

The Kremlin's New Policy in Its Near Abroad

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In August 2008, Russia's relations with its post-Soviet neighbors reached an all-time low in the aftermath of the Russia-Georgia war. Not one single country in the region recognized the independence of Abkhazia and South Ossetia because it would have endangered its own claim to territorial integrity.

The Commonwealth of Independent States achieved its height of ridicule at its annual summit in Chisinau, Moldova, on Oct. 9. The headline in *Nezavisimaya Gazeta* said it all: "Summit in 30 Minutes. The CIS Leaders Had Nothing to Tell One Another." Of the 11 CIS members, only six arrived — Russia, Belarus, Ukraine, Armenia, Azerbaijan and Kyrgyzstan, while Moldova temporarily had no president. Only one of five Central Asian presidents bothered to come. Needless to say, nothing was accomplished. To aggravate things further, President Dmitry Medvedev refused to meet Ukrainian President Viktor Yushchenko or Belarussian President Alexander Lukashenko. Everybody left quickly after the half-hour meeting. The scheduled gala dinner was canceled. The CIS is both Russia's baby and failure.

How did Russia end up in this situation, and what should it do to foster more constructive relations with its neighbors? It has the best relations with neighbors that never belonged to the Soviet Union: China, Finland and Norway.

Russia's mistakes are evident. It tried to impose itself upon the former Soviet republics more than they desired through "frozen conflicts" undermining their national integrity. In addition, the Kremlin foisted the meaningless Collective Security Treaty Organization on other countries. Also, Russia's monopolistic gas policy and a dysfunctional customs union did not help the situation.

The fundamental problem is that everybody is suspicious of Russia's real intentions. In April 2005, then-President Vladimir Putin dispelled all doubts as he went all out in his annual address to the nation, stating that "the collapse of the Soviet Union was the biggest geopolitical disaster of the century. ... Tens of millions of our co-citizens and compatriots found themselves outside of Russian territory. ... Old ideals [were] destroyed." Putin had presented himself as a neo-imperialist, and from that moment Russia's relations with its neighbors all went downhill.

Yet there was one bright spot: private foreign direct investment, which has boomed since 2000 with limited controversy. In September 2003, Anatoly Chubais caused an outcry after introducing the concept of "liberal imperialism," effectively saying Russia would regain its influence in the former Soviet Union through corporate investment. The phrase might have been provocative, but Russian oil companies undertook downstream investment in oil refineries and gas stations, pursuing vertical integration. Russia's metallurgical companies and retail chains carried out horizontal integration, doing on a larger scale what they did so well at home. Consumer and mobile phone companies extended their successful business models abroad.

Suddenly, this policy became the main Russian foreign policy in the region. At its core, it is nothing but sound market economic integration, but if some Russians prefer to call it "imperialism," they may do so. This international integration has raised the standard of products and services as well as enhanced economic efficiency in the whole region.

In the past year, other Russian policies in the neighborhood have changed radically. While Putin campaigned for presidential candidate Viktor Yanukovych in the 2004 Ukrainian election, Russia behaved quite decently in Ukraine's presidential election in January. The Russian reticence might have actually helped Yanukovych this time, as he won without any apparent fraud. Naturally, the relationship between Russia and Ukraine has become much better than after the previous election, when Russia used all conceivable methods short of war to beat its opponent. An observer may have quite a few reservations about the moral caliber of various state-to-state deals, but the main concern is corruption on both sides, rather than imperialism.

Even more remarkable was the Russian stand on the popular revolution in Kyrgyzstan on April 7. The regime of ousted President Kurmanbek Bakiyev was truly despicable — outrageously corrupt, nepotistic and authoritarian. No television network showed the ruthless military action better than NTV and RBC, leaving BBC a pale shadow. And no politician offered a faster and clearer moral condemnation of the Bakiyev regime than Putin, leaving the White

House with a pale face.

In the past two years, Estonia, Latvia and Lithuania have gone through severe financial crises. Given the traditional tense relationship between them and Russia, you would have expected the Kremlin to exploit this opportunity, but it hasn't. When minor social unrest erupted in Latvia and Lithuania in January 2009, all sought a Russian finger in the drama, but none was found. On the contrary, Russia's relationship with the three Baltic states has never been better than it is today.

Meanwhile, nothing positive has happened in Russia's relations with Georgia, but neither has there been any deterioration, and the conflict seems to have frozen anew. Only a year ago, it seemed quite possible that Russia could have provoked a repeat of the August 2008 conflict. Ronald Asmus, author of "A Little War That Shook the World," predicted the August 2008 war and recently warned about a new war, but it looks much less likely this August.

Not surprisingly, Russia might have its worst relationship with Belarus, the only authoritarian state (apart from Russia itself) in Europe. The two countries have just replayed one of these meaningless gas wars and another war of words in the media, which are characteristic of authoritarian regimes that endeavor to mobilize their people against a neighbor to stay in power.

Among Western observers, there are two main views on Russia's current global position. One group claims that Russia is just exploiting the vacuum after the departure of the United States and before the entry of the European Union in the region to re-establish its hegemony. Another group, to which I belong, argues that Russia's policy in the region has genuinely changed for the simple reason that the Kremlin realizes the old aggressive policy has completely failed. In line with a leaked Foreign Ministry document and Medvedev's recent speech to diplomats, Russia's new policy is essentially pragmatic and focusing on its national interests, grounded in the need to modernize and attract foreign investment. This is a good opportunity for the West to engage anew with Russia.

The best assurance that Russia's pragmatic aims will win the upper hand would be that Russia finally accedes to the World Trade Organization, which would push Russia toward more transparency and adherence to international laws.

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