

US ARMY WAR COLLEGE
INSTITUTE FOR NATIONAL SECURITY AND COUNTERTERRORISM

CIVILIAN RESEARCH PROJECT

Russia's Strategic Window
of Opportunity in Eurasia

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By

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ABSTRACT

KEYWORDS: US Rebalance, European Union (EU), NATO, Russia, Eurasia, Eurasian Union

Events surrounding the European Union's Eastern Partnership Summit in Vilnius, Lithuania in late November 2013 foreshadow what Eurasian states will experience in the coming decade. Ukraine's pivot back to the east—coupled with Moldova, Georgia, and others always looking over their shoulders and Armenia's abrupt end to considering the EU Association Agreement—begs the question: what key geostrategic factors are motivating these outcomes?

Addressing this question—and its related contexts and causes—depends upon understanding the contemporary geostrategic reality facing Eurasia, and importantly, Russia's and other influential players' emerging political calculus. This paper defines Russia's strategic window of opportunity by first providing strategic-level analysis of the difficult choices facing the most influential actors for the region—the United States' strategic rebalance towards the Asia-Pacific, the European Union's inward orientation, a weakened North Atlantic Treaty Organization, and ultimately, Russia's own strategic ascent. The paper argues that a revived Russia will seize an opportunity to reestablish its sphere of influence in Eurasia over the coming decade.

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INTRODUCTION

Events surrounding the European Union's (EU) Eastern Partnership Summit in Vilnius, Lithuania in late November 2013 foreshadow what Eurasian states will experience in the coming decade. Five years in the making, the EU staged the summit as a watershed moment, expecting Ukraine to sign its pivotal Association Agreement that would set initial conditions for Ukraine to integrate with the EU.² At this critical moment in Ukraine's history, Ukrainian President Viktor Yanukovich did not sign the agreement in an outcome that surprised the West because they expected Ukraine to finally uncouple from Russia and move towards the EU.³ EU surprise was captured by German Chancellor Angela Merkel's statement to Yanukovich at the summit, "We expected more."⁴ Ukraine's pivot back to the east—coupled with Moldova, Georgia, and others always looking over their shoulders and Armenia's abrupt end to considering the EU Association Agreement—begs the question: what key geostrategic factors are motivating these outcomes?⁵

Addressing this question—and its related contexts and causes—depends upon understanding the contemporary geostrategic reality facing Eurasia, and importantly, Russia's and other influential players' emerging political calculus. This paper defines Russia's strategic window of opportunity by first providing strategic-level analysis of the difficult choices facing the most influential actors for the region—the United States' strategic rebalance towards the Asia-Pacific Region, the EU's inward orientation, a weakened North Atlantic Treaty Organization (NATO), and ultimately, Russia's own strategic ascent. The paper argues that a revived Russia will seize an opportunity to reestablish its sphere of influence in Eurasia over the coming decade.



FIG 1: Map of Eurasia and Russia's 'Near Abroad'¹ (Source: RussiaMaps.org).

DEFINING RUSSIA'S STRATEGIC WINDOW OF OPPORTUNITY

The United States' "Rebalance" Towards the Asia-Pacific Region

In January 2012, the United States published its latest National Defense Strategy, formally announcing a strategic rebalance towards the Asia-Pacific region.⁶ This US strategic shift clearly reprioritizes the Asia-Pacific region ahead of all others, including Europe, for many years to come. A well-known consequence of US intense focus on the Middle East over the past decade was the diversion of resources away from Europe. Over the next decade, severe US budget reductions will force the US, particularly its Department of Defense (DoD), to do less with less. This minimizing approach, coupled with constant attention to the Middle East and the strategic shift, will lead to an amplified zero-sum effect, with Europe appraising US finite instruments of national power elsewhere. Accordingly, US officials will continue to press Europe to lead efforts in its neighborhood—understood broadly—while US foreign policy interests transition to a “security enabler” role in Europe and beyond, all while preserving existing US-Europe economic ties. In short, despite US foreign and defense policy officials’ assurance to European partners, US policymakers’ efforts will focus on the Asia-Pacific Region and the Middle East, and military presence in Europe is on a deliberate decline. Yet, the results and after-effects of this strategic calculus, as this paper will show, have not been fully considered—not only will US influence and leverage in the region decline, the “rebalance” will prompt and make possible the first step in a Russian redefinition of its own window of opportunity in Eurasia.

The European Union's Inward Orientation: Seeking Solidarity

The EU orients mostly inward due to expansion fatigue, the combined effects of Europe's economic austerity policy and financial crises, and emergent structural fractures. In the first decade of the 21st century, the EU was arguably the most prominent “external force” encouraging, supporting, and directing neighboring countries expressly seeking a democratic path.⁷ The goal of EU membership motivated Eastern European countries to change course, and they often exhaustively instituted the necessary reforms to realize such a pathway. The first significant round of EU expansion occurred in 2004, enticing countries such as Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia to join.⁸ In 2007, Bulgaria and Romania also joined, with Croatia entering the union in 2013.⁹ This rapid and hefty accession rate drew much EU member criticism that the process was too fast and memberships were premature.¹⁰ Eastern European states and the EU expended considerable energy and

resources to stimulate democratic reform, realize EU membership, and adequately integrate each country within the EU structure. Over time, a general expectation for a more deliberative integration process evolved in the EU, signifying some expansion fatigue.

Critically, the latest rounds of EU expansion occurred when Russia lacked the means to undermine such democratizing efforts. Thus, while EU enlargement goals remain, the resources for such endeavors do not exist. Today, and in the foreseeable future, such efforts will therefore require considerably more resources than Europe now possesses, and they will falter in the face of a revived Russia, whose strength and geopolitical position pose counter-forces to democratic reform. Both Eurasia and Russia see this trend, especially as the EU is no longer offering countries a road map for accession.



FIG 2: Countries of the European Union (Source: Wikimedia Commons).

Current EU inertia can be explained by economic austerity policies and ongoing financial crises that are driving an inward-looking union. In the last five years, the EU expended significant financial resources to cover costly financial bailout packages; head-off defaults by EU member states, including Greece, Portugal, Ireland, Cyprus, and Spain; and minimize shocks throughout the EU economic partnership and internationally. Such financial hardships continue to play out on center stage in the media, making the crises and their associated concerns highly visible in Eurasia, Russia, and the international community.

Such challenges directly impact traditional EU goals of enlargement. Many Eurasian countries have weak economies, each suffering from underdevelopment in an increasingly regionalized, global economy. Given EU austerity policies, from a European perspective, officials lack both the necessary political “will” and means to integrate economically weak Eurasian states into the

union, especially as the EU would assume financial risk. From the Eurasian state perspective, the financial crises have damaged the EU's standing, raising questions about the model of deep economic integration within the union and about whether structured economic integration promotes stability. As Eurasian states hesitate and Europe reforms—implementing lessons learned, stabilizing economies, and exploring ways to stimulate growth—Russia contemplates its next geopolitical move.

In many respects, Russia's emergent gain depends, in part, on the resurgent fractures in the EU exposed by the global financial crisis. EU members continue to debate about what the EU is and should be. Fragmented foreign policy positions were inevitable. However, the absence of a meaningful Common Security Defence Policy, as well as significant internal disagreement over the proper use of force (Germany on one end of the spectrum and France and UK on the other) and EU political integration, impede coherent action.¹¹ Such discordant discourse is beginning to shape domestic public opinion. Recent polls indicate that 70% of Britons want an in-or-out referendum, with 49% polling against Great Britain's continued membership in the EU and 25% wanting to remain in the EU.¹²

Reduced will and resources for EU enlargement have, however, resulted in a new EU engagement strategy for peripheral states aspiring to join the union—the European Neighborhood Policy (ENP). Initially formed in 2004 before the financial crisis, the European Commission's objective for the ENP, advanced in 2011, is “to share the benefits of the EU with neighboring countries, thus helping to strengthen stability, security, and well-being” in the region.¹³ By this, the Commission means that partner states must agree to “action plans,” a “list of jointly agreed priorities to be implemented by the neighborhood country and the EU, ... [as] fostering economic growth by improving the conditions for sustained investment and productivity gains is a major priority.”¹⁴ While economic anxiety is clear in the new policy, the ENP falls short of providing a traditional “road map” to EU membership, thus increasing aspiring states' uncertainty about membership. Most importantly for Eurasian states, the ENP does little to uncouple their economic dependency on Russia.¹⁵

The EU later developed an Eastern Partnership (EaP) initiative under Polish and Swedish leadership, an attempt to meet the needs of Eurasian states, such as Ukraine, Moldova, Belarus, Azerbaijan, Armenia, and Georgia.¹⁶ Formed in 2009, the EaP's main objective is “to create the necessary conditions to accelerate political association and further economic integration between the European Union and interested partner countries.”¹⁷ The EaP Summit is the pinnacle event for the program, held bi-annually and attended by EU leaders and EaP members'

heads of state. However, many characterize the EaP program as plagued by bureaucratic paralysis, a reluctance to irritate Russia, and failed expectations.¹⁸ EaP states want more than the EU is willing to provide, a roadmap to EU membership. The EU offers an Association Agreement as a critical tool to meet its above mentioned objective; however, the lack of an EU membership road map and concrete measures to economically uncouple Eurasian state dependency from Russia tarnish its lure. That Ukraine recently refused to sign this document is indication of its serious shortfalls. Below, this paper explores the latest EaP Summit as a case study, and the reasons why Ukraine did not sign will become apparent. With the EU oriented inward, and consequently, its external engagement and partnership efforts sputtering, Eurasian states remain on the periphery, vulnerable to Russian influence.

A Weakened NATO¹⁹

Two primary factors point to a weakened NATO over the coming decade—worsening NATO defense capability deficits and a fracturing transatlantic bond.

NATO's most significant challenge is a growing defense capability deficit, that includes mainly (1) a lack of force capabilities, including readiness and modernization, and (2) capability gaps among member states. Most NATO member states consistently fail to abide by defense budget standards agreed upon in 2006, which emphasize the lack of force capabilities, readiness, and modernization. For example, one NATO standard requires all members to spend a minimum of 2% of their Gross Domestic Product (GDP) on defense. In 2007, only five NATO members met this standard and in 2012, that number of compliant members decreased to four.²⁰ Another important NATO benchmark is for its members to spend at least 20% of their defense budget on new major equipment.²¹ Again, only an average of five NATO members met this standard between 2009 and 2012, with an average of seven members spending less than 10%.²² The consistent lack of European member compliance with these two elementary NATO defense standards has a compounding effect, eroding the necessary defense capability required for core task execution, and ultimately making the overarching challenge of the Alliance—revitalization—difficult.²³

Moreover, the growing military capability gaps within NATO undermine political support for the Alliance and reduce overall organization effectiveness. Since 2008, European member defense spending has declined.²⁴ During a similar timeframe, the US share of Alliance defense spending increased from 68% to 72% even though the combined wealth of non-US allies exceeds the US in terms of GDP.²⁵ Additionally, European countries, excluding the United Kingdom (UK), France, and Germany, only account for approximately 9.5% of Alliance defense spending in 2012, a decrease of approximately 2.2% since 2007.²⁶ Analysis of the 2007 and 2012 defense expenditures points to not only a multi-tiered hierarchy at the core of the Alliance—the US; then UK/France/Germany; then the other 24 members—but increasing capability gaps between the US and its European allies, as well as among European allies.

Increasing military capability gaps place a disproportionate and unsustainable burden on upper-tier NATO members. In October 2013, US Secretary of Defense Chuck Hagel warned the Alliance of this burden by stating, “Overdependence on any one country for critical capabilities brings with it risks, and we must continue to work to more equally share the burden of providing security.”²⁷ If left unresolved, widening inequities will be a catalyst for internal Alliance friction, with upper-tier members questioning the commitment of other members. Such a friction erodes upper-tier member political support for NATO and overall Alliance effectiveness required for weighty core missions.²⁸

To NATO’s credit, it recognizes the European defense spending deficiencies and swelling defense capability gaps and is attempting to implement “Smart Defense” as a solution. NATO promotes this concept as an innovative way to pool resources, share capabilities, develop specialized niches, and prioritize cuts and expenditures.²⁹ This endeavor requires, however, unprecedented member cooperation to achieve requisite economies of scale.³⁰ NATO previously



FIG 3: NATO Countries are shown in green (Source: Wikimedia Commons).

attempted similar programs of capability sharing, prioritization, and specialization with minimal success. At the 1999 Washington, DC Summit, NATO launched the Defense Capabilities Initiative (DCI) to improve Alliance core capabilities.³¹ Only three years later (2002), NATO's Prague Capabilities Commitment (PCC) set to revive the DCI.³² Yet, member countries did not meet initiative goals, requiring many members to reverse a decade trend of declining defense expenditures.³³ Similar to the DCI and PCC initiatives, Smart Defense will likely be overcome by worsening economic conditions in Europe and the US.

Meanwhile, a number of other factors will undermine Smart Defense. First, many NATO members will likely experience a post-Afghanistan dividend. Members exhausted considerable resources in support of International Security Assistance Force (ISAF) and the 2011 Libya operation, and public and political will at home for such external defense expenditures are noticeably fading for many, making another round of defense budget cuts certain. Second, Europe possesses an overall policy preference for soft power.³⁴ In the absence of a clearly identifiable and defined threat in a post-Cold War era, hard power is increasingly a tough sell to Europeans.

Lastly, states are historically reluctant to risk autonomy when it comes to security. Smart Defense encourages member states (particularly smaller states that cannot afford the full spectrum of capabilities required for defense) to develop niche capabilities at the expense of highly visible forces, assuming the risk that other states will faithfully fulfill their Article 5 commitment. As such, the Smart Defense program requires enormous trust amongst fellow Alliance members—to not abandon a member at a time of need, hold them hostage for their niche capability, and act in the best interest of the Alliance as a whole. NATO standing on the sideline for the 2008 Russia/Georgia conflict and forming only a “coalition of the willing” for the 2011 Libya operation (both occurring in NATO's immediate periphery) exhibited a trust deficit within the Alliance, particularly from NATO's eastern border members. Collectively, these undercurrents will undermine Smart Defense over the next decade.

To add to NATO strategic pressure, the transatlantic bond also will likely fracture as a result of US's strategic rebalance towards the Asia-Pacific region.³⁵ As mentioned above, this shift reprioritizes the Asia-Pacific region as most important for years to come. US military presence in Europe is already on the decline, and the US's role in NATO and its military commitments will decrease by necessity. Severe US defense budget reductions over the next decade will force the DoD to do less with less, with NATO seeing its historical leader focused elsewhere. As a result, the US will continue to press European members to lead security efforts in its

neighborhood, with the US transitioning to a critical enabler provider role. This transatlantic transition—and its internal tensions—will be significant for the health and integrity of the NATO alliance.

Significant intra-Alliance transition risk will lead to transatlantic friction. The transition is occurring at a time when European members are experiencing significant military capability gaps with no achievable solutions in place. NATO's Operation Unified Protector (the 2011 Libya operation) foreshadowed Alliance operational challenges in the near-term. European NATO members were only able to form a “coalition of the willing” for a mission that had widespread international support, did not involve ground combat troops, and occurred in its own neighborhood.³⁶ The small number of European members in the overall Libya operation, and specifically in the strike campaign, exposed a lack of NATO member commitment, critical capability shortfalls, and overall dependency on US military and operational capability.

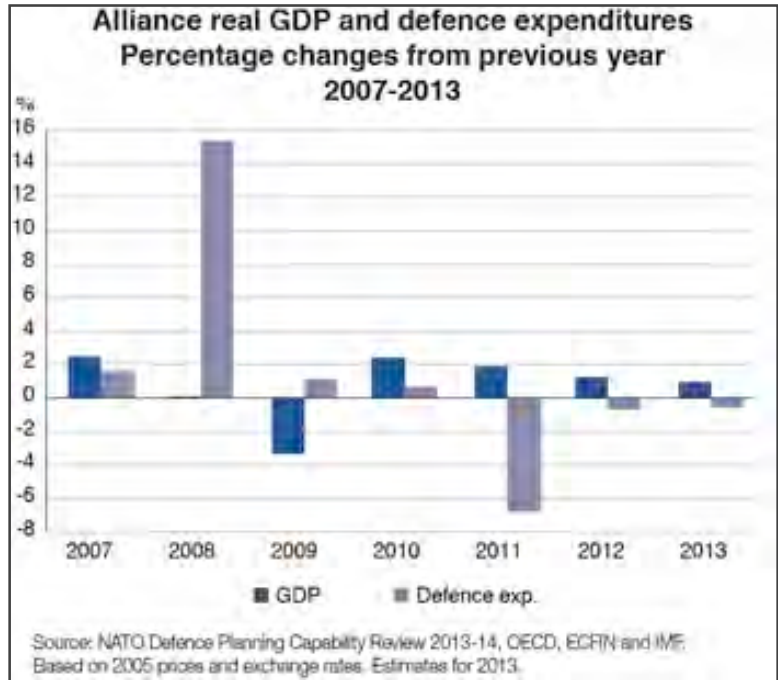


FIG 4: NATO member defense expenditure and GDP shown as percentage changes from previous year, 2007-2013 (Source: NATO).

Outgoing US Secretary of Defense

Robert Gates, during a 2011 “Future of NATO” speech, provided a stern warning to the Alliance as the Libya operation was ongoing, stating, “If the current trend in the decline of European defense capabilities are not halted and reversed, future US political leaders may not consider the return on America’s investment in NATO worth the cost.”³⁷ Although the Libya operation is a likely reoccurring scenario in an unpredictable security environment, and despite Gates’ warning, most European alliance members continue to slash defense spending, making it difficult to see them assuming a larger role within the Alliance. Consequently, the US will become less tolerant and progressively guard its finite military capability and security-related resources as European defense capabilities continue to decline. Under these conditions, transatlantic friction is inevitable and will intensify on defense and strategic matters with the unpalatable result of weakening the transatlantic bond. The US’s recent proposal for NATO to

adopt a 50% cap for any ally to contribute capability is another indicator of mounting friction.³⁸ European members' spying allegations against the US National Security Agency further strains the transatlantic relationship.

The decrease in NATO's relative strength will have strategic implications over the next decade. Faced with decreasing military capacity as a military alliance, NATO will retract its security umbrella to its traditional sphere of influence, in Europe proper and its immediate periphery. Similarly, future NATO military engagements will be more limited due to reduced strategic reach. By necessity, NATO will focus on its remaining core task of "cooperative security" and promote its consulting body function.³⁹ NATO will leverage its political advances in recent years and formalize existing partnerships with organizations and countries around the globe as a means to account for the Alliance's reduced strength.

NATO alliance durability also will suffer. The organization will focus primarily on Alliance maintenance. Alliance members will begin to question the level of commitment of other members. Questions of NATO relevancy will resurface, due to the end of the ISAF mission and the absence of a well-defined future threat, which will lead to ideological differences about the future of NATO. As mentioned, many Alliance members lack the public and political will for further post-Afghanistan commitments. These undercurrents and others will significantly challenge NATO leaders' ability to revive solidarity. By necessity, the organization will shift from robust military engagements towards its own readiness (training and exercises) as a means to build Alliance unity and improve effectiveness. NATO's recent Connected Forces Initiative provides a foundation for this effort.

The two factors contributing to a weakened NATO—a defense and deterrence capabilities deficit and a fracturing transatlantic bond—will continue to widen for the next decade without resuscitated commitment by and continued maintenance from Alliance members. The critical path for future NATO success consists of small, realistic increases in European member defense spending on high-payoff capabilities, mainly strategic lift, missile defense, intelligence, surveillance, and reconnaissance capabilities. NATO Secretary General Anders Rasmussen recently highlighted this critical path by stating, "A strong European contribution to NATO capabilities will sustain a strong US commitment to NATO."⁴⁰ While facing economic austerity and continued financial crises, most member state policy officials lack the will to reverse their defense budget cut trend. As NATO gradually loses its clout in the face of a stronger Russia, Eurasian states remain on the outside looking in.

A Revived Russia

President Vladimir Putin has revived Russia, returning an economically resilient country to the world stage.⁴¹ Prior to Putin's presidency, Russian leaders focused on salvaging the beneficial remains of the Soviet Union while forging a new direction for the country. Russia simply lacked the means to exert influence in its immediate neighborhood. However, by 2004, Russia began to rebound both politically and economically under Putin's first presidential term. Putin led an "authoritarian stability" effort by centralizing his presidential power, taking state control of the economy, regulating the media, and implementing deliberate over-watch of "foreign activities" within the country.⁴² The Kremlin enjoyed record high energy prices, the primary driver for rapidly increasing Russia's prosperity. By the end of Putin's second term, Russia used its energy profits to payback its foreign debt well ahead of schedule and to invest in Russia and abroad.⁴³ Russia enjoyed 7% Gross Domestic Product (GDP) growth from 1999 to 2008, a trillion-dollar economy, and accumulated a \$130 billion stabilization fund and \$430 billion in currency reserves.⁴⁴ Russia's new found prosperity set the stage for future diplomatic and economic leverages in the region and internationally.

Russia survived the 2008 global recession and subsequent 2010-2012 Eurozone crises because policymakers learned from the late 1990s economic collapse. Russia was, thus, fiscally prepared for these external shocks.⁴⁵ The Kremlin's timely decision to implement its national stabilization fund and currency reserve adequately offset dropping oil prices and an overall budget deficit. With oil prices comfortably above \$100 per barrel from 2011 to 2013, the Kremlin continues to maintain these reserve funds.⁴⁶ By the end of 2011, the Kremlin rebuilt its reserve funds to about \$145 billion and its currency reserve to approximately \$540 billion.⁴⁷ Starting in 2013, Russia's reserve funds again gained momentum signifying a "recovering trend and increased confidence that the Russian budget will be less susceptible to any economic emergency."⁴⁸ With projections for oil prices to average above \$100 per barrel in 2014, Russia will maintain its reserve fund buffer that served Russia well during these crises and use this proven tool for economic stability going forward.⁴⁹



FIG 5: Russian President Vladimir Putin, center, and Russian military commanders walk upon arrival to watch a military exercise near St. Petersburg, Russia, March 3, 2014 (Source: AP/CBS News).

Today, Russia is an emerging global power with vast resources. First, Russia is the world's largest country and eighth largest economy.⁵⁰ Second, Russia is the second largest oil producing state, accounting for about 13% of the world share and achieving annual oil production increases 13 out of the past 14 years.⁵¹ Third, it possesses approximately a fifth of the world's known gas reserves and produces 18% of the world's output (second only to the US).⁵² For known coal reserves, Russia ranks second in the world.⁵³ In total, Russia's energy sector "contributes 20% to 25% of GDP, 65% of total exports, and 30% of government budget revenue."⁵⁴ Positioned as a crucial global player, these and other factors earn Russia its distinction as a member of the commonly referred to "BRIC" (Brazil, Russia, India, and China) community.⁵⁵

Recently, Russia has struggled to maintain its economic momentum. Russia's GDP growth dipped from approximately 4% in 2011 and 3.4% in 2012 to 1.4% in 2013.⁵⁶ This growth is significantly lower than the 7% GDP growth enjoyed in Putin's first two presidential terms; however, the country is not in a recession and its slowing growth is consistent with most other prominent nations during a global economic downturn. In addition, Russia's current GDP growth projections are 2.5% to 3.1% for this year and 2.8% to 3.0% in 2015, signaling a recovery.⁵⁷

Critics point to Russia's dependency on the energy sector to fuel its economy. Their primary concern is that a sharp plunge in oil prices would have a sizable impact on Russia's economy. Yet, oil prices and production primarily drive the continued health of Russia's national reserve funds, the Kremlin's primary tool to moderate future oil price fluctuations and economic downturn. The Kremlin maintains these sizable reserve funds as a national priority, in-line with a "policy of fiscal conservatism and extreme self-insurance."⁵⁸ Both the International Energy Agency's (IEA) and US Energy Information Administration's (EIA) 2013 Energy Outlook reports indicate a potential new norm for oil prices with both agencies forecasting average prices above \$100 per barrel and gradually rising between now and 2040. EIA's reference case points to \$163 per barrel by 2040 (in 2011 dollars).⁵⁹ This forecast is great news for Russia, especially when skeptics believe the country's economy is dependent on oil prices remaining above \$100 per barrel.⁶⁰ At another level, oil price fluctuations also are routinely accounted for in the Russian market. Russian equity valuations have been priced at about \$75 per barrel, leaving room for sizable price ebb and flow.⁶¹ Another worthy consideration is the cost of Russia's survival during the 2008 global recession, estimated at \$200 billion.⁶² Due to accumulated national reserve funds, there is little reason to be concerned, as Russia is likely able to weather a similar financial crisis or significant oil price instability.⁶³

Lastly, Russia is not just about oil; the performance of the other 75% to 80% of the economy is important. With the labor market relatively strong, unemployment remaining at historic lows, wages higher than in years past, inflation at about 6.5% and well below its average of 149% from 1991 to 2013, there remains plenty of evidence that Russia will avoid an economic crisis and remain relatively stable in the short to mid-term.⁶⁴

Admittedly, Russia must advance major investment in its infrastructure to ensure long-term economic growth. For example, limited energy sector infrastructure investment will soon constrain Russia's ability to exploit its vast energy resources, leading to a plateau in energy production (20% to 25% of the economy) and increasing pressure on the other parts of the economy to grow faster.⁶⁵

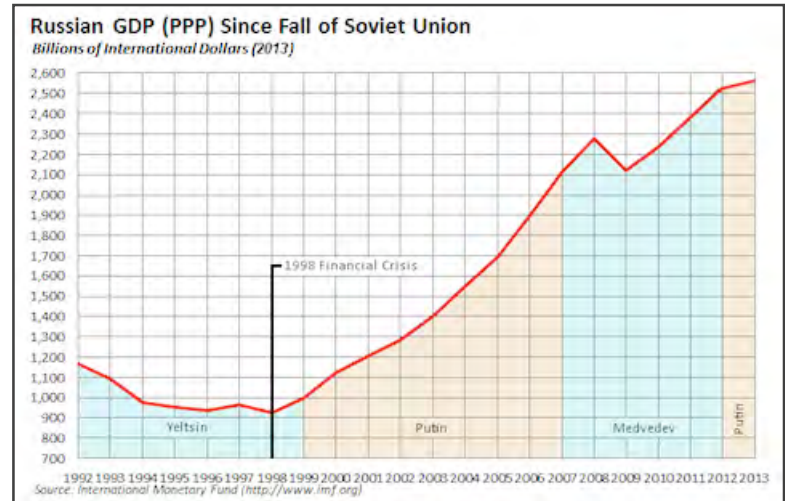


FIG 6: Russian economy (GDP) since the fall of the Soviet Union (Source: Wikimedia Commons).

There is currently little incentive for oil companies to invest in Russia due to the relatively high tax rates. Tax on a barrel of crude is about two-thirds of the revenue, making oil exploration, extraction, and production unattractive for many national and international companies.⁶⁶ The Kremlin is seeking tax relief initiatives to provide the necessary shock to investment, some of which are being deliberated by the State Duma, Russia's lower house of parliament.⁶⁷ Such initiatives will expedite Russia's concrete efforts to establish export channels from new eastern Siberia oil and gas fields to East Asia, facilitating energy export diversity and trade with a region with significant fossil fuel demand.⁶⁸

As a result of a rising concern for Russia's long-term growth, the International Monetary Fund (IMF) is urging Russia to seek a new growth model. Russia must continue its ongoing efforts to diversify its economy and induce higher investment, while reducing corruption and making the Russian market more fair and competitive.⁶⁹ Only time will tell if Putin does what it takes to ensure long-term, sustainable economic growth. However, a recent IMF survey of Russia's economy found that higher sustainable growth is clearly achievable and that the "implementation of commitments already made in Russia's [World Trade Organization] WTO accession, as well as items being discussed for joining the Organization for Economic Cooperation and Development, provide important means for advancing this structural agenda to unleash Russia's growth potential."⁷⁰ The survey goes on to state that "[i]mprovements in the

macroeconomic policy framework in recent years placed Russia in a strong position in a global environment buffeted by [economic] crises ... a focused reform agenda would further strengthen this armor.”⁷¹

Russia rapidly reemerged as a regional and global actor with enormous economic potential and growing economic and political influence. Although Russia is showing signs of (albeit manageable) economic struggles and long-term growth challenges, they are no more than other leading countries in a world plagued with economic and financial hardship. In fact, Russia demonstrated incredible economic resiliency during two significant crisis periods, and indications are that Russia is keenly aware of its long-term growth challenges and is seeking solutions accordingly. Russia is stronger today than it has been since the Soviet Union dissolved. Its continued status as a permanent member of the United Nations Security Council (with veto authority over any proposed resolution); its hosting of the 2006 St. Petersburg G8 Summit; its entry into the WTO in 2012 and its designation as a member of BRIC; its involvement in the Syria crisis; and its hosting of the 2014 Winter Olympics in Sochi symbolize its reestablished position in the international community. Moreover, Russia currently possesses the means to develop its own sphere of influence and Russia's foreign policy is reflecting its enhanced position among its neighbors. Eurasian states can no longer ignore Russian interests or easily act against Russia's will.

THE EMBOLDENED BEAR REESTABLISHING ITS SPHERE OF INFLUENCE IN EURASIA

Unsurprisingly, an economically emboldened Russia is seeking to restore its place on the international stage politically, with clear ambitions to reestablish influence in its “Near Abroad.” Russian Minister of Foreign Affairs Sergey V. Lavrov and later then-Prime Minister Vladimir Putin, while addressing the Duma in April 2012, declared “the post-Soviet period is over,” formally announcing Russia's departure from a period of weakness and its re-ascent as a prominent regional and international actor.⁷² Russia's multi-vector foreign policy, expressly defined in its Foreign Policy Concept, captures this initiative in the nation's primary objective “[t]o preserve and strengthen its sovereignty and territorial integrity, to achieve strong positions of authority in the world community that best meet the interests of the Russian Federation as one of [the] influential centers in the modern world, ... [and] to create favorable external conditions for the modernization of Russia.”⁷³ In August 2008, then-President Dmitry Medvedev further clarified Russian foreign policy when he formally announced the country's

five foreign policy principles, one of which is to secure Russia's "privileged interests" in "priority regions"—above all, states bordering Russia.⁷⁴ Russian policymakers are increasingly clear that they intend to establish a Russian sphere of influence over the "Near Abroad" states as the focus of this endeavor. Putin, in an address to the Duma on state TV as he set conditions for his return for a third presidential term, said that the "[c]reation of a common economic space ... [is] the most important event in post-Soviet space since the collapse of the Soviet Union."⁷⁵

Putin's Vision: A Eurasian Union

Putin has a clear vision for his "Near Abroad" ambitions and calls it the "Eurasian Union." In October 2011, then-Prime Minister Putin described the vision for forming this union in "A New Integration Project for Eurasia: The Future in the Making." It will be an association of post-Soviet Union states, resembling the EU, which forge deepened economic ties and then greater political integration.⁷⁶ This policy initiative has already begun with the formal establishment of a Customs Union in January 2010 between Russia, Belarus, and Kazakhstan.⁷⁷ Likewise, in January 2012, Putin focused the administration's efforts towards the second phase of the project, "the Common Economic Space [CES]."⁷⁸ Under the CES, member states expect to enjoy a combination of lower trade barriers, lower energy tariffs, reduced border controls, more common regulations and currency policies, and increased ability for migrant workers to move from Russia to their home state to legally repatriate earnings.⁷⁹ By forming the CES, Russia is seeking to match regional integration ensuing around the world (in the EU, the Association of Southeastern Asian Nations (ASEAN), and through the North American Free Trade Agreement (NAFTA)); build a natural partner for the EU; and establish the necessary horizontal trading links to prevent Eurasia's isolation, which contributes to the region's underdevelopment.⁸⁰ Putin envisions both the Customs Union and CES merging to form a Eurasian Economic Union, currently projected for 2015.⁸¹

Part of this vision is the assumption that economic integration sets the stage for greater political integration. Putin admits that "we plan to go beyond that, and set ourselves an ambitious goal of reaching a higher level of integration, a Eurasian Union" by proceeding at a very ambitious pace drawing on lessons learned from the forming of the EU and other regional institutions.⁸²

Putin's ambitious Eurasian Union project is taking root. Kyrgyzstan and Tajikistan are considering a Customs Union membership and Armenian President Serzh Sargsyan declared his country's firm intent to join.⁸³ Ukraine and Moldova continue to observe. In 2012, Putin further formalized the integration project by establishing the Eurasian Economic Commission, modeled after the EU's European Commission.⁸⁴ Putin also led the establishment of another

supranational organization, the Eurasian Economic Court, which made two rulings in 2012.⁸⁵ Although in its infancy, Eurasian integration efforts have drawn the attention of world leaders, including former US Secretary of State Hillary Clinton.⁸⁶

Other Russian-Led Integration

Projects in Eurasia

Russian-led organizations already exist to enable further regional integration, and these organizations function as a launch pad for Putin's Eurasian Union project. First, most Eurasian states maintain historical ties as members of the Commonwealth of Independent States (CIS). CIS's current membership includes Russia, Armenia, Azerbaijan, Belarus,



FIG 7: The Commonwealth of Independent States (in shades of red) (Source: Gonzaga University).

Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, and Uzbekistan. Ukraine is a participant, but not a member, and Georgia withdrew in 2009 (after its brief war with Russia).⁸⁷ The CIS formed upon the collapse of the Soviet Union as an attempt to preserve ties amongst former Soviet Union republics.⁸⁸ However, member states never institutionalized the CIS, and the organization “remained a loose association of states with the stated goal of trying to coordinate economic and foreign policy.”⁸⁹ The CIS plays a smaller role in today's Eurasia, but it does serve as a routine forum for Russian policymakers to press their political and economic agenda.⁹⁰

Secondly, the Eurasian Economic Community (EurAsEC) is an active organization that has already jumpstarted Putin's economic integration initiatives. Russia and Kazakhstan created EurAsEC in 2000, with membership expanding to Belarus, Kyrgyzstan, and Tajikistan.⁹¹ Armenia, Moldova, and Ukraine participate as official observers.⁹² This community continues to coordinate and manage efforts for a common market, common border security initiatives, standardized currency exchange, and economic development projects, ultimately serving as the “cocoon” for the above-mentioned CES.⁹³ EurAsEC has a functioning Eurasian Economic Council led by heads of state, and its membership indicates regional acceptance (willingly or unwillingly) for economic integration.⁹⁴

In 2002, Russia also led the creation of a Collective Security Treaty Organization (CSTO), spearheading important military linkages in the region. This organization's membership consists of Russia, Belarus, Armenia, Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan, thus formalizing a 1992 mutual security agreement and creating a defense alliance.⁹⁵ The organization's purpose is to strengthen "international and regional security and stability and to ensure the collective defence of the independence, territorial integrity, and sovereignty of the member states."⁹⁶ Russia recently reenergized the CSTO and intends for it to serve as a regional security body that develops ties with other multilateral organizations, such as the UN, NATO, and Organization for Security and Cooperation in Europe (OSCE).⁹⁷ To date, CSTO consists of a Security Council, Council of Defense Ministers, Council of Foreign Ministers, Secretariat, and an expanding, joint rapid reaction force that has the potential to serve as the military arm for a fully developed Eurasian Union.⁹⁸

Collectively, CIS, EurAsEC, and CSTO demonstrate Russia's preliminary integration efforts in Eurasia. Just as important, Putin is not implementing his Eurasian Union project from a cold start. Over the past decade, these soft power, integration-seeking organizations have served as valuable tools to formalize Russian political, economic, and military ties in the region. Thus, Putin's clear vision; his intent to apply lessons learned from other regional integration projects (EU and ASEAN); and the extant, region-specific organizations provide the foundation for Russia to aggressively pursue a Eurasian Union and reestablish its sphere of influence in the region.

The Current Scorecard for Putin's Eurasian Union Project

As Putin's Eurasian Union project takes root, many critics are underscoring the potential perils of this deliberate integration effort. One major criticism of the Eurasian Union project is that Russia is attempting to establish a "USSR-lite."⁹⁹ Many former-Soviet Union republics may accept (willingly or unwillingly) economic integration with Russia, but they fear what may follow—political integration. As a result, select states may continue to only observe and/or resist joining the project all together. One only needs to look at Belarus and Kazakhstan—both staunch allies with Russia and active members of Russia's Customs Union, EurAsEC, and CSTO—to highlight the sensitivity of this concern. Belarus continuously attempts to slow the incremental integration process, while Kazakhstani President Nursultan Nazarbayev has publically made it clear that he seeks economic integration only.¹⁰⁰

Other arguments enumerating potential threats to the Eurasian Union project include the fact that member states must reorient their economies towards Russia, at the expense of lucrative

global markets; they must integrate with Russia, at the expense of a larger, more attractive EU market; China and Turkey are expanding their economic ties in select Eurasian states, thus competing and potentially undermining the project; and Russia traditionally uses sticks to steer Eurasian states in-line with Russian interests, while the EU uses carrots, making the EU naturally more attractive. Detractors of Russia's economic integration efforts and overall Eurasian Union project will logically encourage Eurasian states to evaluate the associated costs and benefits as they move forward.

Despite these detractors, Russia possesses an economic, cultural, and military grip on a Eurasia region that remains Russo-centric. The dominant country has a portfolio of “levers” with which to pull states into its sphere. First, Russia remains the

economic hub for the region.¹⁰¹ Russia's GDP is about \$1.4 trillion—roughly 12 times larger than Ukraine's or Kazakhstan's

economies—and it remains the principle hub for travel and transport routes.¹⁰² Russia also is a prominent regional importer and exporter, the primary trading partner for almost all Eurasian states.¹⁰³ Eurasian states' manufactured products lack competitiveness in Western markets, and Russian consumer products are less expensive than Western imports, making Russia a lucrative choice for trade. Russia's trade weight also is shared indirectly throughout the region as part of a “trickle-down” effect—heavy trade in Ukraine, Kazakhstan, Belarus, and Armenia brings economic benefit to neighboring states.¹⁰⁴ Russia often uses trade as an invaluable soft power tool and as a targeted “stick” with which to pursue its interests. For example, before the EU's 2013 Eastern Partnership Summit, Russia banned Ukrainian exports for a week and then Ukrainian confectionery exports; it banned Moldovan wines; and it imposed new restrictions on the export of Georgian wines to Russia, all in attempt to shape the outcome of the summit in Russia's favor.¹⁰⁵ Because regional trade relies so heavily on Russia, Eurasian countries remain dependent on their dominant neighbor for economic survival (especially the landlocked states),

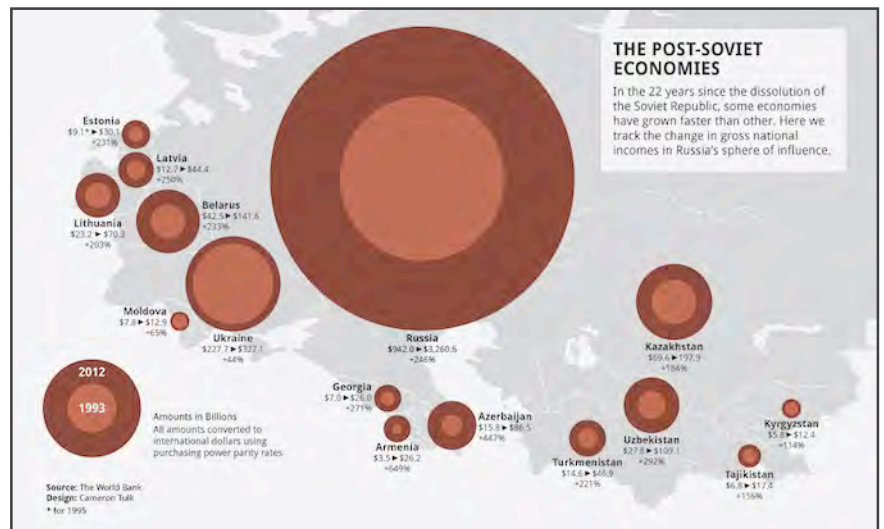


FIG 8: Relative expansions of the post-Soviet economies, showing Russia's economic dominance over its “Near Abroad” region (Source: World Bank/OpenCanada.org).

and this dependence provides Russia significant political and economic leverage against these much smaller economies.

Russia's Foreign Direct Investment throughout Eurasia is significant, providing another fulcrum for its political and economic leverage in the region. Russian companies are dominating players in many Eurasian state markets, taking advantage of lower entry barriers than in the West.

Moreover, Russia targets and owns a substantial stake in strategic sectors throughout the region, such as the electrical, natural gas, oil, and telecommunications industries. For example, Russia provides electrical power through an extensive network of Russian-owned (or partially owned with a significant stake) energy companies in the region, forming “a single energy area” and “indisputable access to neighboring countries’ energy networks.”¹⁰⁶



FIG 9: Oil fields and pipelines of Eastern Europe, showing Russia's and Gazprom's influence (Source: Eastern Europe Gas Analysis).

Another example of Russian investment comes from its dominant natural gas producer, Gazprom. Gazprom is clearly a large player with investments in many states in the region, and it serves almost exclusively as the natural gas provider to many countries, such as Moldova.¹⁰⁷ In the oil sector, Russian companies still have a strong grip in the region, with control of both the “upstream” (exploration and production) and “downstream” (refining and selling) sectors throughout the region.¹⁰⁸ Most Eurasian countries rely on Russian oil imports for their basic needs. Many of these same countries are also in substantial debt to Russia due to multiple years of high oil prices.¹⁰⁹ Finally, Russian telecommunication providers are conquering the region, particularly in the mobile sector. Russian mobile telecommunication companies lead many state markets, with Russia assuming a more than 70% share of Ukraine's total market as an example.¹¹⁰ Collectively, Russian investment fosters Russian-led economic cooperation and integration in the region, and it provides Russia enormous leverage, both economically and

politically. Even after the Russo-Georgia 2008 war, Russia remains Georgia's third largest investor.¹¹¹ Russia possesses an even larger stake in the rest of the region.

Russian political and business leaders are able to leverage language and regional cultural business practices, norms, and networks to facilitate economic integration from the bottom-up. Russian is the primary language throughout most of the region and a critical factor for commerce, diplomacy, and information campaigns. According to a study conducted by the RAND Corporation, Russian investors also enjoy superior knowledge of family, academic, and professional links originating from the former Soviet Union.¹¹² Their unparalleled knowledge of the internal workings of local and national institutions, as well as personal relationships with business and government elites, provide them a significant advantage over their Western counterparts.¹¹³ Similarly, business laws, regulations, policies, and practices between Russia and neighboring states provide Russian entrepreneurs a distinct advantage.¹¹⁴ Due to a common history, culture, and everyday experience, Russian businessmen enjoy better access to the well-developed networks and receive better treatment by local governments, regulators, courts, and overall business community.¹¹⁵



FIG 10: The Sukhoi T-50 is a fifth-generation fighter aircraft expected to enter service in the Russian air force in 2015 (Source: Wikimedia Commons).

Russia's common cultural experience with neighboring states promotes business success at the lowest levels, cultivating the necessary roots for more effective economic integration in the long-term. In contrast, Western "outsiders" find this region to be difficult terrain and are at a significant disadvantage.

Russia's military power is an intimidating shadow over the region. Russia's one million-plus member military dwarfs much smaller Eurasian state militaries. More importantly, Russia has a respectable military presence in the region. It maintains its Black Sea Fleet in Ukraine, with its primary headquarters in Sevastopol. Russia and Ukraine recently agreed to extend the lease of the Sevastopol base until 2042, ensuring a formidable Russian presence for the long-term.¹¹⁶ Additionally, Russia continues to expand its military presence in Abkhazia and South Ossetia (the Moscow-controlled separatist regions within Georgia's borders), having built five military

bases in these regions since 2009.¹¹⁷ Russia also maintains bases in Gyumri, Armenia; radar stations in Azerbaijan and Belarus; and an airbase in Kyrgyzstan.¹¹⁸ The 2008 Russo-Georgia conflict only darkened Russia's military shadow over the region. From a Eurasian state perspective, the war demonstrated the weakness of the NATO and EU security apparatus by allowing Russia to change borders and occupy an Organization for Security and Cooperation in Europe (OSCE) member state unimpeded.¹¹⁹ Eurasian states likely view the West's inaction, as well as minimal Western presence, as a lack of commitment in the region. In contrast, Russian military dominance, the Collective Security Treaty Organization (CSTO), and the 2008 Russo-Georgia conflict all demonstrate a strong Russian willingness to advance its interests throughout the region.



FIG 11: Maps of the independent (Russian recognized and protected) states of South Ossetia, Abkhazia, and Transnistria (Source: Wikimedia Commons).



Frozen conflicts within the region also provide Russia political and military leverage. South Ossetia and Abkhazia (within Georgia) and Transnistria (within Moldova) are pro-Russian separatist territories, recognized by Russia but not by the international community. These territories fought bloody wars with their respective “host” states in the early 1990s. The Russian military, under a UN Security Council mandate, sent peacekeepers to stop the fighting, and subsequently assisted in creating independent territories that now have their own governments, currency, and police.¹²⁰ Russia also granted passports to the residents of these territories.¹²¹ Declaring a legal right to protect its citizens, Russia maintains its peacekeeping forces in these territories to prevent any further conflict—yet another lever it can use against Georgia and Moldova.

Russia's political, economic, cultural, and military influence in Eurasia is firmly rooted and growing. With multiple levers in Russia's toolkit, Ukraine and other Eurasian states integrate with Russia by necessity, not by choice. A lack of assurances from the West to assist Eurasian states with uncoupling from Russia's regional dominance leaves most states with no viable option other than the Russian one. Authors of "The Persistence of Eurasia" conclude that "a Russian-led Eurasia still exists as a distinct entity" and "will continue to exist for the foreseeable future."¹²² Vladimir Putin's vision and integration efforts should not only be viewed as a means to keep the Eurasian region a distinct entity but also as a means for Russia to extend its great power aspirations.

The EU-Russia Tug-of-War: EU's 2013 Eastern Partnership Summit

Events surrounding the latest EU Eastern Partnership Summit in Vilnius, Lithuania highlight Russia's zeal for establishing its own sphere of influence and its Eurasian Union project. This particular summit was of worldwide interest due to the expectation that Ukraine would sign—and Moldova and Georgia would initial—an EU Association Agreement, a five-year effort in the making. The Association



FIG 12: EU Eastern Partnership Summit 2013 in Vilnius, Lithuania (Source: Office of the President of the Republic of Lithuania/*Lithuania Tribune*).

Agreement is the EU's primary instrument to bring Eastern Partnership countries "closer to EU standards and norms."¹²³ The most significant portion of the agreement is the Deep and Comprehensive Free Trade Area, which grants signatories access to the EU's enormous market—500 million consumers and a combined economy of €12.9 trillion (approximately \$18 trillion).¹²⁴ In comparison, Russia's Customs Union currently provides access to 170 million consumers and a combined economy of €1.4 trillion (approximately \$2 trillion).¹²⁵ Moldova and Georgia initialed a preliminary agreement and Ukraine did not sign.¹²⁶ The summit's outcome demonstrates Russia's significant influence in the region and the EU's lack of pulling power.

Both Russia and the EU see Ukraine as a "big fish" in the region, and it is widely viewed that the direction Ukraine goes in will dictate the balance of power. Ukraine is the core of the EU's Eastern Partnership Program and Ukraine's ultimate decision is a critical test of the EU's true

pulling power.¹²⁷ For Russia, Ukraine is the pearl of the region. The capital, Kiev, is one of the oldest cities in Europe and the birthplace of Russian culture (thanks to the early presence there of Viking traders known as the Rus, for whom Russia is named); the Crimea is an ethnic-Russian region; the eastern population of Ukraine speaks Russian and is mostly pro-Russian; and Ukraine was the industrial base of the former Soviet Union.¹²⁸ With Ukraine joined to Russia, Russia will have a more prominent voice on the continent, and a Russia-Ukrainian pact would serve as a major milestone for the Eurasian Union project. The loss of Ukraine to Europe would severely weaken Putin's Eurasian Union project as well as his image.

Conditions in the EU's Association Agreement presented to Ukraine were no match for the multiple levers pulled by Russia. First, the Association Agreement did not include a roadmap to EU membership, most likely a function of the EU's inward orientation and lack of political will to assume another state.¹²⁹ Second, the Association Agreement provided Ukraine with benefits in the long-term, but it did little to economically uncouple Ukraine from Russia in the short and mid-term.¹³⁰ Third, the agreement was an EU-driven, standard document, not tailored to meet Ukraine's specific needs.¹³¹ Fourth, both the EU and Russia made it clear to Ukraine that it had to choose the EU's Association Agreement or Russia's Customs Union, creating a zero-sum scenario.¹³² This scenario not only plays to Russia's strength, it also makes Ukraine's attempted neutral position (while potentially reaping the economic benefits of both opportunities) unattainable. Lastly, the EU included a condition to release Ukraine's former Prime Minister Yulia Tymoshenko from prison, which created an "untenable political choice for the current president."¹³³

In contrast, Russia employed the full range of carrots and sticks. Russia's carrots likely included weighty energy price discounts, a continuation of a relatively open common border, and restoration of Soviet-era industrial infrastructure, all providing an immediate benefit to a suffering economy.¹³⁴ One also can expect that Ukraine elites earned substantial financial compensation for their choice. These carrots, coupled with potential sticks (actual or threatened) such as trade sanctions (Russia is Ukraine's largest trade partner) and advanced payments on Russian gas imports were too much for Ukraine to withstand.¹³⁵ Each carrot and stick would have significant impacts on Ukraine's economy; collectively, they would be devastating. For the EU to expect Ukraine to withstand Russia's multiple pulled levers in the short-term and mid-term—and for Ukraine to expend enormous political capital, energy, and costs to meet the agreement's prescribed reforms with no promise of a roadmap for EU membership—demonstrates the EU's miscalculation of its own lure and of a revived Russia's will to establish its sphere of influence. Ukraine's decision to not sign the EU agreement is

significant, but not final. Ukraine's presidential elections—planned for 2015—will be the next tug-of-war. Between now and then, Ukraine can expect to remain lodged between EU and Russian spheres of influence. One thing is certain, Russia will do whatever is necessary (including exerting its proclaimed right to protect Russian-speaking citizens in the Crimea and eastern Ukraine) to bring its neighbor within its sphere of influence, and it possesses the means to do it. Meanwhile, the EU must revise its approach.

Other members in the background, Moldova and Georgia, did initial a preliminary agreement; however, they are bracing for harsh Russian retaliation. Russia has multiple levers to use against these smaller countries. Russian sanctions likely will have shocking effects on both countries' fragile economies. Moldova is especially vulnerable as the smallest economy in the region. Russia



FIG 13: Protests against the Ukrainian government in December 2013, which led to the collapse in February 2014 of the Victor Yanukovich government and subsequent Russian intervention in the Crimea and eastern Ukraine (Source: Voice of America).

already implemented a ban against Moldovan wine exports in September 2013 to strong-arm Moldova to not initial the EU agreement.¹³⁶ Since this ban did not turn Moldova away from the agreement, Russia is likely to push other pressure points. Moldova depends on Russia for 95% of its natural gas, for instance.¹³⁷ Additionally, the Moldovan economy relies heavily on remittances from its migrant workers in Russia, accounting for one third of Moldova's GDP.¹³⁸ There are already indications that workers in Russia are experiencing increased legal status checks and Russia could impose travel restrictions on these workers.¹³⁹ Lastly, Russia likely will use its political, economic, and military influence in Moldova's breakaway region, Transnistria, to intimidate the host country. In 2013 Russia was able to quickly reorient Armenia back to the East when it attempted to consider the EU's Association Agreement.¹⁴⁰ Many experts believe that Moldova must go the same direction as Ukraine, by rule of proximity. With Ukraine not signing the agreement, Russian carrots and sticks, no roadmap for EU membership, and the immense political will required to implement political and economic reform, it will be no surprise if Moldova cannot withstand the pressure and fails to ratify the agreement or withdraws from it

altogether. Time is on Russia's side as the second and third phase of the agreement—Moldova and then EU ratification process—can take many years. Just ask Croatia—it took that country 12 years.¹⁴¹

CONCLUSION: A CAUTIONARY MESSAGE

Events surrounding the EU Eastern Partnership Summit foreshadow what the world can expect from Russia for the next decade—a determined Russia that will aggressively press its agenda in Eurasia to realize its sphere of influence and Eurasian Union aspirations. With the US focused elsewhere and the EU and NATO oriented inward, few external forces impede Russian President Vladimir Putin's project execution. The Eurasian Union project is clearly in its infancy, and its future success is as uncertain as Russia's long-term economic growth prospects. However, Russia remembers all too well its economic collapse and the loss of its sphere of influence, when it was unable to prevent the accession of Eastern European states into Europe-based, regional institutions. Now Russia has Eurasia in its focus, and one thing is clear, a stronger Russia will do all that it can to prevent Eurasian states from doing the same, for fear of Russia being reduced to the periphery, or, worse, isolated in an increasingly regionalized world. Establishing a Eurasian Union, or at least realizing its Eurasian Economic Union ambition, will allow Russia to further develop a distinct sphere of influence with the region's dominant country clearly at its center. Russia's new endeavor formalizes an ongoing regional integration process, similar to what other regions already are undertaking. Due to a robust toolkit of "levers," Russia possesses the means to manipulate states into its sphere. Ultimately, how and when Russia pulls these levers will largely determine its project duration and more importantly, its success or failure.

The EU's 2013 Eastern Partnership summit was round one in a new geopolitical match—and Russia seized the initiative. Whether or not Ukraine, Moldova, and Georgia follow through with their initial commitment to the EU Association Agreement will likely define round two. It is important to view Eurasian states as independent sovereign states, not post-Soviet dependents—the Cold War is over. Thus, Eurasian states and their elites will reassess their position domestically and regionally in a very dynamic, complex environment where the only constant is change. Currently, the West (including the EU) and Russia have competing long-term visions—"a Europe whole and free" versus a Eurasian Union as a distinct space, with the EU as its peer.¹⁴² Only time will tell if both the EU and Russia re-orient towards common ground to further EU-Russia integration, rather than each exercising their power over individual Eurasian states. EU-Russia integration is a key for regional stability, and proclaiming a winner who takes all in the tugs-of-war over individual states may only bring additional crises.

ENDNOTES

¹Map titled "[Russia and the CIS, European Russia, Caucasus, and Central Asia](#)," obtained from <http://www.russiamap.org/map.php?map=political-cis> (accessed Jan. 31, 2014).

For the purpose of this paper, the Eurasia region is defined by states that were formerly Soviet Union Republics that are now independent states, and not current members of the EU or NATO. This paper further defines the Eurasia region to include the following states: Belarus, Ukraine, Moldova, Georgia, Armenia, Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, and Tajikistan. This definition is also consistent with what Russia considers as its 'Near Abroad.' See Nikolas K. Gvosdev and Christopher Marsh, *Russian Foreign Policy: Interests, Vectors, and Sectors* (Los Angeles, CA: Sage, 2014), 157 and 161-162.

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⁸Ibid., 10.

⁹Ibid.

¹⁰Ibid.

¹¹Federico Santopinto and Megan Price, eds., *National Visions of EU Defence Policy: Common Denominators and Misunderstandings* (Brussels: Centre For European Policy Studies, 2013), 155-168.

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¹³See the European Commission's Economic and Financial Affairs website, "European Neighbourhood Policy" at http://ec.europa.eu/economy_finance/international/neighbourhood_policy/index_en.htm (assessed Dec. 4, 2013).

¹⁴Ibid.

¹⁵Basora, "Must Democracy Continue to Retreat in Postcommunist Europe and Eurasia?," 11; Richard Youngs and Kateryna Pishchikova, *Smart Geostrategy For the Eastern Partnership* (Washington, DC: Carnegie Endowment for International Peace, 2013), 9.

- ¹⁶See European Union's External Action website, "Eastern Partnership" at http://www.eeas.europa.eu/eastern/index_en.htm; Lilia Shevtsova, "Who Has Prevented Ukraine From Moving Toward Europe?," *Carnegie Moscow Center: Eurasia Outlook*, blog entry posted Nov. 26, 2013, <http://carnegie.ru/eurasiaoutlook/?fa=53713> (assessed Dec. 10, 2013).
- ¹⁷Shevtsova, "Who Has Prevented Ukraine From Moving Toward Europe?," 1.
- ¹⁸*Ibid.*, 2; also see Youngs and Pishchikova, "Smart Geostrategy For the Eastern Partnership" for challenges facing EaP and recommendations for moving forward.
- ¹⁹I previously submitted the NATO section of this paper as a short strategy paper to the Army War College in 2013. The paper is titled, *NATO's Unattainable Vision?*
- ²⁰North Atlantic Treaty Organization, *The Secretary General's Annual Report 2012* (Brussels: NATO, Jan. 31, 2013), 11.
- ²¹*Ibid.*
- ²²*Ibid.*; North Atlantic Treaty Organization, *Financial and Economic Data Relating to NATO Defence* (Brussels: NATO, April 13, 2012), 8. http://www.nato.int/cps/en/natolive/news_85966.htm?selectedLocale=en&mode=pressrelease (accessed September 18, 2013).
- ²³For NATO's core tasks see North Atlantic Treaty Organization, *Active Engagement, Modern Defence: Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization*, 7-8; Also, for specific defense cut measures by the United Kingdom, France, Germany, Italy, Spain, Netherlands and Poland see the following RAND article: John Gordon, Stuart Johnson, F. Stephen Larrabee and Peter A. Wilson, "NATO and the Challenge of Austerity," *Survival* 54, no. 4 (August-September 2012): 121-142.
- ²⁴North Atlantic Treaty Organization, *Financial and Economic Data Relating to NATO Defence*, 5.
- ²⁵North Atlantic Treaty Organization, *The Secretary General's Annual Report 2012*, 10.
- ²⁶*Ibid.* I used the pie chart percentages depicted on the page to make this determination.
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- ³⁰*Ibid.*
- ³¹Carl Ek, "CRS Report for Congress: NATO's Prague Capabilities Commitment," *Congressional Research Service* (Jan. 24, 2007): 2.
- ³²*Ibid.*, 3.
- ³³*Ibid.*, 4.
- ³⁴For more background reference Europe's preference for "soft power," read John McCormick, *Why Europe Matters: The Case for the European Union* (New York: Palgrave MacMillan, 2013).
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- ³⁷*Ibid.*, 4.
- ³⁸Secretary General Rasmussen references the US proposal in the following article: Anders Fogh Rasmussen, “NATO After ISAF – Staying Successful Together,” *Hampton Roads International Security Quarterly* (April 1, 2013): 3. <http://search.proquest.com/docview/1327238156?accountid=4444> (assessed Oct. 15, 2013).
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- ⁴⁰*Ibid.*
- ⁴¹Russia’s Presidential terms from 2000 to present: 2000–2004 Vladimir Putin (1st Term); 2004–2008 Vladimir Putin (2nd Term); 2008–2012 Dmitry Medvedev (Vladimir Putin served as Prime Minister during this period); 2012–present Vladimir Putin (3rd Term). The author defines ‘resilient’ as a demonstrated ability to ‘bounce back’ from hardship.
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- ⁴⁶International Energy Agency, *World Energy Outlook 2013 Factsheet* (Paris: International Energy Agency, 2013), 2. <http://www.worldenergyoutlook.org/publications/weo-2013/> (accessed Jan. 28, 2014); BP, BP Statistical Review of World Energy 2013 (London: BP, June 2013), 15. <http://www.bp.com/en/global/corporate/about-bp/energy-economics/statistical-review-of-world-energy-2013.html> (accessed Jan. 3 2014).
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