

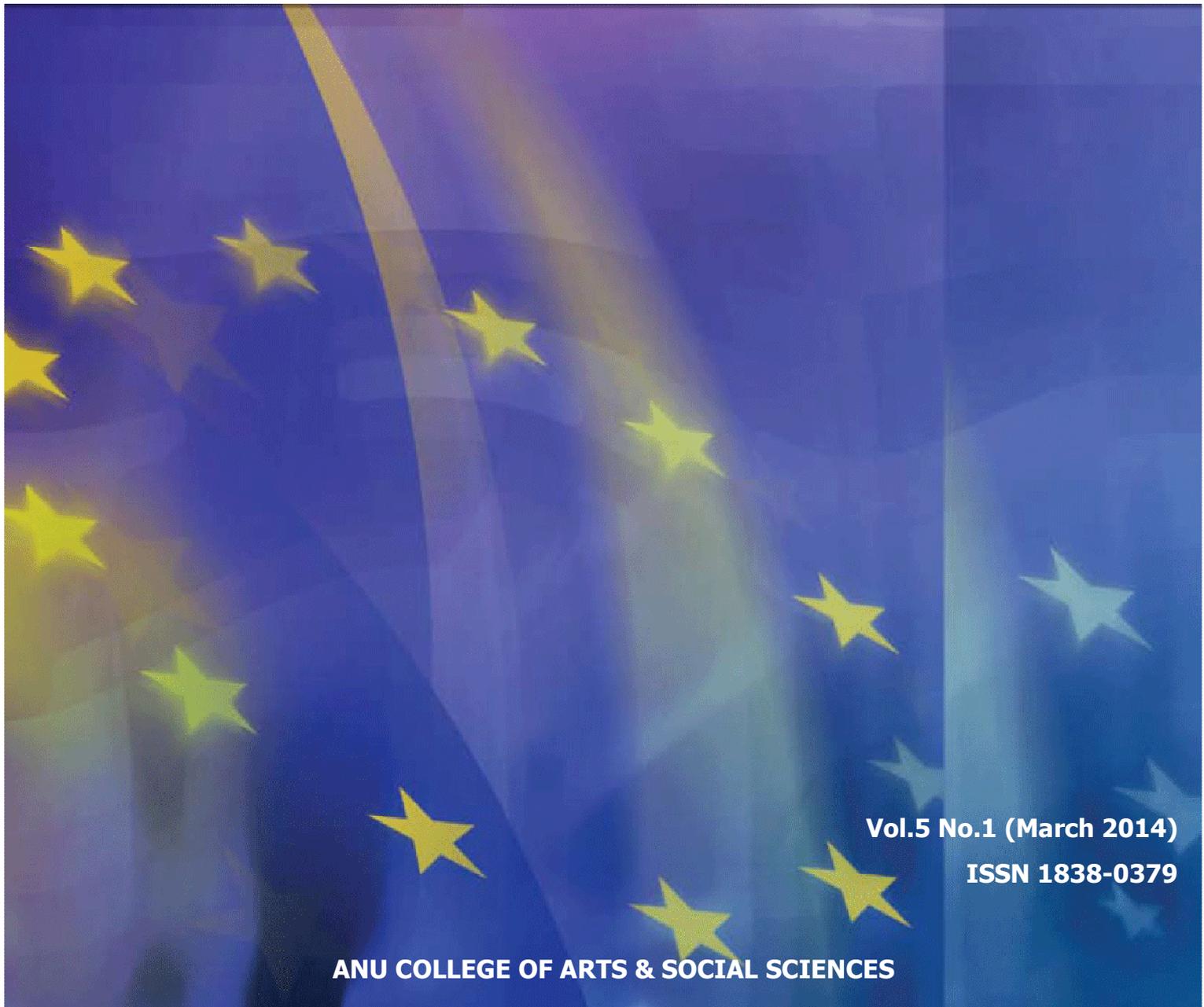


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Putin's *Annus Mirabilis*: Changing the Shape of Eurasia

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Putin's *Annus Mirabilis*: Changing the Shape of Eurasia

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This briefing note was completed on January 24, 2014 and an original version was published by Inside Story¹. Events in Ukraine in the period since have been so tumultuous that updating it simultaneously with peer review would have been impractical. Apart from small editorial changes, it reads as when submitted. As such it provides a broad background explanation of the way in which the actions of the Russian authorities in particular, as well as other actors, shaped the situation in and around Ukraine which we are now observing.

Many foreign observers have joined with commentators within the Russian regime to declare Vladimir Putin's performance on the world stage during 2013 a triumph. Russians of dissident persuasion have tended to acknowledge his successes, too, while accentuating the downsides in the hope of describing a trend, and I will be attempting to do something similar. But first the triumphs.

The one that has attracted most international applause, some of it grudging, is Syria, where Putin stalwartly defended his ally Bashar al-Assad as he continued to use what are ostensibly national defence assets to massacre large numbers of his own population. Until the conflict broke out, Western observers had made favourable comparisons between Bashar, once a respectable London ophthalmologist, and his father, Hafez al-Assad (though the son was considered not nearly as smart). Even when Bashar far outstripped his ruthless father's repressive death count, Putin's support never wavered. Vetoes, watered down UN resolutions, smokescreens to throw doubt on evidence that Assad's regime used chemical weapons on its own people – no exertion by the Russian diplomatic and propaganda apparatus was spared to defend its Syrian allies.

Correctly assessing that Western allies were reluctant to risk becoming involved in another unpredictable Middle Eastern conflict, Putin proposed that the United States and Russia lead a

¹ <http://inside.org.au/putins-annus-mirabilis-changing-the-shape-of-eurasia/>

push to rid Assad of his chemical arsenal. This project, while worthy enough in itself, has served brilliantly to change the subject and get Assad off the hook.

Unabated are the slaughter (over 130,000 dead to date), the floods of refugees (six million internally displaced, over two million seeking refuge in neighbouring states and beyond), the destabilisation of the entire region along the Sunni–Shia faultline, and the opportunities for al Qaeda and other extremisms to flourish. Meanwhile, Assad’s minority-Alawite regime, with armed assistance from Hezbollah and continuing military and diplomatic support from Russia, has avoided meaningful negotiations and restored its military advantage.

Post-communist Russia presents its continued support for militant, anti-Western regimes favoured by Soviet rulers – those of Saddam Hussein, Gaddafi, the Assads and the Teheran mullahs, for example – as part of its effort to curb Islamist infiltration of Caucasian terrorist groups in Russia: a contribution to the international “war on terror,” that is, a line of argument that many in the West accept. It is certainly true that the insurgencies in Russia’s north Caucasus are becoming more Islamist as time goes on; and it is true that Moscow is increasingly confronted with a very serious problem, of both intractable internal insurgency and recurring terrorist attacks aimed at civilian targets in the Russian heartland.

But it is also true that the Caucasian insurgencies were initially secular independence movements responding to generations of brutal Soviet and Tsarist oppression. The Tsarist conquest of the North Caucasus in the nineteenth century caused mass casualties, and Stalin’s wartime deportation in inhuman conditions of the entire Chechen population (and other national groups) led to a fatality rate estimated at one-in-four. Yeltsin’s and Putin’s wars to suppress Chechen independence after the fall of communism killed tens of thousands of combatants, mainly Chechens, and tens of thousands more civilians (including many ethnic Russians).

In Chechnya itself, Putin finally opted for “indigenisation,” and the Chechen Republic has now been largely pacified by the brutal dictatorship of the former insurgent, Ramzan Kadyrov, with generous funding from Moscow. Putin has also occasionally tried more conciliatory policies of economic development in the region more generally, but without great success. The insurgency once centred in Chechnya has meanwhile spread to neighbouring Muslim entities and acquired

increasingly Islamist overtones. But the connections between Caucasian insurgents and Middle Eastern insurgencies should not be overstated; and in any case, they have come about largely as a result of failed repressive policies by Moscow.

Russia has also been active diplomatically elsewhere in the Middle East. In Egypt, for example, American disapproval of the military coup against Morsi and the Muslim Brotherhood gave Putin a chance to regain a foothold in a country where Russian influence has been minimal for decades. In Iraq, Putin has been courting the Shi-ite dominated Al-Maliki regime in pursuit of lost oil contracts, also securing in 2012 a \$4 billion deal on the sale of arms to Baghdad. Western commentators largely agree that Russia is now “back” in the Middle East.

The Snowden windfall

One of Putin’s most dazzling triumphs over the United States seemingly just fell in his lap. Edward Snowden’s illegal release of tens of thousands of secret documents from the United States and many of its allies, including Australia, has been hailed by many Western intellectuals and politicians as a triumph for human rights protection. The issues raised incidentally by the leaks are no doubt a worthy topic for public debate, and wariness about the growing power of all states in the cyber-age is entirely understandable.

What is less understandable is why such a doughty fighter for human rights would seek refuge first in Hong Kong, where he was reported to have been accorded hospitality by an organisation linked to Chinese security², then in that exemplary international champion of human rights protection, Putin’s Russia. Whether and how much Snowden has advanced the protection of citizens’ rights is not yet clear. But what is clear is that the steady dripfeed of documents, often seemingly chosen to embarrass, divide and damage Western democracies, has placed great strains on the effectiveness and cohesion of the Western strategic community. To take one example, *Der Spiegel* recently reported that the German federal prosecutor has declared that there is sufficient evidence “to open a politically explosive investigation into NSA spying on

² John R. Schindler “Snowden in the U.S-Russian ‘SpyWar’” *The National Interest*, June 27, 2013

Chancellor Angela Merkel's mobile phone.”³. Such developments strike the Russian foreign/security elite as great victories for itself.

Exactly when Putin became aware that this huge espionage windfall, perhaps the most copious if not the most crucial in the history of East–West relations, was being dropped in his lap is unclear. But given his intensely zero-sum approach to the United States, NATO, the European Union and the West generally, it is a gift that keeps on giving. No Soviet “active measures” to drive wedges through the trans-Atlantic consensus have ever been so spectacularly and publicly successful.

As has been often noted – and usually over-emphasised – Snowden's presence in Russia is not without its embarrassing aspects for Putin. While the *Schadenfreude* is delicious, it has enraged Washington to a possibly greater degree than Putin would have wished. It does, moreover, raise the question in some minds as to whether Snowden may now have become, if he was not before, a Kremlin project. Recent allegations that Snowden was also a guest of the Russian special services in Hong Kong before his departure to Moscow, for example, are stirring interest in the US Congress⁴. Perhaps most seriously from Putin's perspective, the massive publicity surrounding Snowden in the West could conceivably leak sufficiently into Russian awareness for a copycat Russian Snowden to emerge to haunt the Kremlin.

But these dangers, such as they are, all seem manageable. In deference to US sensitivities, Putin went through an elaborate show of reluctance before granting Snowden asylum for a year, claiming that while enjoying Russian hospitality Snowden would need to refrain from damaging the interests of “our American partners.” He maintains a similar tone whenever the subject of Snowden comes up in press conferences, implying that the whole matter is largely out of his hands as Russian justice takes its majestic course. Washington is unlikely to be persuaded, but gratuitous offence is avoided.

As far as damage to the Snowden brand goes, it would seem that the international cult of Snowden's personality is proof against any tarnishing by association with Putin's Russia. He has

³ ‘Top German Prosecutor Considers NSA Investigation’ *Spiegel Online*, 20 January 2014

⁴ Michael Bohm ‘The 5 Biggest Events That Shaped Putin's 2013’ *Moscow Times*, 30 December 2013

been proposed for a Nobel Peace Prize and, even more incongruously, was shortlisted for a Sakharov Prize from the European Parliament. As for the danger of a Russian Snowden suddenly bursting on the international scene, a state led by former KGB professionals can probably ensure that the chances of this happening remain minimal.

Ukraine: restored to its rightful owners

But Putin's greatest success, and probably the one closest to his heart, came in November. Ukraine's president Viktor Yanukovich, after years of laborious work towards reaching an association agreement and free-trade treaty with the European Union, suddenly suspended those negotiations just before the finishing line. Then, on 17 December, following a series of secretive bilateral meetings, Putin and Yanukovich announced that they had reached a comprehensive *rapprochement* under which Russia would give Ukraine various short-term economic subsidies that would stave off the severe financial crunch Kiev seemed to be facing.

Though its largely unreformed economy has been struggling for many years, Ukraine has large industrial and agricultural resources. With a population of forty-six million and the largest landmass of any country in Europe, it is a geopolitical prize to be fought over. In recent years this has been precisely what Russia and the European Union have been doing. Putin is, of course, the author of the much-quoted tag, "the collapse of the Soviet Union was the greatest geopolitical catastrophe of the twentieth century." He is also quoted as having said on another occasion that "whoever doesn't regret the downfall of the Soviet Union has no heart, but whoever thinks it can be restored has no brain." Despite that disclaimer, though, neo-imperial restoration efforts are central to his foreign policy.

The gas wars with Ukraine in 2006 and 2009, the shooting war with Georgia in 2008, the cyberwar with Estonia in 2006, the blatant interference in Ukraine's presidential election in 2004 (in which he supported Yanukovich, whose fraudulent victory was, however, overturned by the "Orange Revolution"), the manipulation of "frozen conflicts" in the former republics of Moldova (Transnistria) and Georgia (Abkhazia and South Ossetia) – these and numerous other salient features of Putin's approach to the "near abroad" admit of no other interpretation. He may indeed recognise that the USSR cannot be resurrected in a unitary state, but what he wants is the closest possible reintegration of the Soviet patrimony under Moscow's domination.

For Putin and most Russians, Ukraine is the indispensable link in this chain, not just because of its size, population and resources, but also because Russians see Ukraine as Russia's historic heartland. To once more recall Zbigniew Brzezinski's apt aphorism: without Ukraine, Russia ceases to be an empire. For many Russians, the Ukrainians – including those mostly in western Ukraine who prefer Ukrainian and avoid using Russian – are country Russians who just need to be taught to speak properly. And, in fact, many Ukrainian citizens from the Russified east of the country speak only Russian, and identify with Russia, and Soviet Russia at that. The many millions of Ukrainians who have migrated or been deported to Russia proper over the centuries have never been allowed to have a network of cultural or educational institutions of their own, and this remains the case despite the existence of a legally sovereign and independent Ukraine.

The tug of war for Eurasia

Within the alphabet soup of post-Soviet institutions, the key component aimed at achieving Putin's restorationist objectives is the Moscow-led Eurasian Customs Union, which by 2015 is slated to develop into a Eurasian Economic Union. Moscow presents this multilateral project as being modelled on the European Union – a bridge, in what it claims to see as the multi-polar world of the future, between Europe and China, when the United States will at last be reduced to being, at most, one pole among others. In a sense, the Customs Union is a pre-emptive organisation not unlike the old Soviet bloc trade unions, writers' unions, communist youth groups and so on, corralling its members in such a way that there is no danger they will form or join organisations that might authentically express their aspirations. Specifically, the Customs Union is meant to forestall integration with Europe through association agreements, free-trade agreements or worst of all, what Brussels calls a "European perspective," or full membership of the European Union.

The European Union and NATO have done a great deal to integrate the former communist states of Eastern Europe into European and Atlantic structures. Both organisations had a powerful appeal to the newly independent governments of Central-Eastern Europe, which wanted security from Russia and the chance to catch up with EU living standards. They saw the NATO umbrella (even with a minimal military presence) and EU aid funding, market access and technical assistance as vital to their futures, even to their survival as sovereign states. Moscow made clear

its great hostility to NATO expansion, in particular to any accession by former republics of the Soviet Union, and often claims that it was promised that such outrages would never occur.

But they occurred because the countries in question emphatically wanted them. NATO and the European Union were often skittish or reluctant, and in recent years have been operating something close to a de facto prohibition on further enlargement into post-communist countries outside the Western Balkans, largely in deference to Russian objections. To allow Russia to block further accessions from its “sphere of privileged interests” would be to concede Moscow a permanent right of veto over the decisions of ostensibly sovereign states.

In 2004, the Baltic states managed to sneak past Russia’s objections into NATO. But by the NATO summit in Bucharest in April 2008, it was clear that Russia’s emphatic objections to accession bids by the Georgian and Ukrainian governments had been internalised by key member states, notably Germany and France. NATO’s pronouncements on the issue at the summit were ambiguous, reflecting the divisions within its membership, but it was clear that for the foreseeable future no further applications opposed by Moscow would be accepted.

After the Bucharest Summit, Moscow stepped up its goading of the pro-Western Georgian leadership of president Mikheil Saakashvili through its proxies in the pro-Russian enclaves of Abkhazia and South Ossetia. In August 2008, responding to further expulsions of ethnic Georgians from South Ossetia, Saakashvili unwisely decided on direct action. This gave Moscow a splendid *casus belli* to invade and convert the breakaway territories into proxy statelets (still unrecognised by virtually any other significant countries, even close Moscow allies like Belarus). The war in Georgia served to reinforce the message to nervous EU and East European capitals alike that Moscow was best not provoked.

Further EU expansion into Russia’s “near abroad” was by now becoming problematical too, even though Russia long maintained that it was NATO membership rather than EU membership that it found truly objectionable. Particularly with the burgeoning internal EU problems triggered by the global financial crisis, growing “enlargement fatigue” in core EU countries was clearly going to make it difficult for any other former Soviet republics to achieve acceptance into the club.

Some of the relatively newer EU members, especially Poland, Sweden and the the Baltic States, wanted to strengthen the European Union's relations with the former Soviet republics nearest their eastern borders. Recognising that the prospects for any of these countries to join the European Union, much less NATO, were slight, they developed a project known as the Eastern Partnership, or EaP, which gained acceptance in Brussels. Inaugurated officially by the European Union in 2009, the EaP was a kind of Clayton's enlargement, expanding economic and cultural links with the former Soviet republics Belarus, Ukraine and Moldova in the west of the post-Soviet space, and Azerbaijan, Armenia and Georgia in the Transcaucasus region. Where possible, the EaP sought to reach association agreements with those of the six who were inclined to do so, the centrepiece of which would be a Deep and Comprehensive Free Trade Agreement. Other prominent objectives included the encouragement of economic reform, rule of law and better observance of human rights, and the facilitation of travel and wider human contacts.

Azerbaijan and Belarus (both notorious abusers of human rights) were never serious candidates for association agreements, though the European Union did try to engage Belarus's president Alexander Lukashenko, who chose to flirt for a time with Brussels in search of financial inducements, a hedge against Moscow and other practical advantages. The other four states seemed to pursue the negotiations more seriously. They were troubled, however, by the fact that Brussels was unable to offer them a "European perspective," because doing so would have worried EU members suffering most from enlargement fatigue. Even Ukraine, under the pro-Moscow and very post-Soviet Yanukovich, seemed to become strongly interested in concluding an association agreement and joining the Deep and Comprehensive Free Trade Area. As the EaP began to look serious, Putin's hostility towards the idea became more overt, and his manner and tactics more peremptory, even bullying. For a time, this seemed merely to increase Yanukovich's ardour for the Brussels connection.

Ukraine's U-turn

By mid 2013, Moscow's anxiety about the EaP had reached acute levels. The planned EU summit on 28–29 November in Vilnius, under the rotating presidency of the Lithuanians (in itself, an affront for Putin), was drawing close, and four of the six "partners," Ukraine, Armenia, Georgia and Moldova, seemed determined to sign association agreements with Brussels at that

event. In Ukraine's case, Yanukovich's numerous breaches of human rights and departures from democratic rectitude (in particular his habit of locking up his opponents, notably the former "Orange" leader and ex-premier, Yulia Tymoshenko, for long jail terms), gave Moscow reasonable confidence that the European Union would not sign, or at least not ratify, an association agreement. But as Yanukovich made concessions, releasing lesser figures from the former government, Brussels began bending over backwards to accommodate him, triggering anxiety attacks in the Kremlin.

According to a plausible-looking document leaked to the Ukrainian press, Moscow had prepared a master plan to torpedo Kiev's moves towards an association agreement. In July and August 2013, it unleashed yet another round of arbitrary trade sanctions against Ukraine, particularly targeting business interests known to be supportive of the EU connection. Ukrainian trade is about equally balanced between Russia's Custom Union and the European Union. While an association agreement would give Ukraine increased access to a market some eight times the size of the Customs Union, it would also expose it to potentially very challenging competition.

Moreover, as Yanukovich was acutely aware, Ukraine could not afford to abruptly lose much of its trade with Russia, which would particularly affect the president's own constituencies in the east of the country. And Moscow, unlike Brussels, could devastate Ukraine's foreign trade balance and bring the country to its knees if it were to apply severe trade sanctions over a sustained period. When Moscow blocked Ukrainian exports to Russia for over a week in August 2013, it left lengthy queues of transport vehicles stranded at the border and forced many Ukrainian exporters to postpone or cancel dispatches, particularly of perishable goods.

Usually such measures against insubordinate ex-vassals are justified by alleged dangers to health discerned by Russia's Kremlin-compliant chief sanitary inspectorate, the *Rospotrebnadzor*, which are typically shown to be baseless. Moscow's actions in these cases – and there have been scores of them against neighbouring states, including EU members – are almost undoubtedly inconsistent with World Trade Organization rules. (After long hesitating, Russia joined the WTO with vital US support in August 2012.) WTO dispute mechanisms are complex and usually take a long time, however, and in the meantime Ukraine could be forced into default.

In trying to balance between two very large neighbours competing for its loyalty, Kiev knows that nothing similar to this kind of pressure would threaten from the EU side. If you are courted by one entity that behaves according to the rule of law and another that is ready to break laws in order to punish you, you may resent the latter more, but you are likely to give it priority in any tug-of-war.

And so it was with Ukraine in 2013. But not only did Moscow have excellent sticks to wield and no legal or other scruples about doing so, Putin and his intimates are also able to decide to deploy generous carrots at short notice without any public scrutiny or parliamentary or legal restraints. On 21 November last year, after his secretive tête-à-têtes with Putin and just a week before the Vilnius EU summit, Kiev suddenly announced it was suspending negotiations with the European Union and pursuing improved relations with Russia. It became apparent that Yanukovich and Putin had reached a deal including termination of the trade sanctions, at least for the time being, and the promise of much cheaper gas imports from Russia and the purchase by Russia of US\$15 billion worth of Ukrainian bonds.

The money for this purchase was to be drawn from Russia's National Welfare Fund (a sovereign wealth fund). In strictly economic terms, this procedure, which will greatly ease Ukraine's desperate financial situation, is highly questionable for Russia and, indeed, illegal under Russian law. But none of that will restrain Putin in his pursuit of geopolitical objectives. The gas discount, if sustained, will greatly improve Ukraine's balance of payments, although it is worth noting that Kiev will still be paying far more for gas under Gazprom's highly political pricing policy than does its neighbour, Customs Union member Belarus. These generous gifts will be dispensed in tranches to keep Yanukovich from welshing on any aspect of the deal.

Exactly what Yanukovich has promised in exchange for Putin's munificence remains a secret, like most other features of the negotiations. Various rumours are abroad on the subject, including that Yanukovich has promised to lock his country into Russia's embrace by joining the Customs Union. If he has, it is vital that it be kept quiet for the time being, as any public acknowledgement of such a massive capitulation would excite even more unrest in Ukraine. It has also been speculated that Russia has agreed to do whatever it takes to ensure that

Yanukovych wins next year's Ukrainian presidential elections, something that will again be in Putin's interest, as it was in 2004.

But perhaps the most crucial undeclared clauses in the deal became apparent on 16 January when, in a farcical pseudo-legal *coup d'état*, Ukraine's parliament passed what Swedish foreign minister Carl Bildt has described as "the most solid package of repressive laws I've seen enacted by a European parliament in decades."⁵ The bills were rushed through with grotesque haste, with no sign that the successive shows of hands were counted.

These laws bear Putin's unmistakable stamp. Any organisation with foreign funding or investment is required to identify itself as a "foreign agent," for example. Unauthorised street demonstrations will attract elaborate punishments, the offence of slandering public officials has been introduced, and the characteristically Putinist legal concept of "extremism" is freely deployed. In just a few minutes, Ukraine was converted into a police state by the ruling party's loyal deputies. In doing so, as Snyder points out, they may have done themselves out of a job, as the institution of parliamentary immunity was also cancelled⁶.

Since these measures passed, riot police have been deployed to disperse the entrenched and at times huge street demonstrations in Kiev against the regime's abrupt lurch towards Moscow, rightly seen by the protesters as the prelude to all-out Putinisation of their country. The totalitarian coup and subsequent police actions were undertaken in a country where opinion polls had been showing a strong preponderance in support for the EU association agreement over the Customs Union.

The high approval ratings for the association agreement reflect not only widespread Ukrainian resentment of Russia's tactics and its frequently contemptuous attitude, but also the fact that the association agreement with Brussels was something on which, to all outward appearances, the opposition and Yanukovych's ruling Party of Regions had been in basic agreement. Outside the Russophone and Russophile heartland in the east and southeast of the country, most Ukrainians see the EU countries as a model for their own country. Many Ukrainians travel to Poland, for

⁵ *The Ukrainian Week*, 20 January 2014

⁶ Timothy Snyder 'Ukraine: The New Dictatorship' *New York Review of Books Blog*, 22 January 2014

example, sometimes to work for short periods, and they like what they see and what they can earn. Since 1990, when the two countries were broadly on the same level economically, Poland has advanced to three times Ukraine's GDP per head, and has benefited enormously from EU trading opportunities, funding and expertise.

Brussels upstaged

Though some in the European Union had been beginning to suspect a double cross, Kiev's 21 November announcement that it was suspending negotiations came as a great shock, as have many subsequent events – the Putin–Yanukovych deal, the size and ardour of the pro–European Union demonstrations (garnering up to hundreds of thousands of participants, who were scrupulously well-ordered and non-violent until very recently), and now the Yanukovych *coup d'état*.

Trying to rescue something from their policy fiasco when Yanukovych changed direction, Brussels spokespeople tried to maintain that “the door remained open” up to and beyond the Vilnius summit. Showing impressive *chutzpah*, and despite the outburst of people power on the streets of Kiev, Yanukovych attended the summit and Ukrainian leaders made increasingly extravagant bids for financial support from the European Union. Clearly they already had something solid in their pocket.

Brussels should not have been quite so surprised. Yanukovych may have been angered by Russia's efforts to use gas pricing and pipeline construction to isolate Ukraine and keep its industries under pressure. And like many other post-Soviet leaders he has often been offended by Putin's personal displays of contempt. On one occasion, Putin kept him waiting for several hours for a bilateral summit while he made an unforeshadowed visit to a group of macho-chauvinist Russian bikies in the Crimea known as the Night Wolves. It would have been hard for Putin to have found a more insulting way of spending that time. It was probably also meant as a crude reminder to the Ukrainian leader that Russia could stir up very serious trouble for him by manipulating the uber-Russian patriots of Crimea into questioning Ukraine's territorial integrity.

But Yanukovych is from the Russophile province of Donetsk and is a native speaker of Russian who does not know any West European languages. He is an adherent of the patriotically Putinist

Moscow Patriarchate of the Russian Orthodox church, and is in many ways a deeply Soviet person who has been running a “power vertical” (autocracy) in Ukraine very similar to Putin’s system in Russia.

In his first months in power in 2010, he granted some huge concessions to Moscow to repair bilateral relations after the pro-Western reign of the Orange president Viktor Yushchenko. He quickly restored full co-operation with Russian security organisations, which Yushchenko had been trying to phase out, and extended Russia’s lease of Crimean naval facilities for its Black Sea Fleet from 2017 to 2042. He also moved not long after to improve the position of Russians within Ukrainian public life. At this time Yanukovich seemed more clearly pro-Moscow than any of his post-1990 predecessors. It was always on the cards that if Putin were to deploy more of either stick or carrot, Yanukovich would back off from his “strategic choice” of Europe. As a senior Polish official once explained, given Yanukovich’s natural leaning eastward, “Putin’s contemptuous attitude towards Yanukovich and Ukraine is the best thing going for us to keep him on track for Brussels.”

There had also been clear warnings in the preceding months. On 3 September, Putin summoned Armenia’s president, Serzh Sargsyan, to Moscow, where Sargsyan, without the backing of any detectable political process in his homeland, declared that he was reversing years of negotiations with Brussels for an association agreement and would join Putin’s Customs Union⁷. With a long Christian tradition, the Armenians very much see themselves as European. They had also sought better relations with the European Union in the hope of material gain and to secure a hedge against Moscow’s domination.

But they are squeezed between their mortal enemies, Turkey and Turkic-speaking Azerbaijan, part of whose territory, largely Armenian-populated Nagorno-Karabakh, they had seized by armed force after the collapse of the Soviet Union. Since then, Azerbaijan has been using its oil and gas riches to build up a huge military preponderance over Armenia, which is totally dependent on Moscow for cheap arms imports and an effective security guarantee. A few months

⁷ Szymon Ananicz ‘Armenia turns away from the EU’ Centre for Eastern Studies (Warsaw) *Eastweek*, 4 September 2013

before Sargsyan's *volte-face* on the association agreement, Putin reached an arms sales agreement with Azerbaijan worth US\$4 billion, a very clear shot across Armenia's bows.

Moldova and Georgia under pressure

Moscow had also made strenuous efforts to turn the other two candidates for association agreements, Moldova and Georgia, away from the European Union. The war with Georgia in 2008 had effectively destabilised Saakashvili's pro-Western leadership. Despite signs of division on the issue within the Russian leadership, Moscow had desisted from sending its troops the last few kilometres into Tbilisi. But having extensively damaged Georgia's infrastructure and taken over roughly half of its Black Sea coastline, it did all it could to discredit Saakashvili, running, for example, a determined campaign to convince ill-informed Western publics that he was mentally unbalanced if not deranged.

With Russian "peace-keepers" not far from his capital, and under severe economic pressure from the global financial crisis, Saakashvili did begin to contribute to the Russian propaganda campaign by taking repressive measures against his domestic opponents. His main target and most dangerous adversary was the so-called Georgian Dream coalition, a loose formation funded and organised by Bidzina Ivanishvili, a Georgian oligarch who had made his \$5 billion fortune in Putin's Russia without ever falling foul of the Russian leader. Some felt Ivanishvili could not have achieved that without incurring some indebtedness to Putin and his entourage.

Saakashvili and his officials were thus strongly suspicious that Ivanishvili was not just someone who could buy and sell the entire country (the GDP of Georgia was \$15.8 billion in 2012, just three times his fortune), but also that he was in some sense a Kremlin project. Some Georgian opposition politicians clearly were, and Ivanishvili strongly emphasised the need to mend bridges with Russia while blaming Saakashvili exclusively for causing the 2008 war. In doing so, he has used arguments that closely resemble Moscow's. After coming to power and just one day after his neighbour Sargsyan's about-face on the association agreement with the European Union, Ivanishvili declared that he was studying the Customs Union and might consider joining it if that seemed desirable. None of this is particularly reassuring.

The fact that the Georgian Dream was able to win the elections and summarily remove Saakashvili's United National Movement from offices across the country is perhaps the best indication that for all its imperfections, Georgia was clearly the most democratic (as well as the most effectively reformed) post-Soviet country outside the Baltic States. Ivanishvili has repaid this democratic behaviour by pursuing criminal charges against several key United National Movement leaders, and repeatedly threatening to do the same to Saakashvili.

But regardless of any intimate views that Ivanishvili might hold about the Customs Union, or any concerns he may feel for the safety of his fortune in Putin's Russia, he has deferred to the strongly pro-EU orientation of most Georgians, and at the Vilnius Summit last November Georgia was one of the two former republics in the Eastern Partnership which initialled the agreement.

The other was Moldova, a much disputed territory sandwiched between Ukraine and Romania, with a mainly Romanian and Romanian-speaking population, Orthodox, poor and socially conservative. It also has substantial minorities, which mostly speak Russian and have pro-Moscow inclinations. And there is a strongly pro-Moscow breakaway territory within Moldova's internationally recognised borders called Transnistria, where Russian "peacekeepers" are deployed. Transnistria is basically manipulated by Moscow in various ways to block moves by Moldova towards any form of Western integration. Moscow also supports the largely unreformed Moldovan Party of Communists (still known by that name), previously in government but currently in opposition.

In recent years Moldova has been ruled by a fractious and unstable coalition, the strongly pro-Western Alliance for European Integration. Because the Alliance has been in power during the European economic crisis, and because of its inherent instability, the communist-led opposition has latterly been making gains in the opinion polls. Moscow would like to see the government overturned. Most of the population probably thinks of itself as European rather than Eurasian, and many Moldovans travel to EU countries if they can in search of work, but many also travel to the Russian Federation. Remittances, both from west and east, are a vital part of the highly vulnerable Moldovan economy, representing between a quarter and a third of GDP.

During 2013, Russia repeatedly threatened to block any further economic immigration from Moldova, and even to expel Moldovan labourers. The political message was clear: join our Customs Union and you will be entitled as of right to come to Russia; don't join, and we can bring your economy to its knees any time we like. Moldova is also heavily dependent on wine exports to, as well as gas imports from, Russia, either of which can be summarily curtailed. The pungently nationalistic Russian deputy premier Dmitry Rogozin, who is responsible for defence industries but also has a special brief on Moldova, visited the country in September 2013 and publicly threatened a cut-off of gas deliveries, declaring "energy supplies are important in the run-up to winter. I hope you won't freeze."

By such subtle means as these, Moscow was hoping to build up the pro-Customs Union constituency in the country, which is quite strong for obvious, pragmatic reasons. Moldovans want to eat and not to freeze, and sense that one side holds very effective weapons in its hands and will not hesitate to use them. The outcome in Ukraine must also suggest to them that the European Union is unlikely to win any struggle that develops in their case. But despite these highly intimidatory threats, Moldova went ahead at the Vilnius Summit with initialling the association agreement they had negotiated with the European Union.

The Vilnius initialling still leaves Georgia and Moldova some way away from signature. Chastened by their experience with Ukraine, EU leaders announced on 20 December 2013 they would work towards signature with Georgia and Moldova by no later than the end of August this year. Whether Russia will accept that timetable remains to be seen.

The Moldovan ruling coalition has been in precarious shape for some time, and it would not be surprising if Moscow's huffing and puffing, trade manoeuvres or manipulation of the Transnistrian issue led to another political crisis there. That could possibly leave Georgia as the last surviving remnant of the EaP dependent on the political will of the erstwhile Russian oligarch, Ivanishvili, who might perhaps then revisit his thoughts of joining the Customs Union should the context seem right.

Germany clings to Ostpolitik

There have always been strong forces, especially among the older EU members, who are sceptical not just about Georgia and Moldova, but also about Ukraine and the whole enlargement agenda. Far from evoking in them stern resistance to Moscow's thuggish tactics, the fiasco of the EaP seems to have strengthened their desire to "build a better relationship" with Russia.

The key country in all EU issues is now, of course, Germany. Under Chancellor Angela Merkel, an East German, that country has taken a more sceptical view of Russia than under her predecessor Gerhard Schröder. In his last days in office, Schröder used his position as chancellor to arrange a big credit for Russia's Nord Stream gas pipeline, an expensive project of dubious economic and ecological value but an important geopolitical instrument for President Putin with which he greatly increases his coercive influence over Ukraine and other former Soviet subordinates. The other pincer, the South Stream gas pipeline, will complete Ukraine's energy encirclement, reducing if not nullifying the European Union's struggling efforts to develop its "southern corridor" pipeline system, which is designed to diversify supply and reduce the European Union's dependence on Gazprom. South Stream was actively and skilfully promoted by Putin.

In sharp contrast to Schröder, who continues to hobnob socially with Putin and accepted a lucrative role as chair of the Nord Stream Board immediately after his departure from the chancellery, Merkel clearly does not enjoy Putin's company nor approve of his policies. Even less so does German President Joachim Gauck, another East German, who was one of the first world leaders to announce he would not be attending the Sochi Winter Olympics. But Germany is heavily invested, both figuratively and literally, in the bilateral relationship, and the relatively pro-Moscow establishment is powerful in Germany, in the foreign ministry, in business circles and elsewhere.

Merkel's Christian Democrats scored their best result in over twenty years in last September's Bundestag elections, but their centrist partners, the Free Democrats, had their worst result ever, failing to reach the 5 per cent threshold for parliamentary representation. This forced Merkel into renewing the "grand coalition" with the Social Democrats. Under the coalition agreement, Frank-Walter Steinmeier of the Social Democrats regained the foreign minister's position,

replacing the Free Democrats' Guido Westerwelle, who was a strong supporter of the EaP and an often forceful critic of the democratic failings of Russia, Ukraine and Belarus. In his earlier time in the job in 2005–09, Steinmeier was markedly more positive towards Russia than Merkel, and it is already apparent that he will adopt a similar approach again now.

Perhaps even more significantly, Germany's special coordinator for Russia, Andreas Schockenhoff, a vocal critic of Putin's anti-democratic policies and human rights abuses, has been replaced by Steinmeier's close ally Gernot Erler, a key author of the "modernisation partnership" with Russia drawn up during Steinmeier's tenure in 2005–09. Despite the innumerable recent displays of Putin's overt contempt for the West, Steinmeier and Erler seem bent on resuming their earlier approach. Even before Merkel finally reluctantly agreed to confirm him in the post, Erler went on the record to criticise the European Union for its "misjudgements" on Ukraine. In Erler's view, the launching of the EaP itself was one such misjudgement. It is clear from his statements that he regards any EU policy that Russia strongly objects to as being best discarded. In justification of this stand, he cited the invaluable cooperation Russia has provided on Syria and other matters⁸.

With German policy again led by this kind of anachronistic *Ostpolitik*, the chances of Europe adopting the kind of policies that would seriously threaten Putin's restoration project in the former Soviet republics diminishes further. For its part, the Obama administration seems remarkably untroubled by the prospect of Moscow dismantling the post-communist and post-Soviet settlement of the early 1990s step by step. Putin's year of triumphs in 2013 may be followed by more of the same. While it will probably be an unstable restoration, there seems a good chance that an eastward-oriented bloc of nations will be re-established, led by thuggish kleptocracies intent on retaining power and happy to accept subsidies funded by Moscow's "energy diplomacy" in order to do so. On the other hand, as against all of the above, at least things are going splendidly in Syria.

⁸ Rachel Herp Tausendfreund and Bettina Vestring "On Ukraine, the EU has made too many misjudgements" Interview with Germany's new Russia policy coordinator, Gernot Erler DGAP <https://ip-journal.dgap.org/en/article/24666/print>

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