlasti-prodayut-oruzhie.html)>

<sup>56</sup> OPK Oboronprom "Russia, Belarus completing creation of air defence maintenance facility" Press Release, 18 May 2005, Moscow <[http://www.oboronprom.ru/cgi-bin/cms/news\\_en.cgi?news=00000000410&prn=1](http://www.oboronprom.ru/cgi-bin/cms/news_en.cgi?news=00000000410&prn=1)>

Energy issues were at the absolute heart of Russo-Belarusian relations since the Soviet collapse, even more than as was the case with Ukraine. During the Yeltsin administration, and for the bulk of Putin's, Russia supplied Belarus with both heavily discounted gas for domestic use and re-sale, as well as offering highly preferential tariff rates for shipments of oil to Belarusian refineries.<sup>57</sup> This constituted the main source of Russian subsidisation of the Belarusian economy, and it is unsurprising that Russian efforts to change the arrangements encountered extremely stiff resistance from Lukashenko. The oil and gas industry is also one of the areas where there was significant Russian capital investment in Belarusian infrastructure, but this did not translate into increased political influence.

Additionally, the role of subsidised energy in preserving Lukashenko's networks of political patronage was crucial. Tariff and quotas for state industries were assigned centrally through Beltransgaz, and therefore implicitly by Lukashenko. This was a crucial factor in Lukashenko's liquidation of the political power of the so-called 'Red Directors' (managers of large state-run firms) by making their continued economic survival dependent on their support for Lukashenko.<sup>58</sup> While a similar situation arose in Kuchma's Ukraine, it was not nearly as centralised, and other areas of economic activity generated sufficient legal revenues for various oligarchs to maintain their political independence. Implicitly at least, loss of control over the gas sector for Lukashenko meant loss of political control almost entirely.

One of the first sectors of the Russian economy to be brought more comprehensively in line with Putin's foreign policy objectives was Gazprom, and while the 2005 'gas war' with Ukraine gained greater international attention, Russia's

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<sup>57</sup> Margarita M. Balmaceda. *Belarus: Oil, gas, transit pipelines and Russian foreign energy policy* GMB Publishing, London 2006 pp.6-7

<sup>58</sup> Kirril Koktysh, "The Belarusian Policy of Russia: the Era of Pragmatism" *International Issues & Slovak Foreign Policy Affairs* (02/2006) pp.18-29

use of gas dependence as a tool of economic and political influence began with Belarus. In May 2002 Belarus gained the right to import a large quota of natural gas at Russian domestic prices (USD\$29 tcm) in return for agreeing to sell a share in Beltransgaz (BTG) to Gazprom.<sup>59</sup> The crisis arose in late 2003 as Belarus and Russia were unable to agree to a proper valuation of BTG, with Minsk insisting BTG was worth roughly five times what Russia was willing to offer. The controversy was declared ‘insurmountable’ and talks to renegotiate tariff rates for 2004 were commenced in October 2003. The talks failed to reach any sort of agreement by the end of the year and Gazprom halted supplies of gas to Belarus on January 1<sup>st</sup> 2004.<sup>60</sup>

The crisis was a lower key affair than its repeat in Ukraine in 2005, largely due to the fact that European supplies of gas were not seriously affected, and Belarus was able to procure replacement supplies through short term contracts with now-defunct private gas traders – albeit at a 50% markup compared to 2003 prices. The crisis lasted until June 9 2004 – Belarus managed to secure sufficient gas from Sibur, Transneft and ITERA for the interim, suffering only a brief cut-off in February.<sup>61</sup> Belarus had to accept a new tariff rate just slightly below the rates secured from the private traders, and only moderately increased transit tariffs. By the time negotiations for 2005 were due to conclude the Ukrainian ‘Orange Revolution’ was in full swing. As detailed in the politics chapter the political protection of Lukashenko until he was able to secure re-election in 2006 became a singular priority in Russian foreign policy, and further gas disputes were postponed. However, afterwards Russia aimed to comprehensively settle its accounts with Belarus in the natural gas sphere.

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<sup>59</sup> “Minsk proposes resuming talks on sale of gas pipeline operator to GazProm” in *RFE/RL Newslines* October 8, 2003

<sup>60</sup> Alena Kornysheva, Natalya Grib, Dmitrii Butrin, “Belorussiya pokupaet shans na deshevyy gaz” *Kommersant*, No.7 (2846) January 17, 2004 Moscow

<sup>61</sup> “Russian suppliers continue gas war with Belarus” *RFE/RL Newslines* February 13, 2004  
<<http://www.rferl.org/content/article/1143097.html>>

In 2006, almost immediately after Lukashenko had been re-elected Gazprom announced its intention to switch to market prices for gas sales to Belarus, effectively quadrupling the price demanded from Minsk.<sup>62</sup> This policy was linked with the decision to demand Belarus harmonise and share proceeds from export tariffs on oil sales (detailed below.) Russia's main objective during the negotiations was to secure ownership and control over BTG, consistently offering Belarus the opportunity to pay less than half the tariff in cash with the rest being paid in shares of BTG.<sup>63</sup> The eventual deal saw Belarus accept a staggered increase to European market levels by 2011, paying USD\$100 tcm in 2007. Belarusian tariff rates increased 250% but were to remain stable for five years. Additionally Gazprom was able to purchase 50% of BTG for USD\$2.5 Billion.<sup>64</sup>

Just as important as the subsidised gas which fuelled Belarusian industry is the subsidised oil which filled the coffers of the state. It is also the area where Belarus theoretically had the most leverage in dealing with Russia. The oil transit routes through Belarus are the principle artery through which Russian oil meets European markets.<sup>65</sup> Belarus also possessed substantial Soviet-era capacity in oil refining. Under Union State agreements inherited from the Yeltsin administration, Belarus benefitted substantially from a provision allowing excise-free import of Russian oil as well as at lower rates than European consumers. Belarus was essentially able to import excess amounts of Russian oil for refining and resale on the European market at a significant markup. Lower Belarusian excise tariffs for oil exports also allowed

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<sup>62</sup> David R. Marples, "The energy dilemma of Belarus: the nuclear power option" *Eurasian Geography and Economics* Vol. 49 No.2 March-April 2008 pp.215-227

<sup>63</sup> Katja Yafimava, "The June 2010 Russian-Belarusian Gas Transit Dispute: a surprise that was to be expected" NG43, Oxford Institute for Energy Studies 2010

<sup>64</sup> Katja Yafimava, and Jonathan Stern, "The 2007 Russia-Belarus Gas Agreement" *Oxford Energy Comment*, Oxford Institute for Energy Studies, January 2007

<sup>65</sup> Kathleen Hancock, "The Semi-Sovereign State: Belarus and the Russian Neo-Empire." *Foreign Policy Analysis*. (2006) 2(2): 117-136.

Belarusian oil to undercut Russian oil and became highly lucrative for both certain business interests in Russia and the Belarusian state budget.

At the start of the Putin presidency Belarus made significant concessions over the oil excise tax subsidy – in return for a US\$70 million credit Belarus agreed to harmonise export tariffs for crude oil and oil products, removing the Belarusian competitive advantage on European markets.<sup>66</sup> Significant privatisation in the oil refining sector followed in 2002. Additionally that same year Lukashenko moved forward with plans to sell major sections of the country's oil refining capacity to Russian investors. In this case, Belarus seems to have satisfied a minimal set of conditions for both Russian business interests and the Moscow government in order to preserve a considerable share of its effective subsidy through the purchase and resale of excess Russian oil at discount prices. By 2006 Belarus was purchasing oil at US\$27 as compared to world market prices of US\$60, at roughly 100,000 barrels per day in excess of Belarusian needs for resale on the world market.<sup>67</sup> As the attached Appendix shows, sale of refined oil products accounted for a massive share of Belarus' total export revenues – rising from just over a quarter in 2004 to almost 40% in 2009.

Oil policy remained relatively quiet until Russia finally moved to end virtually all subsidies towards Belarus at the end of 2006. Russia first demanded Belarus raise excise duties on crude oil exports once again to match Russian levels. Additionally Russia demanded a share of Belarusian export duties on Russian oil. By the end of the year Russia had begun to tax oil exports to Belarus at world levels (\$180 per ton) in order to try and force Belarusian concessions. Belarus responded by attaching a heavy US\$45 per ton transit duty on Russian oil. After a short crisis in which oil deliveries

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<sup>66</sup> "Belarus to obtain \$70 Million from Russia, but on conditions" *RFE/RL Newswire* December 3, 2001

<sup>67</sup> Siarhej Karol, "The Belarusian Economic Model: a 21<sup>st</sup> Century Socialism?" in *RFE/RL Newswire* March 10, 2006 Prague < <http://www.rferl.org/content/article/1143591.html>>

to and through Belarus were interrupted, Belarus backed down. It removed the transit duties and raised oil export duties to match the Russian USD\$180 as well as promising to share 70% of tariff revenues with Russia. In return Russia reintroduced a favourable excise tax rate for oil products to Belarus, as well as maintaining oil at 2006 prices with the excise tax (at least initially) absorbed by Russian oil producers, and allowed Minsk to raise the transit duty by one-third.

Russia's attempt to end the use of Belarus as a form of oil tax haven for Russian companies had some success. Lukoil ended refining operations in Belarus at the beginning of 2007 as the new tariffs regime came into place. Since 2007 the total value of oil exports in dollar terms has dropped considerably, even as their total share of exports has grown in size. The global financial crisis and the end of the subsidies regime have already begun to heavily impact the export dependent Belarusian economy.

In the energy sphere in its relations with Belarus, Moscow managed to achieve virtually all the goals of re-orienting its policy towards maximising the economic benefits of its relations with the post-Soviet states, as well as reconstructing the value chain of the hydrocarbon sector through acquisition of principle transport, refining and storage assets. However, as detailed in the politics chapter, these changes and the end of subsidies threatened the very structure of the Lukashenko regime, and provoked a strong political backlash and resistance. Russia was therefore left only with economically highly coercive measures to achieve its goals, rather than being able to provide economic benefits to policy actors in order to build support for policy, as was the case in Ukraine.

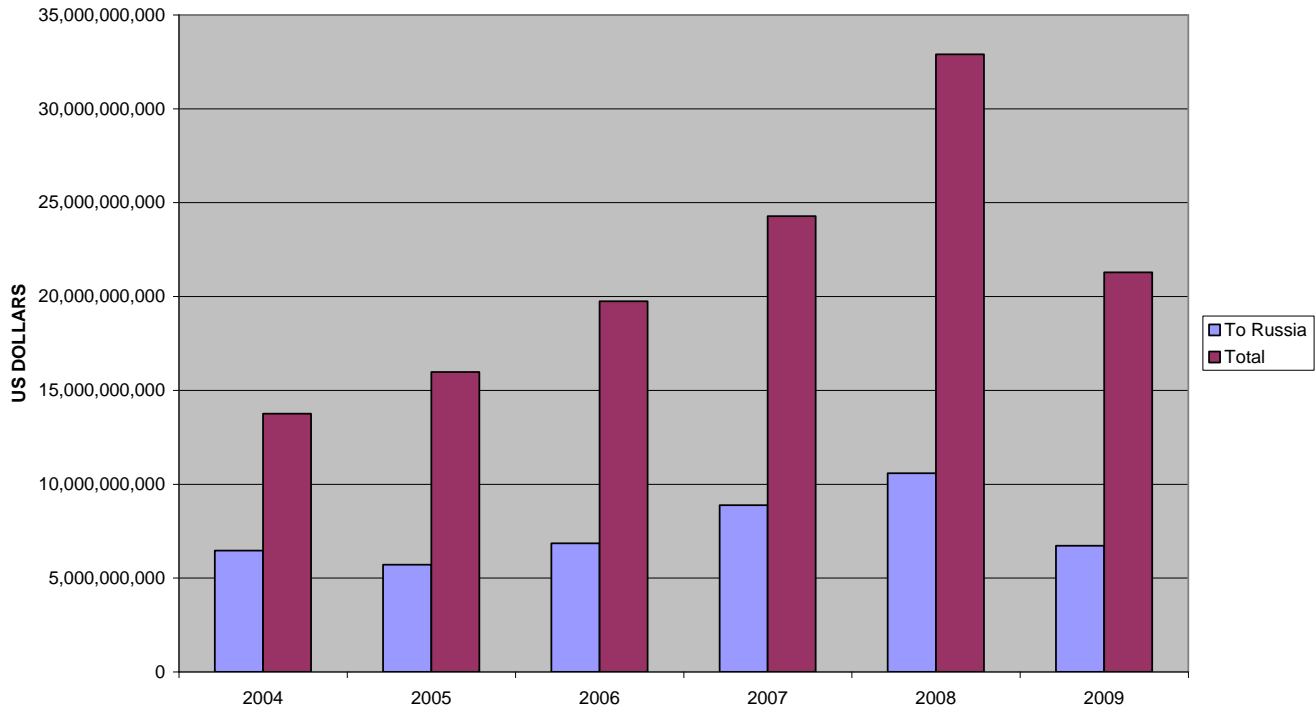
*Conclusions:*

The Russo-Belarusian economic relationship was based primarily on structural factors inherited from the Soviet Union, most importantly Belarus' major dependence on Russia as both an export market and energy supplier. However the lack of privatisation in Belarus and the maintenance of a rigidly neo-Soviet economic regime removed the significant opportunities for financial cross-penetration and the renewal or generation of trans-border networks of economic actors with common agendas. This did not change Russia's basic attitudes or priorities regarding the Belarusian economy which was similar throughout the post-Soviet space – use of Russia's significant capital reserves to acquire major industrial concerns and items of economic infrastructure in order to maximise economic gains and political leverage.

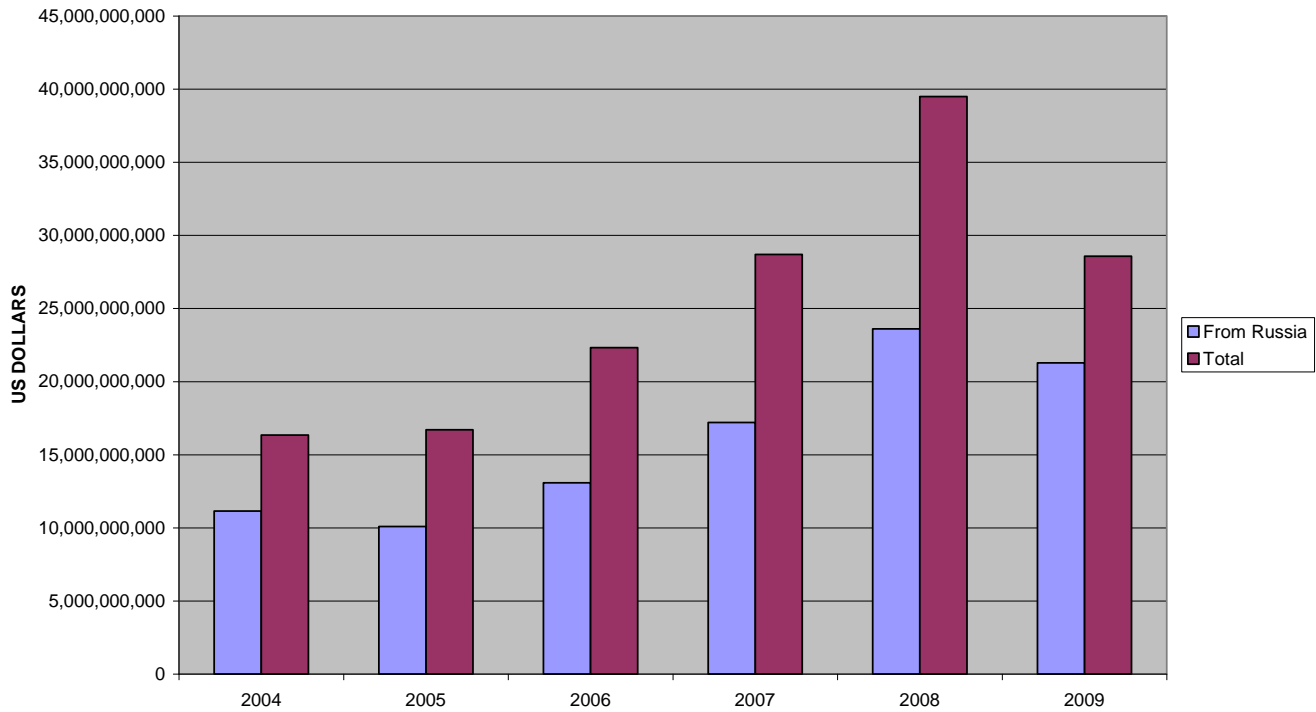
In Belarus the process of economic penetration and 'forced' liberalisation was acrimonious due to the very nature of Alexander Lukashenko's political regime. Belarus' economic system served not only as a means of ensuring domestic stability for the regime, but also centralising within the presidency virtually all of the major levers of economic control. The emergence of major centres of autonomous wealth and power within a prosperous Belarus were just as much a threat to his power as bankruptcy due to energy dependence and uncompetitive exports. As detailed in the politics chapter the process of economic liberalisation under Russian pressure was a highly contentious one. But it has occurred nonetheless – Russia succeeded in forcing basic changes to the structure of the Belarusian regime through use of its 'hard power' economic assets, which stem primarily from the Imperial legacy.

APPENDIX:

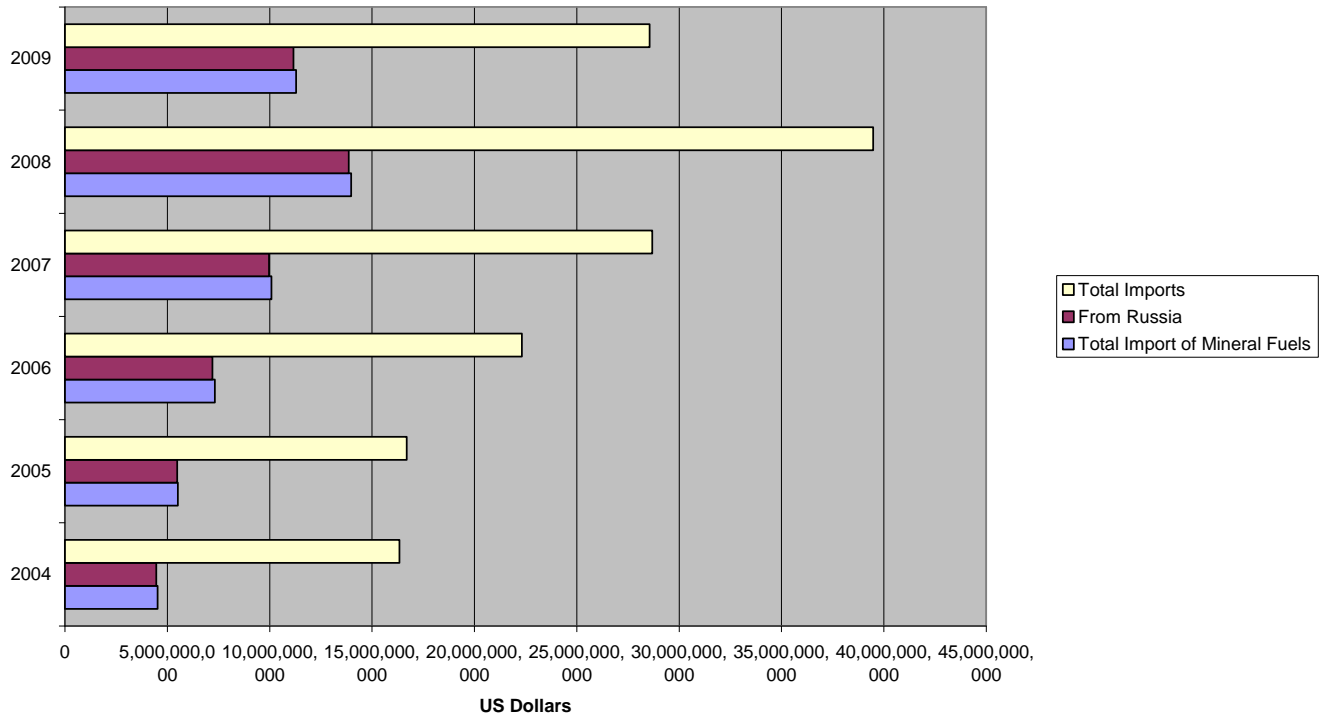
### Belarusian Exports



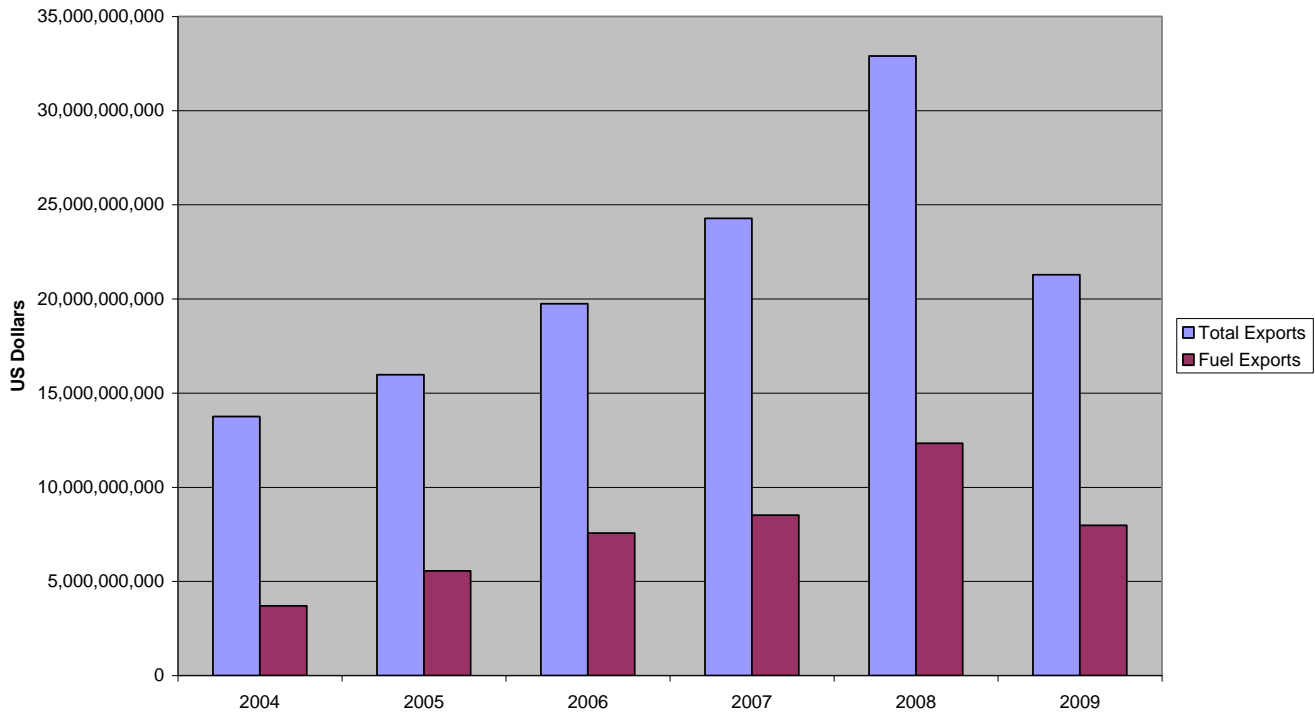
### BEIARUSIAN IMPORTS



### Belarusian Mineral Fuels Imports



### Belarus Fuel Exports Comparative





## CONCLUSIONS:

This study primarily aimed to provide an explanation for Russian influence in BUK and the intensity of its bilateral relations with these neighbouring states. Moreover it aimed to develop and test an analytical framework, post-Imperialism which highlights the lasting impact of the legacy of imperialism. Our analysis has demonstrated that the Post-Imperial framework provides a very useful insight into the forces which shaped our two independent variables: the influence of Russia and the intensity of its relations with BUK. .

Of the three main post-Imperial legacy ‘areas’ that this study conjectured would affect our dependent variables of intensity and influence, transnational elite networks have emerged as the key factor in post-Imperial patterns of relations. This is because networks play a key role in preserving and enhancing the potential power of infrastructural legacies, and the ‘soft power’ potential of Russia as a former metropolitan state. It is not that any one of the three areas is in practice more or less important to the exercise and use of power: rather, it is that transnational networks play a crucial role in transmitting norms and co-ordinating policy, entrenching support for the post-Imperial status quo and discouraging ‘reform.’

Transnational networks can also account for intensity and influence through the intrinsic qualities of networks themselves. Again – the role of networks in excluding ‘external’ agents from interacting with the network’s membership is as important as its role in connecting and acting as a communications channel for the membership. State actors without points of access to the networks therefore suffer a significant absolute *and* relative loss in potential influence and intensity against states that do have access. Networks both increased Russian influence and intensity in its relations with BUK and handicapped the efforts of rivals to increase their own influence and intensity.

On the initial point – the role of networks in reinforcing the post-imperial status quo – Belarus is a telling case study. The hyper-centralising impulses of the political authorities (primarily Alexander Lukashenko) and their hostility to the emergence of autonomous centres of economic or political power led to a near total absence of transnational networks outside of the security relationship. Whereas a ‘networked’ bilateral relationship can adapt to policy changes by distributing gains and losses and acting as a lobbying mechanism to produce consensus, the Russia-Belarus relationship operated in such a way that policy shifts, particularly in the energy sphere became zero-sum games. Any change in the economic relationship threatened to undermine and fatally weaken Lukashenko’s hold on power, leading to a rapid deterioration in the political relationship.

Other post-Imperial factors help account for why Russian influence and intensity in bilateral relations with Belarus remained extremely high – most importantly Belarus’ chronic economic dependency. The irreconcilability of the Belarusian political and economic system with significant engagement with the EU also made Russia effectively the ‘only game in town.’ But the relationship overall was frequently volatile and often openly hostile, at least at the level of the rhetoric employed by the main political players.<sup>68</sup> The main exception appears to be in security and military co-operation, where all three elements of the post-Imperial framework (infrastructural legacy, transnational networks, and shared norms) are present and accounted for.

Russo-Ukrainian relations by contrast developed almost inversely to Russo-Belarusian. Despite significant and relatively frequent changes in the

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<sup>68</sup> In 2010 Russia did appear to move towards a strategy geared towards directly undermining Lukashenko, most notoriously with the broadcast of the *Krestnyi Batka* documentary on Lukashenko on state television.

political leadership and its attitudes towards Russia, transnational networks served to maintain a certain degree of continuity in key areas – most importantly in the energy relationship. Even after the ‘Orange Revolution’ the system of extraction and distribution of ‘rents’ from the energy trade remained an important tool of coalition building for Ukraine’s political leaders, and one which Moscow was able to exploit given its knowledge of, and ability to manipulate the relevant transnational networks involved. From an analytical perspective the most interesting facet of the intermittent Russo-Ukrainian ‘gas wars’ from 2005 onwards was not the disputes over pricing (though this was undoubtedly important) but rather how successive agreements gradually eroded the ability of Yushchenko to collect and distribute energy rents, isolating him politically and strengthening his rivals – particularly Tymoshenko after she apparently reached a rapprochement with Russia in 2008.

There is a significant challenge for the analyst of transnational networks in that they function largely in a covert fashion. This is unsurprising as they involve quasi-state and non-state actors directly and indirectly shaping policy, the distribution of public resources among private groups, and other activities of dubious legality and propriety. As press freedoms throughout the FSU are generally highly restricted the analyst faces considerable difficulties in collecting data on properly functioning transnational elite networks. However the cases of Belarus and Ukraine (in which the data were considerably richer), does allow us to make some informed comment on the role of networks in the FSU. The role of networks is mainly a co-ordinating one. Networks provide a means of ‘negotiating’ mutually acceptable policy outcomes by providing an effective bilateral flow of information between a wide array of actors, not just

political elites, and distributing resources transnationally to influence domestic coalitions. They also provide a means for both training and socialising new generations of actors, as well as preventing the entry of ‘outsiders’ (in our case, economic and political actors from outside Russia and BUK) introducing an element of status quo bias, helping to preserve the other aspects of post-Imperial relations.

‘Hard power’ economic linkages, particularly in the hydrocarbon sector, were commonly assumed to be the foundation of Russian hegemony in the post-Soviet space. In reality they appear to have been at best a very blunt and imperfect instrument for the *exercise* of power. That is not to say Russia’s monopoly supplier and monopsony purchaser status did not give it a significant degree of potential power over BUK – rather the effective instrumentalisation and operationalisation of this power source has been difficult, and to a large extent self-limiting in Russian relations with BUK. While these infrastructural legacies ensured highly intense bilateral relations, Russian influence in BUK was largely exercised through other channels.

When Russia attempted to use energy infrastructure as direct lever of influence the limitations soon became clear. Belarus and Ukraine were able to force Russia into protracted ‘energy wars’ as the price for ‘normalising’ tariff rates, with the Ukrainian conflict in particular severely damaging Russia’s reputation as an energy supplier for the EU. There was no open conflict with Kazakhstan, but Astana was able parlay its role in the Russian energy supply chain into significant increases in the sale price of its energy reserves to Russia, effectively undercutting the main strategic economic advantage of Russia’s concerted effort to prevent Kazakhstan from diversifying energy transit routes.

However, we are not concerned primarily with the exercise of power but the underlying causes of significantly heightened intensity and influence in bilateral relations. The centrality of energy resources to the economies of Russia and BUK, and the ability of all to significantly disrupt either supply or transit to market of the others mean that both Russia and BUK were unusually interdependent upon one another for their economic survival. Energy dependency was at its most ‘fungible’ as a power resource when combined with transnational networks in order to manipulate client-patron relationships based on energy rents. The actual cessation of energy supplies in order to force policy changes in Belarus and Ukraine was a blunt tool in practice that inflicted significant economic and reputational damage on Russia. However, Even if this *potential* power was often difficult to operationalise, the importance of and mutual dependency in the energy trade does provide another powerful explanation for relationship intensity. Even in a MAD situation, the key term is ‘mutual.’ Ukraine and Belarus had a strong interest in attempting to prevent energy cutoffs, forcing them to pay close attention to the bilateral relationship with Russia.

Where does that leave the third pillar of the post-Imperial framework, that of ‘soft-power’ factors? Cultural legacies played a highly important role in legitimising the post-Imperial status quo, and specifically maintaining the *intensity* of bilateral relations. As has been thoroughly explored in the introduction, constructing an identity for the newly independent states was one of the most important aspects of post-Soviet state building. BUK defined themselves almost exclusively in reference to Russia (either ‘with’ or ‘against’)

ensuring its centrality to their respective foreign policies in the short to medium term – in other words, increasing intensity.

‘Soft power’ factors were also continuous, and helped to maintain influence and intensity well past the initial Soviet collapse. Firstly the process of state identity formation was also a process of forming cognitive and normative frameworks which set the contours of an ‘acceptable’ foreign policy for the state. Secondly, and critically, the maintenance of Russian as a *lingua franca* and the broad penetration of Russian media sources in other states maintained Russia’s status as the main cultural ‘gateway’ through which other post-Soviet states accessed and engaged with information from the wider world. This does not mean that Russia was the *only* gateway, but it was the one through which the majority of BUK’s citizens passed. Thus Russian interpretations of critical events such the Georgian War or the Colour Revolutions often became the ‘conventional wisdom.’ Even in Ukraine, where the political authorities were more sympathetic to the Georgian cause during the 2008 war, the polling data indicates that Russia’s ‘narrative’ of the conflict gained the most popular acceptance.

This process also reinforced the common set of cognitive and normative frameworks employed by policy actors and ordinary citizens in Russia and BUK by providing a common worldview, linguistic community and sense of civilisational belonging. Russia, as the dominant force within this civilisationally community naturally gained the greatest potential to shape its values, a powerful form of influence over other states.

### *The Role of Nationalism:*

As signalled in the introduction, and explored more deeply in the Ukraine chapters, nationalism and political nationalist mobilisation has a complicated relationship to the imperial past. On the one hand nationalist political mobilisation is a post-imperial attribute in and of itself, generated and sustained by political hostility to the continuation of imperial-era patterns of relations. Even though nationalist politics are opposed to the metropole, they are still defined in relation to it, leading to a high degree of intensity, if not necessarily influence in the post-Imperial setting.

However it does also contain within it at least the potential to seriously disrupt post-Imperial patterns of relations and was behind an almost successful Ukrainian drive to re-orient the foreign policy focus of the state away from Russia and towards Europe. Politically mobilised nationalism generates alternative sets of counter-elites to the post-Imperial leadership of the state. These counter-elites in turn gain the potential to replace the existing elites who form key ‘nodes’ in transnational networks and are vital to their continued functioning – raising the threat of networks being effectively dismantled on one side of the border and losing their usefulness.

In the Ukrainian case however, the counter-elite consisted largely of former members of the existing regime who had defected to the nationalist cause. This meant that while some disruption occurred to transnational networks after the revolution, they were not fatally damaged, and the *means* through which Ukrainian politicians exercised power remained fundamentally unaltered. One of the most important elements of this strategy was the continued ability to exercise indirect influence through the distribution of energy ‘rents’ which had formed one of the main sources of patronage-based governance and elite consolidation under the Kuchma administration. The inability and/or unwillingness of the Yushchenko administration

to dismantle these patronage networks allowed them to regroup relatively quickly, work towards shoring up their position and later to more actively undermine the political authority of Yushchenko's government.

The other two poles of the post-Imperial framework certainly played a role in maintaining influence and intensity as well. Infrastructural dependency remained unaffected. Just as importantly Russia continued to maintain a strong normative influence over the Eastern Russophone half of the Ukrainian state. The Russophone population was in turn capable of maintaining its own set of Russophile elites who were capable of successfully contesting future elections and regaining political power.

In future research into the politics of the former Soviet Union and the effects of imperialism, an exploration of a state with a more broad-based and politically powerful nationalist tradition would be ideal for gaining a greater understanding of the ability of nationalist counter-elites to successfully challenge and dismantle the post-Imperial status quo. In our own case, as detailed in the Ukraine chapters, a balance of power developed that has to date prevented either side from decisively reforming or altering Ukraine's foreign policy course. However the very fact of this stalemate has led the nationalist former opposition (most significantly in the form of Yuliya Tymoshenko) to 'make peace' with the post-Imperial establishment and attempt to develop their own links to it and work with it towards their own purposes.

*Avenues of further research:*

The exploration of this study's limitations above suggests immediate areas where its work can be continued. Basically it can be extended in time and space to investigate post-Imperialism in other post-Soviet states and in past and future relations. The application of the post-Imperial framework post-2010 offers, in my opinion, one of the more fruitful areas of research – the mechanisms by which post-

Imperialism operates have shown themselves to be relatively dynamic, and a key question to be answered is whether post-imperial patterns of relations are essentially transitory and vestigial, or if the mechanics that underpin it will be entrenched over time.

Additionally within the post-Soviet space post-Imperialism can be applied more narrowly, either by country or by concentration on specific aspects of bilateral relations. In particular the new initiative of the United Russia party to sponsor ‘sister’ parties throughout the post-Soviet space has been only briefly touched on in this study, but could provide valuable insights on the processes behind transnational penetration and elite network generation.

Outside the post-Soviet space post-Imperialism has the potential to be applied on virtually every continent and over vast swathes of time. Imperial polities have been common for thousands of years, and arguably continue today with more ‘politically correct’ labels. This will undoubtedly require significant modification to the post-Imperial framework offered here, as the circumstances of the Soviet collapse were considerably different than those of other historical empires. However it is our opinion that this will in time serve to make the framework more parsimonious, robust and analytically useful.

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